

## Supply—Finance

**Mr. White (Middlesex East):** Was there any payment to the city of London or the township of Westminster?

**Mr. Abbott:** I find London, section 6 grants, \$7,726. I do not see the other, but I will check on that when we have the main bill before the committee. The grant to the city of London to which I referred was a section 6 grant, one of the transitional grants.

**Mr. McCullough (Moose Mountain):** I notice that this vote in the supplementary estimates is for \$343,000, and that under the vote in the main estimates this item amounted to \$3,190,000, or an increase of \$488,700 without the additional vote which we are now discussing. I notice, sir, that this vote is for grants to municipalities in lieu of taxes on federal property and to provide for payments to municipalities in accordance with the Municipal Grants Act and the rural municipal grants regulations. I should like to ask the minister whether or not this formula for grants was determined in consultation with municipal bodies or whether it was established at the discretion of the federal cabinet? Will the minister, in answering that question, also state whether or not the government intends increasing the grants or holding further consultations with municipalities. I know that municipal financing is in dire straits today, and all our municipal bodies are insisting that they have to have additional revenue in order to carry on municipal responsibilities.

**Mr. Abbott:** I know that the hon. member has a very valuable contribution to make on this subject, but as I indicated a moment ago in reply to the hon. member for Regina City I shall shortly be introducing a bill to revise the Municipal Grants Act and make it somewhat more favourable. At that time, I hope we shall have a complete discussion on these grants by the federal government to municipalities. At that time I shall come armed with all the ammunition I can get together to answer these questions.

The present vote is merely to supplement the moneys already voted in order to carry out existing policy which is set forth in two places in the Municipal Grants Act, and in the item in last year's estimates permitting grants to rural municipalities. The grants to rural municipalities are, as all these grants are, on an *ex gratia* basis to compensate for the loss to the municipality because of the

fact that military establishments, which are completely self-supporting and require no municipal services, are located there. They may use the roads or something of that sort. I shall have complete information on that type of grant, as well as the other, when I discuss the proposed bill because I am incorporating that provision in the bill.

**Mr. McCullough (Moose Mountain):** I should like to ask the minister if representations have been made by rural municipalities or other bodies for further federal assistance?

**Mr. Abbott:** I do not believe they have. The municipalities are the creatures of and dependent upon and derive their powers from the provinces. Any representations they have to make should be made to their respective provinces, and then if the province wishes to make submissions to the federal government, that is the proper way to do it. Speaking generally, I think it is not appropriate for the federal government to enter into financial negotiations with municipalities over which they have no control and over which they have no legislative jurisdiction.

**Mr. McCullough (Moose Mountain):** Have the provinces on behalf of the municipalities under their respective jurisdictions asked for federal assistance under the Municipal Grants Act?

**Mr. Abbott:** Not so far as I am aware, Mr. Chairman.

**Mr. Knowles:** May I ask the minister one other question? When this matter is under further discussion and the minister, as he says, is more fully armed to discuss it, will that discussion include the question as to which assessment the government accepts? I believe at the present time the federal authority does not accept—

**Mr. Abbott:** Does not, and in future it will not accept. One of the fundamental principles of this is, and always has been, that the federal government, since the grants are *ex gratia* payments, cannot and does not intend to submit to having an assessment made locally. In point of fact, what has been done is that the valuations have been determined after discussion and consultation with the local authorities. Under the amended act, as under the present act, assessments will continue to be made by the federal government.

**Mr. Knowles:** I take it from what the minister just said we will be in a position to discuss this matter when the bill comes before us, but that the decision has already been made.