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### NEW DEAL FOR CANADIAN MUNICIPALITIES

*In an address to the Ontario Municipal Association at Kingston on August 27, the Minister of Finance, Mr. Walter L. Gordon, had the following to say concerning the Municipal Development and Loan Fund, for the establishment of which a bill had been introduced in Parliament in June:*

... The constitutional position of the provinces respecting their municipalities was fully recognized in the bill. Despite this, some of the provinces expressed the view that their responsibilities were not sufficiently safeguarded. Following a very successful conference with the provinces in July, the Federal Government proposed to Parliament amendments in the bill which will enable those provinces which so desire to handle all arrangements with the municipalities within their jurisdiction. In such cases the Municipal Development and Loan Board will lend money to the provinces, which, in turn will lend it to the municipalities on exactly the same terms and conditions as they would otherwise have been able to obtain from the Board.

#### NO INDEFINITE CONTINUATION

Parliament has approved the sum of \$400 million to be made available to municipalities throughout Canada, allocated among the provinces in proportion to their population. It is to be used for projects that will provide additional employment between now and March 31, 1966. By that date

it is to be hoped that other, longer-term, measures to sustain employment will be in effect. In any event, the very nature of this particular programme, including the test of new or additional projects to provide additional employment, is such that it is not suitable for indefinite continuation. The emphasis is to be on new projects or accelerated programmes that otherwise would not be proceeded with in the next two and a half years.

I believe that the \$400-million Loan Fund can and will make a worthwhile contribution to increasing employment. It is hoped that the fund will increase municipal capital outlays by \$600 million over the next 2½ years, thereby providing an estimated 72,000 man-years of jobs on the site and about an equal number of man-years of jobs off-site. This prime objective cannot be achieved, however, unless the municipal projects undertaken as part of this programme are truly additional to what would otherwise have been proceeded with. This test of 'additionality' is the main condition which Parliament has laid down for the administration of the Fund.

#### ATTRACTIVE TERMS

The terms on which the loans will be provided are intended to offer a strong inducement to municipalities to take advantage of this assistance to expand or to expedite their capital programmes. First of all the money will be lent at a low rate