

Supply—Finance

a taxpayer in the municipal field the same as anybody else. I know the minister has had arguments from time to time that seemed convincing at that time, but when they are applied practically I do not think they are very convincing at all.

I make this appeal to the minister and suggest to him that there should be some change in the legislation governing the relationship of the federal and municipal jurisdictions. You see what is happening in some of these places. Your department is charging the municipalities excise taxes on what they buy and at the same time you are not paying your share of taxes in the municipal field. I know that is a bald statement and perhaps oversimplifies the problem, and I have no desire to do that. I do want to point out to the minister, however, that in our own province—and perhaps it applies to other provinces as well—they have made themselves available for taxation by the municipalities. I can remember a year ago, when that was done in Ontario by act of the legislature, asking the minister if we were going to do that in the federal field, and the minister said, no, it was not the policy of the government at that time to do it.

I do not want to be unduly critical in this thing, but I am convinced in my own mind that it is the wrong principle to follow, and I have taken the opportunity of this discussion at this time to impress it again upon the minister. I think the whole thing should be reviewed, and there should be at least some classification, if you like, of federal property. It may be that there are some federal properties, although none come to my mind, that should not be taxed by the municipalities. Perhaps there are some instances, but the minister would know more about that than I do. The municipalities have to bear such a tremendous load now that in many instances they are unable to do it. Some review should be made of the legislation, and I ask the minister at this time to do it. I do not want to take up any more of the time of the committee discussing this matter.

Mr. Abbott: I thank my hon. friend. As he knows, the present system was suggested to the house only after a great deal of study. It represented the best judgment we could exercise as to what should be done. I call the attention of the committee to the fact that it is the first time in the history of Canada since confederation that any federal government has attempted to pay anything in the way of municipal taxes to municipalities.

Some hon. Members: No.

[Mr. Graydon.]

Mr. Abbott: No; no preceding government has ever attempted to do it. It was always stoutly resisted. We did work it out. It may be possible that the formula can be improved, but nevertheless it was arrived at after a great deal of careful study and, in my present view, represented a very great advance over what had existed before, and is reasonably fair. I do not suggest it is the last word, and I think perhaps we may continue to examine it; but it has provided a considerable measure of assistance to a great many municipalities where there was excessive concentration of federal property. But we can look into it again.

Mr. Tustin: I should like to say to the minister that it was a step in the right direction, but I should also like to urge upon him the necessity of giving further consideration to this matter. I have in mind a very small municipality in my own constituency where the Department of National Defence expropriated a good part of the land for a bombing range. We were very glad to have that bombing range, but it made it extremely difficult for this small township to carry on. There is one other thing I should add to that. There are very many heavy vehicles travelling over the roads in that small township, and the township had to spend a considerable amount of money to try to keep up the roads. The Department of National Defence did make some small grant to that municipality to help it to maintain the roads. What I wanted to say particularly this afternoon was that the minister should give further consideration to this matter and endeavour to give some assistance to the smaller municipalities because of the fact that years ago the dominion government did not own nearly so much property as it owns today, and it is making it more difficult each year for some of the municipalities to carry on.

Mr. Abbott: I shall be very glad to do that.

Item agreed to.

Contingencies and miscellaneous—

569. To authorize the write-off to consolidated deficit account of costs incurred in 1946 in engraving blank bonds in anticipation of a loan which did not materialize, \$68,419.

Mr. Knowles: Will the minister give the best explanation he can of this item? This is an amount of \$68,419, and makes reference to the engraving of blank bonds. What kind of paper was used, and what kind of engraving?

Mr. Abbott: After the close of the ninth victory loan in 1945, but before the time of Canada savings bonds, certain bonds were prepared in blank, in anticipation of a further