

Supply—External Affairs

Crown companies are expected to arrange with municipalities for the payment of municipal taxes in the same way that other industrial concerns frequently make arrangements for the payment of their taxes. The basis on which they are supposed to do it is a fair tax payment on normal commercial principles, and those are being made.

Mr. Macdonnell (Greenwood): They are treated the same as any ordinary private or commercial corporations?

Mr. Abbott: That is right; that is the principle.

Mr. Macdonnell (Greenwood): They are given no higher negotiating basis?

Mr. Abbott: No.

Mr. Macdonnell (Greenwood): I think this might be a place to ask one further question and it is: To what extent is the government's interest bill being affected by the rise in interest rates? Is it beginning to add substantially to our interest bill as yet?

Mr. Abbott: Not substantially, but it is beginning to show up.

Payments to municipalities—

695. To provide grants in lieu of taxes under regulations approved by the governor in council to rural municipalities that do not qualify under the Municipal Grants Act, but which incur substantial increased expenses or loss of tax revenue by reason of the existence within their borders of federal property, \$100,000.

Mr. Macdonnell (Greenwood): I would like to ask a word of explanation about this. Is it an arrangement which has been made in general?

Mr. Abbott: These are cases which have arisen where certain municipalities cannot claim under the Municipal Grants Act because they do not provide any material service to the crown properties. There are large camps in certain areas in Canada which are completely self-contained and which are taken out of municipalities. Those camps have their own fire services, water services, and so on; yet in some cases some loss is suffered by the rural municipality. After consideration we felt that we could make provision for them. There are not too many, perhaps there are 20 or 25 municipalities of that kind in Canada. When the regulations are prepared we can and should make some adjustment for that class of municipality. The regulations of course will be carried out as soon as they are enacted.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

686. Representation abroad—operational—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the

governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments—further amount required, \$100,000.

Mr. Coldwell: As this will be the last opportunity, I would just like to ask a question regarding the representations Canada has made regarding the Yalu river bombing. I perhaps might also ask a question here about the speech made by a Yugoslav whose name I have not before me at the moment, but the minister indicated that the matter was under consideration. Was his visa cancelled and was he ordered to leave the country?

Mr. Abbott: I would have to inform myself on that; I do not know.

Mr. Coldwell: Perhaps the answer can be given to me privately.

Mr. Abbott: I will see to that.

Mr. Coldwell: What about the Yalu river bombing? I think that has disturbed Canadians more than anything else has for a long time. It has also disturbed people in other NATO countries. I have followed the British debates rather closely, and I wondered whether our Department of External Affairs had received any assurance that in future consultations will be had before anything of that sort is done. As a matter of fact, I think people felt a great deal of misgiving when MacArthur was nearing those targets. When they were bombed the other day there was consternation lest the war should spread into Asia—the last thing anyone in the world wants to see today—and result in a global war.

Mr. Abbott: I would certainly share that view, but I am not informed of what communications have been passed with respect to the matter. I feel sure there have been some, but since my hon. friend's remarks are on the record I will see that they are brought to the attention of the minister himself. He will be back next week, and it may be that he himself might feel that he would want to issue a statement.

Item agreed to.

DEPARTMENT OF TRANSPORT

811. Airways and airports—operation and maintenance—airway and airport traffic control—further amount required, \$33,800.

Mr. Low: Before this passes I wonder if the Minister of Finance would draw to the attention of the Minister of Transport a matter which I think is of very great importance. My attention was called to it just a day or two ago by a short editorial which appeared in the June 5 edition of the *Herald-Tribune*