

*Municipal Development and Loan Board*

the working out of processes that would avoid the sort of difficulties he has put forward. Therefore may I suggest to him that his remarks in this connection are now on the record and perhaps will have some influence on the administration, but I do not see anything in the bill itself which would add to these difficulties.

**Mr. Barnett:** I thank the minister. Actually members of councils have, in the past, been in the position of in effect sticking their necks out and having to assure, without official knowledge, the eligibility of a project, and it would create uncomfortable situations if for some reason later on that turned out not to be the case.

**Mr. Smith:** On clause 9 might I ask one further question?

**The Chairman:** I understand we reverted to clause 8 at the request of the hon. member for Comox-Alberni, and I am wondering if we could not pass clause 8 as amended?

**Mr. Alkenbrack:** I have one question with regard to this clause. I probably should have asked it on clause 7, but I was unavoidably called out of the chamber for a few minutes and you quickly passed to clause 8 during that time. I know it is part of the policy of this bill that federal approval is contingent upon provincial approval, but I would like the minister's assurance that hospitals and schools will be included in this.

**Mr. Sharp:** Yes, Mr. Chairman, I can give that assurance.

Clause 8 agreed to.

On clause 9—*Limit on single loans.*

**Mr. Smith:** The rate of interest that a municipality pays on its debentures has, as one of its governing factors, the amount of outstanding debentures that are already existing charged to it. We can envisage cases in this connection where they will be issuing debentures for this board, at the same time as debentures to be sold on the open market. Is there any system of priorities as between open market debentures, being the first debentures issued, so that the board's debentures would be second mortgages in that sense?

**Mr. Sharp:** I have to confess to my hon. friend that I do not know the answer to that. This is a very technical question and it would be very difficult to predict just what processes will be followed in all cases. Perhaps there will be different practices amongst municipalities and provinces.

**Mr. Smith:** I suggest that a loan cannot be approved under this bill until the board [Mr. Sharp.]

is assured that the municipality has the first third of the money. When they are considering the administration of the bill, that might give the opportunity to have the commercially sold debentures held to be the prior debentures to the board debentures.

**Mr. Sharp:** It is very difficult to answer this question because financing may occur at many stages, at the end of the work or the beginning, and the relative priorities will probably have to be settled at the time.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Reduction of indebtedness for completion.*

**Mr. Smith:** Could the minister tell us how the forgiveness is to operate? Is it to be forgiveness at the beginning or a forgiveness entirely at the end, or is it so much a percentage forgiveness for each debenture payment as you go along?

**Mr. Sharp:** The short answer to that is that the forgiveness is at the end, before the debentures are issued.

**Mr. Smith:** The last debentures; so that in the meantime the municipalities have to levy a higher amount. It would seem that if the forgiveness could be a percentage across all debentures it would have a stabilizing effect on the municipal tax levy.

Clause agreed to.

On clause 12—*Prescribing interest.*

(Translation):

**Mr. Favreau:** Mr. Chairman, with respect to clause 12, my attention was drawn yesterday to the fact that, in line 48 of the French version, there was a mistake inasmuch as the translation of:

"one quarter of one per cent"

reads:

«un quart pour cent.»

That could be taken for 25 per cent, one never knows. Therefore, I suppose the house would agree to the wording being changed without a formal amendment, to read:

«un quart de un pour cent.»

**The Chairman:** I understand that this is probably due to a misprint and I assume that the bill, in its next printing, will be corrected accordingly.

(Text):

Clause agreed to.