

*Adjournment Debate*

The Leader of the Opposition (Mr. Clark), since his election as leader of that party in 1976, has castigated the government for its increased expenditures. When the government does its homework and brings in programs to cut back government spending, there are objections from the hon. member for Calgary North and others on that side. At the same time the Leader of the Opposition is floating around the country making pre-election promises totalling in value something over \$6 billion; something which I think is scandalous and intellectually inconsistent, but which is characteristic of the Conservative party. We either spend at an unabated rate and contribute to the inflationary spiral, or we try to restrain expansion of services, even though those services are essential, as are postal services.

We have had to curtail expansion in a number of Canadian centres. Nevertheless, in all cases we have provided local services in the form of group boxes or general delivery. What we have provided has been designed to give the best service possible, at that point in time, while we take steps to make improvements.

Most Canadian centres have not expanded as dramatically as Calgary. I would like to remind the hon. member for Calgary North that we have the same problem in metropolitan Toronto. Many representations have been made by my colleagues, the hon. member for Halton (Mr. Philbrook), the hon. member for Peel-Dufferin-Simcoe (Mr. Milne), and the Minister of National Revenue (Mr. Abbott) on this exact subject.

Competent staff must be found and facilities must be built. All of this must be done with great care to ensure that by satisfying the needs of Calgarians we do not impose unwarranted hardships on other Canadian centres, including Toronto and other cities across this country.

The hon. member for Calgary North made some remark about an independent investigation. Members of his party will have an adequate opportunity to talk about postal problems when Bill C-27 comes before the committee. That bill is to establish a Crown corporation, and the hon. member for Calgary North will be able to get all the frustrations out of his system.

Within a very short time the Postmaster General, I assure this House, will have some very heartening news for the citizens of Calgary.

## FINANCE—OTTAWA—GRANTS IN LIEU OF TAXES

**Mr. Lloyd Francis (Ottawa West):** Mr. Speaker, on February 9, I asked the Minister of Finance (Mr. Chrétien), whether he was in a position to make an announcement about grants in lieu of taxes to the city of Ottawa, and on February 19 the minister, when making a press release, outlined that it was the intention of the government to introduce legislation which would change the Municipal Grants Act and increase federal grants in lieu of taxes by \$25.5 million by the end of a four-year phase-in period across Canada.

● (2215)

The effect of this new policy would be to increase grants to the city of Ottawa by \$3 million in the year 1980, by \$4 million in 1981, by \$5 million in 1982, and by \$6 million by 1983. The people I represent very much appreciate the fact that the federal government has recognized, not only in the national capital but across the country, that there is an obligation carried by municipal taxpayers for services to government owned property which has not been properly shared up to this point.

There are some aspects of the situation in the national capital to which I would like to call the attention of the government and the members of this House. In the national capital region there has been a special policy developed which is not applicable in the same way in other parts of Canada. The government has decided first on a policy of relocation from Ottawa to Hull of something like six million square feet of office space, and it has further decided to decentralize out of the Ottawa-Hull national capital region approximately 15,000 to 20,000 jobs. The latter policy has run into some difficulties because of the language guarantees to those who were slated to be transferred to the province of Quebec, and to that extent that policy has been stalled.

I think that it is evident to anyone who cares to look about in the centre of the national capital that there is vacant office space and a depressed condition among the merchants on the Mall and in other areas. All this reflects the fact that it is a company town and the policy of the major employer in this area is to change the scale of its major operations.

I recently asked the finance commissioner of the city of Ottawa what he thought the impact of the new policy was in this area, in other words, whether the formula for grants in lieu of taxes will generally reflect the scale of the government's operation. He told me that something between \$1 million and \$1.5 million per year were lost in grants than would have been the case had this abandonment not taken place. It is not easy to put a figure on it. The policy will be reflected slowly. The privately owned office accommodation which becomes vacant will apply for a reduction in its taxes in periods ahead. The federal government, of course, has destroyed two million square feet of temporary office accommodation, or is about to complete that destruction. That accommodation may have not been the best, but it does mean that the grant is being reduced accordingly. I think that there is a special hardship as a result of the very decided policies of the Government of Canada with regard to the national capital region which should be considered by the department.

There is the broader question which the regional municipality has argued in the past, that the Government of Canada should pay business taxes, something which it does not presently do. This is as a result of the way in which the province of Ontario casts its tax structure on municipal property residential rates and business rates. Not every province follows this method. I am told that Prince Edward Island changed the basis of its taxation to eliminate the separate business tax, which had the effect of increasing the federal grants accord-