

Grants to Municipalities

government gets off the hook by not having to pay, then the local taxpayer must pick up the tab. I am referring to the local property taxpayer and, as we all know, local property taxes are the most regressive taxes and a tax which is really hurting people today.

It is also important to note with regard to the government's continued exemption from commercial taxation that Prince Edward Island has found a way around this situation by combining what was once their commercial tax with their property tax. So, in effect, the federal government is paying a commercial tax in Prince Edward Island. This is a very inequitable situation so far as the other provinces are concerned; the principle should be applied across the country, not just in one province.

If the body involved, such as a corporation or any private profit-making corporation, were in this situation, we would not allow them to get away without paying the tax levied by the local government. There is no reason why the federal government, simply because it is the most senior level of government in this country, should be able to use its authority to get away from paying local taxes.

Another reason that this commercial tax should be paid by the federal government is that if it were not in the building that it occupies, then clearly some other activity would be carried on in that building. This has the effect of creating a lost opportunity for the community, which means loss of revenue. If a private citizen refused to pay a tax levied by a local authority, that person would be dealt with very expeditiously by the local tax authorities; but not the federal government, which is exempt from paying this commercial tax. I see no reason why the federal government should be able to get away with not paying a tax when a private citizen would be made to pay the bill. In fact, since the government does not pay this commercial tax, the local citizen is forced to pay a higher property tax.

Finally, with regard to the continued commercial tax exemption of the federal government, it is at least interesting, if not completely entertaining to me, to read the comments on this bill by the Liberal party when they were in opposition. At that time they seemed to indicate through one of their members that they were in complete accord with the objections or concerns expressed by the Federation of Canadian Municipalities. I can think of two specific objections expressed by that organization. The first objection is the reference to the difference between the assessed value and the accepted value; and the second objection, of course, is the commercial tax exemption.

When this bill came into the House, the Liberals while in opposition raised the question as to why there should be a continued exemption from commercial taxes. Now that the Liberals are in office, they have done nothing about the matter. I also noticed that when the Conservatives were in government they were supportive of this legislation. Now that they are in opposition, they refer to the objections raised by the Federation of Canadian Municipalities. The Conservatives

while in office did nothing with regard to at least a couple of those objections.

There are other shortcomings in this bill, and I will mention a couple more. One refers to the clause whereby regulations must be published before they are implemented. It seems to me that the clause says that the regulations must be published only once. After that one publication, the government could change the regulation and implement it without making the public aware of the changes. The government should publish these regulations until they are in a form in which they can be implemented. This would show a greater commitment to open government than the simple requirement that the regulations be published only once, which of course leaves the government with the option of changing the regulations after that publication.

Another shortcoming is with regard to the phasing in of the grants over four years. That is, in the first period the government will pay 25 per cent, in the second year 50 per cent and on upwards. The bill acknowledges that the government owes a tax bill to the local authorities, but if one owes a tax bill, one cannot get away with paying 25 per cent in the first year, 50 per cent in the second year and so on. Certainly no individual taxpayer could get away with such a proposition. If one owes on a bill, then one should pay that bill in full.

By and large, this is a good bill and it deserves support. Yet much more would have been possible had the government taken the initiative, and much more is necessary. Once again, I hope that, perhaps in the committee stage, the minister and members of the opposition will be willing to push a little further to clear up the concern about, "assessed value" and "accepted value" and about doing away with the commercial tax exemption.

Mr. Ron Irwin (Sault Ste. Marie): Mr. Speaker, I rise in support of Bill C-4, to establish the Municipal Grants Act, 1980. The hon. minister has indicated that it has been three decades since there has been any major revision in this area. There was an indication that \$258 million was paid out in 1979-80, \$148 million by the federal government and \$110 million by the Crown corporations and external affairs. The hon. member from Annapolis Valley-Hants has indicated some concern over this matter. I assume that his concerns will be cleared up in committee.

There are five major areas which I am pleased to support. Previously the federal government defence bases were not required to pay their fair share of taxes if they provided certain facilities, specifically elementary and secondary schools, police protection, fire protection, garbage pick-up and sewage. Now the government will be required to pay their fair share if the municipality is unwilling or unable to provide those facilities. Previously the government had a preferred rate, and this will no longer exist unless the ordinary taxpayer has a comparable preferred rate.

The minister has referred to the new definition of property, which is important and means an additional \$25 million. There will also now be payments direct to Indian bands, and water