

*Sales Tax on Equipment*

problems will require an ever-increasing share of the nation's financial resources; not to solve them, to permit unmanaged growth, would result in an unacceptable drain on the nation's human resources. To foster co-ordination of the activities of all levels of governments, and to contribute to sound urban growth and development, the government proposes the reorganization of its urban activities under the direction of a Minister of State for Urban Affairs and Housing. The government seeks, by making rational its efforts in these fields, and through consultation with those most directly concerned, to help Canadians reach and implement the decisions that will determine their urban future.

The municipalities of Canada have been asking for tax relief for years. They have been asking for a greater share of the nation's resources in order that they may do their job better. The Canadian Federation of Mayors and Municipalities did succeed in getting the federal government to pay grants in lieu of taxes. They are asking, now, that sales tax on pollution control equipment be waived.

Mr. Speaker, I support any measure which would alleviate the financial problems faced by the municipalities. That the municipalities are, indeed, encountering major difficulties is evident from the report of the joint parliamentary committee on the constitution which, as hon. members know, was tabled only last week. The committee toured Canada to study the situation at first hand, interviewing people in all parts of the country. This was a wise decision and the recommendations were all the better for it. The committee undoubtedly appreciated the problems the municipalities were facing.

I should like to refer to the final report of that committee and in particular to the paragraphs which appear on page 54, chapter 21 of the report. I do not have time to mention all the recommendations made but I should like to quote at least paragraph 63 which reads:

A tri-level conference among federal, provincial and municipal governments should be called at least once a year.

In a brief note attached to this and other recommendations, the committee stated:

We agree fully that more co-operation, liaison and even harmony, is needed among all levels of government.

The meat of the recommendations is contained in chapter 22 where specific reference is again made to municipalities. I realize that these recommendations have not yet been accepted by the government, but I sincerely hope they will be given consideration. Paragraphs 64, 65, 66, 67 and 68 are all of great concern to the municipalities. I should like to quote paragraph 67:

In the light of the injustice done municipalities by their having to rely on the property tax for the bulk of their revenue, there should be a sharing of tax fields between governments that would allow municipalities direct access to other sources of revenue.

There are many other good suggestions made in this report. It should be borne in mind that the committee did not make its recommendations solely on the basis of the situation in Ottawa; they were the result of meetings held in all the provinces across Canada.

Coming more closely to the motion itself, I would point out that one would need to know a great deal about the detailed affairs of municipalities before being certain that in each case they would profit by the particular proposals which have been put forward. I believe that in the greater Winnipeg area, of which I have particular knowledge, some of them would, if adopted, lead to revenue losses in

certain directions. However, the intentions of the mover of the motion are good and for this reason I do not want to make any references which might be construed as criticism in that sense. Anything which would alleviate the difficulties of the municipalities and put more funds at their disposal would meet with my approval. In the end, of course, it will be the taxpayers who will benefit, even those with low incomes, because the mill rate will be lower.

I feel that the proposal for complete exemption from all sales taxes is not a wise one. It savours too much of a booby prize in terms of what the municipalities are really seeking. A meeting is to be held here a week from today between the federal cabinet and representatives of the municipalities. It is to take place in the railway committee room and I suggest that hon. members who are concerned about these issues should attend to hear the briefs which are to be presented at 11 a.m. This is where they can be counted. We shall be able to see how many of us here are really concerned about the situation in which the municipalities find themselves.

I believe that instead of pressing for a single exemption, which does not add up to a great deal, the House should endorse the commitment of the government of Canada as expressed in the Speech from the Throne which I quoted a while ago, that is, to devote a larger share of the nation's resources to solving urban problems. This is not a responsibility of the federal government alone, of course; it is a responsibility of provincial government too.

If we had received all we were promised by my own province a few years ago, it would now be a good day for the municipalities. But the promises were never fulfilled. Taxes are still rising and no solution has yet been found. Always it is the same story: municipal problems are to be taken into consideration and an attempt made to find a solution. Then another year goes by without any result. The time has come, Mr. Speaker, when results must speak for themselves.

• (1750)

Municipalities which have been making improvements to benefit their citizens have paid the shot so far. What we need is intergovernmental consultation on municipal financing, with a commitment by the federal and provincial governments to give the municipalities access to more tax resources, not simply single exemptions which add up to practically nothing. With that said, once again I invite all hon. members to attend the meeting next Monday at 11 a.m. in the railway committee room.

**Mr. Ian Watson (Parliamentary Secretary to Minister of National Revenue):** Mr. Speaker, I should like to congratulate the hon. member for Qu'Appelle-Moose Mountain (Mr. Southam) for giving us the opportunity today to discuss the financial problems of municipalities. The hon. member is suggesting in his notice of motion one method in which he feels the government of Canada could assist the municipalities in their financing. I am sure he will agree that there are dangers in the method he is proposing in that although it may make sense for road cleaning and road building equipment to be owned by one municipality and used by a second municipality, the possibility of such equipment being rented out or being used in competition