

**THE ECONOMY**

**MUNICIPALITIES—EFFECT OF FEDERAL FREEZE ON GRANTS IN LIEU OF TAXES—GOVERNMENT POLICY**

*(Response to question raised by Hon. Peter Bosa on February 23, 1993)*

From 1986/87 to 1992/93, there will have been an overall 32.1 percent increase in all government program spending. By contrast, in the area of municipal grants, the increase has been 77.6 percent.

This represents a significant increase in public spending, particularly in the area of grants-in-lieu-of-taxes, and we must take measures to deal with this.

In 1986/87, Public Works paid out \$238,621,264 in grants-in-lieu-of-taxes. For 1992, payments will be nearly double - approximately \$423,843,000.

Clearly, municipal grants expenditures are rising at a very high rate and measures must be taken to deal with this.

The department of Public Works is looking at how grants-in-lieu-of-taxes can be kept at the 1992 levels and is in the process of developing an appropriate implementation process that will be fair to all.

The net result will be not only a savings in public spending, but also a program that is more equitable for all Canadian municipal recipients.

GROWTH OF FEDERAL GRANTS IN LIEU OF TAXES FOR TAXES ON DEPARTMENTAL PROPERTY, 1986/87 to 1992/93 (\$ MILLION)						
86/87	87/88	88/89	89/90	90/91	91/92	92/93
217	250	297	284	310	360	424

YEAR OVER YEAR PER CENT INCREASE					
87/88	88/89	89/90	90/91	91/92	92/93
15.2	18.8	-4.3	9.1	16.2	17.7

NOTE: Payments are on a cash basis and, therefore, tend to be somewhat irregular from year to year, depending upon the backlog of unsettled grants at the

end of each year. Payments exclude post office properties in all years.

**BOSNIA-HERZEGOVINA**

**CANADIAN PARTICIPATION IN POSSIBLE UN MILITARY INITIATIVE—GOVERNMENT POSITION**

**YUGOSLAVIA**

**OWEN-VANCE PROPOSAL FOR PEACE—GOVERNMENT POSITION**

*(Response to questions raised by Hon. Jeremiah S. Grafstein on February 24, 1993 and by Hon. Raymond Perrault on March 3, 1993)*

Negotiations are currently under way in New York among the parties to the Bosnian conflict, under the chairmanship of the UN (Vance) and the EC (OWEN), assisted by American and Russian representatives.

These negotiations are aimed at obtaining a comprehensive political and security package that would form the basis for the future co-existence of the Croatian, Serbian and Muslim populations of Bosnia.

Canada fully supports the process now under way because it represents a comprehensive approach that aims at achieving a settlement that can work in the current circumstances and that respects the principles of international law. There are inadequacies in the plan that can be corrected at the Security Council.

Once an agreement is reached among the political leaders, the implementation of its provisions may run into the opposition of local military commanders and other rogue elements. UN Secretary General Boutros-Ghali's approach, as expressed recently, is that an international military presence may be needed to see to the implementation of this plan. This will be a critical phase where UN member states will have to play a role. The government is prepared to consider what will be requested from Canada.

Canada is one of the most actively-engaged countries in UN peacekeeping and relief assistance programs now in place in Croatia and in Bosnia-Herzegovina.

Discussions about further international assistance in the former Yugoslavia are taking place in many international institutions, including at the UN, and Canada is keeping in close touch with our friends and allies on these issues.