

this system works well has been clearly demonstrated both with regard to our winter works program, the vocational training school building program and the Municipal Grants Act which has been on the statute books for some years.

Another reason that impels me to suggest this change is that the whole theory of the revisions has been that we should not interfere with provincial autonomy. Indeed, the bill itself gives the greatest power to the provinces. Under clause 8 of the bill everything is done by the province. Loans are vetted and approved by the provinces. An application for a loan cannot be submitted directly by a municipality to the federal government. It must first go to the province and be submitted to the federal government by the provincial government. For that reason the necessity for a board is substantially removed and the process would be speedier and more efficient if applications were then made directly to a minister.

The bill also provides, of course, that the services of Central Mortgage and Housing Corporation are going to be used in certain aspects of administration. That in itself is another indication that a board is unnecessary. I would fear that the function of the board would be largely to interfere with provincial autonomy and provincial rights and that as soon as the board is set up we will start to have conflict between the board and the provinces. The legislation would be much better administered by a designated minister under whatever portfolio he otherwise holds and with the assistance of civil servants. For that reason, Mr. Chairman, I move, seconded by the hon. member for Ontario (Mr. Starr):

That paragraph (a) of clause 2 be struck out and that paragraphs (c), (d) and (e) be relettered accordingly.

That is the first amendment, and I have four other consequential amendments with respect to other clauses in the bill.

**Mr. Sharp:** Mr. Chairman, I do not intend to argue this case at length. I should like to point out to the hon. member that the board will have only a very small staff. It is not intended to create a new bureaucracy. Central Mortgage and Housing Corporation will provide most of the services required by the board.

As to the second point that the hon. member raised about relations with the provinces, may I say that this question was not brought up at the conference. This is not a matter that the provinces found offensive to them in any way, and I am satisfied that the scheme outlined in the bill of having a board is not going

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to increase expenditures, interfere with simple operation or in any way affect the autonomy of the provinces.

**Mr. Smith:** I have one further question. Is the minister suggesting that the board will be composed of people now within the government service or will it be composed of cabinet ministers, or will new people be brought in?

**Mr. Sharp:** My understanding is that there will be one outsider, and the two other members of the board will be from the senior civil service.

**Mr. Smith:** Since the bill contemplates the termination of the legislation in 1966, which is only three years away, what security of tenure can be offered to an outsider on that basis?

**Mr. Sharp:** Mr. Chairman, I could say only the security of tenure offered by the legislation. However, it is my understanding that the Minister of Finance has not anticipated that he will have difficulty in filling this position, and I agree. I think there are people of competence who would be prepared to serve on a board of this kind for the period of the legislation.

**Mr. Chatterton:** Mr. Chairman, I wish to support the amendment proposed by the hon. member for Simcoe North. What the minister has said has not convinced me that the provision of a board is at all necessary. Why consider it in the first place? I am not going to repeat the figures I gave last night, but the scope of operations of the winter works incentive program has been greater than what is proposed here and yet that whole program has been administered by the Department of Labour without creating a further bureaucratic organization.

Under section 36 of the National Housing Act an almost similar program involving loans to municipalities with a forgiveness feature has been administered by Central Mortgage and Housing Corporation. Why could this program not be administered by the same corporation? The bill provides for an agreement between the board and Central Mortgage and Housing Corporation for use of the latter's staff. There then arises a dual responsibility. Will these employees who are going to be used by the federal government to administer the legislation be responsible to the board or the corporation?

If the Liberals were going to set up, as they promised during the election campaign, a vast program of assistance to municipalities, perhaps a board could then be justified, but this measure is little more than another form