

*Supply—Finance*

the inadequacy of the act and ask one question. Section 4 of the act reads:

Where, in a form prescribed by the minister, a municipality applies for a grant, the minister may, in his discretion, out of moneys provided by parliament, make a grant—

When questioned about that the minister referred to this as being essentially an *ex gratia* payment, and said that was why the words "in his discretion" were put in the act. We were told that the basis upon which the minister exercises his discretion is the formula set out in the act.

The approach of the minister's predecessor was that the grant was merely an act of grace. I always thought this was rather a technical approach but apparently he felt it was correct, and for that reason this wide discretion was left in the act, which is subject to very obvious criticism because of the possibility of its being improperly used, but I shall not go into that.

The last minister said that notwithstanding this, the basis upon which the minister exercises his discretion is the application of the formula set out in the act. That, I take it, is still the case, and it is for that reason that I am still not quite clear, with this formula available and with no other applicants being entitled to come in, how we run into the figure the minister has mentioned. I know the minister has dealt with this already, but I would like to hear him tie it in with the statement of his predecessor as to the use of the formula.

**Mr. Harris:** I think I should begin by suggesting that the hon. member for Greenwood might bear in mind that despite the wide discretion, and in fact because of it, the Minister of Finance desires to make the right decision. If a decision is reached either in prospect or upon the first application based on certain information as to assessments and the like, and if at a later time the municipality complains that that is not a fair basis on which to deal with the grant being made to it and it supplies information which changes the picture from the standpoint of the Department of Finance, you will find you are making a larger grant.

I think the hon. member will appreciate that in any matter in which there is discretion rather than a grant of a fixed sum of money, the application of four different rules or four different groups of grants, as I recall it, would lead to uncertainty until you had in fact come to complete agreement with the municipality concerned.

I want only to add that we will no doubt have a further discussion of this in the consideration of the bill now before the house; but if there is any doubt in the mind of the

[Mr. Macdonnell.]

committee, Mr. Chairman, I wish to say I am happy to follow the practice laid down by my predecessor because I think it is a sound one, and I do not propose to change the exercise of the discretion any more than is absolutely necessary.

**Mr. Macdonnell:** The minister has shaken me a bit, because he has really made me feel there has been more discretion and less reference to a formula than I had thought to be the case. But I shall not press that now, particularly because, as he indicated, the matter will come up again for discussion.

There are one or two other things arising out of it. This is not the place to complain about the bill which has still to come before us, but I would like to ask the minister two questions. Can we take it that inevitably, when the dominion-provincial conference meets, the position of the municipalities will be a subject which will be given top priority? Is that a fair inference?

**Mr. Harris:** I think, Mr. Chairman, I might be pardoned at this time for making no guess as to what might arise at a dominion-provincial conference.

**Mr. Macdonnell:** That being the case, I think the minister might at least answer my next question. Does he consider that the municipalities are in a situation where something does need to be done to adjust the balance between them and the other two taxing authorities?

**Mr. Harris:** I have my own views as a taxpayer in more than one municipality concerning the municipal problem, but I do not think it is a matter for discussion here.

**Mr. Macdonnell:** I suppose it is not a matter for discussion here because it takes two to discuss, and if the minister will not discuss I cannot go much further with it but will have to wait for another day.

**Mr. Montgomery:** Mr. Chairman, there is a little matter bothering me concerning item 578, part of which reads:

Further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed.

If this is to cover grants in lieu of taxes for next year why should it be included here? I may misunderstand the whole thing.

**Mr. Harris:** This was discussed last year, Mr. Chairman, but I am sure my hon. friend would not feel that the government had not done its utmost in the meantime to acquire title to this particular property. However, that is the case. We have been using this building for anywhere from three to five years, I have forgotten exactly how long.