

Municipal Grants Act

the riding of the Hon. Member who proposed the motion. However, it does have merit.

As I understand it, Mr. Speaker, the motion basically proposes that the federal Government be required to pay taxes as they affect certain docks, wharves, piers, piles, dolphins—I am not sure why dolphins are on the list but they are there—floats, breakwaters, retaining walls, jetties and drydocks. This motion is an attempt to point out a limitation contained within the Municipal Grants Act which was passed by the House on July 15, 1980.

In effect, the motion indicates that there are certain federal works and federal Government properties within local municipalities for which the federal Government does not have to pay taxes. Presumably, if the land upon which these works were situated were to be occupied by other works not owned by the federal Government, then the owners of those works would have to pay taxes. This is only one very small limitation but a very real limitation contained within the Municipal Grants Act and there are other limitations within that Act.

The most fundamental limitation within the Municipal Grants Act is that the Act operates on the basis of the principles of a grant system. In other words, when the federal Government pays taxes to a municipality, it is not really paying taxes but is making a grant to the local municipality.

When this legislation was passed by the House in 1980, the Canadian Federation of Municipalities criticized it on the basis of the need of municipalities across the country for a taxation system rather than a grant system. In other words, the Federation felt that when the federal Government finds itself situated within a municipality, it would have to pay local taxes and be subject to the local authority without being above that authority and paying for its presence there by way of a grant system.

While I welcome this Private Member's motion which attempts to make some positive changes to this legislation, what is needed is a complete overhaul of the Municipal Grants Act. We need to have a Municipal Grants Act, Mr. Speaker, that recognizes that when the federal Government is within a municipality, it is a taxpayer like any one else and should not have special privileges or be able to exempt itself from the taxes which would have to be paid by any other citizen.

● (1700)

Another weakness of the Municipal Grants Act which needs to be pointed out is that the federal Government exempts itself from commercial taxes within a local riding. If a private entrepreneur were to locate within a municipality, he would have to pay commercial taxes. The federal Government has exempted itself from the local taxation, when it locates within a municipality. In 1980 the dollars involved were something like \$75 million across Canada. It is a significant amount of money.

Mr. Evans: We pay grants in lieu of taxes.

Mr. Keeper: Mr. Speaker, the Member across the way says that the federal Government pays grants in lieu of taxes. Certainly it does, but it continues to exempt itself from certain aspects of taxation. One of the aspects that it exempts itself from is the commercial tax. Prince Edward Island is the only Province in the country in which they pay that commercial tax. That is because they have a special regime there which does not apply to other Provinces. That situation continues.

Mr. Evans: Whoever heard of one Government taxing another?

Mr. Keeper: The Member across the way, Mr. Speaker, raises the question whether one Government should tax another Government. We should look at it from the point of view of the local municipalities. The local municipalities cannot afford to give up a part of their tax base just because the federal Government occupies that land.

Mr. Fisher: You are just using a lot of semantics here.

Mr. Keeper: Mr. Speaker, I hear a lot of noise from across the way, which is fair ball. I wish hon. Members would listen for a while; perhaps they would then bring about some improvements in the legislation which they have before this House.

It is time for the federal Government to recognize that it is subject to the local municipal authority and to the taxes that are passed by the local authority, and that it cannot arbitrarily continue to exempt itself from those taxes. This continues to this day in terms of commercial taxes, in spite of the noise across the way.

With regard to the Municipal Grants Act in total, I would like to make the point that when this Act came before this House in 1980, there were a few witnesses who came to Ottawa to testify with regard to the shortcomings of the Act. There is quite a contrast between the way this legislation was treated in this House and the way similar legislation was treated in the Quebec House. In the Quebec legislature the "députés" took the time to do extensive consultations with municipalities and all those affected by the legislation. That just did not happen in this House to the same extent. It is really important, if we are going to have legislation which is going to be meaningful to people who are affected by the legislation, that people be involved fully in the development of that legislation. One of the major shortcomings of this legislation, which continues on the books of the federal House, is that it was developed with very little participation from the citizens who are affected by it.

The Private Member's motion which is before us today is a good motion. It will bring about some improvement in the Municipal Grants Act and, therefore, is worthy of support. I wonder why it is a Private Member's motion rather than a Government motion. The Member who brought the motion forward is a member for the Government caucus and we would hope that he would get the support of his colleagues in order to bring about changes that would make a positive financial contribution to his riding.