

of taxes to the extent of \$110 million. Is that the \$100 million the minister refers to? I know the minister has a problem speaking again in view of the rules of the House, but perhaps when we reach committee he can elucidate for me what I think is a slight contradiction in not recognizing departments in relation to grants in lieu of business taxes because they do not carry on business, and Crown corporations that do carry on business on a competitive basis. I should like the minister to comment further in that regard in committee.

The fourth matter, as I understand it, that the municipalities were concerned about has been corrected by this bill, particularly by clause 8. That concern relates to the fact that there was a deduction for the services a municipality provided to the federal government. The federation made the point in its brief back in 1977, and I quote:

Two types of service deductions from the main grant are made to reflect:

- (1) the cost of those services provided directly by the federal government; and
- (2) the cost of those services provided by the municipality which are not used by the federal government.

The federation I think finally received some favourable recognition in this regard. The federation went on to state in its brief:

The federation believes that there is no basis for these deductions, which assume that one only pays taxes for services received. It seems safe to say that no property tax system could operate on that basis.

The federation recommended that these service deductions be discontinued. As I understood the minister's remarks on the bill today, and as I understand the bill itself, in large measure, with very few exceptions, these service deductions will be removed, and that part of the increase in the grants will represent a contribution for those services, other than in some special situations involving educational contracts with municipalities under which special educational services are provided; for example, to defence bases.

The fifth matter which was raised by the federation involved Crown corporations. The minister said earlier that where Crown corporations were very hit or miss, inconsistent, in conferring grants in lieu of taxes, there will now be a more consistent direction, or more consistent directives to Crown corporations to provide municipalities with these grants in lieu of taxes. I think that is a very positive thing. Perhaps again when we reach committee study we will be given some further direction as to how wide these directives will be.

We all know that the increase in the activities of Crown corporations has represented a large part of the growth in government. I am glad to see that grants in this regard are to be brought into some order or under some umbrella so that municipalities will not always be wondering about these grants. In this way there will be some uniformity of grants to municipalities in lieu of business taxes in relation to Crown corporations.

Those are the five matters that caused the Federation of Canadian Municipalities some concern. Whether representatives of the federation or of any other organization will want to appear before the committee during its study of this bill, I do not know at this stage, but I feel this is a step forward. This

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matter was fully canvassed on December 3, 1979. The principle has favour with members on all sides of this House. Perhaps again, in view of the events of the day, if this place is to become a little more relevant, with recognition for the work that all governments do, especially municipal governments, the best thing we can do is move this bill from dead centre of the floor of the House of Commons, past second reading stage and into committee where some of the more complicated formulae set out in the bill can be explained by the minister. We on this side are in favour of the bill in principle and we want it to move forward.

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, we in this party also support this bill and I would like to begin my remarks by outlining some of our reasons for doing so.

In the first instance, of course, there is to be an additional \$25 million provided to municipalities by way of grants in lieu of property taxes. That \$25 million is a significant amount. This bill, in addition, increases the number and kinds of federal properties which fall within the scope of this legislation. That removes a bugbear that has existed in the legislation.

In addition, the bill provides some direction to Crown corporations regarding grants in lieu of taxes. This improvement perhaps results from submissions and briefs that have been presented to the government in the past. As I understand it, the bill also makes some provision for Crown corporations which are generally independent of the federal treasury, being expected to pay grants in lieu of business occupancy tax. As well, for the first time the bill will provide for the payment of grants in lieu of taxes as it affects defence bases in rural areas, national parks, historic sites, museums, libraries, art galleries, concert halls, etc. There are many improvements in this bill and it, therefore, deserves support.

• (1550)

However, there are also some serious shortcomings which we should not allow to go by without saying something in that regard. Fundamentally, a weakness in the legislation is that it continues to be a grants system—rather than a taxation system. In other words, the authority as to how much tax will be paid still lies with the federal government—rather than with the local taxation authorities. This was certainly the main criticism brought forward by the Federation of Canadian Municipalities when they referred to the difference between the assessed value, which is the value assessed by the local authorities, and the accepted value, which is determined by the federal government.

In principle, the bill is weak. If there is to be an increased respect in this House for local councils and cities, then this bill would be a good start if we were to change the basic principle underlying this legislation.

The other major area of weakness in this bill is the continued exemption of the federal government from paying commercial taxes. Commercial taxes are an important source of revenue for local government, and as long as the federal