

Mr. BENNETT: What about administrative charges?

Mr. DUNNING: The administrative charges from the dominion's point of view will of course be absorbed as part of the cost of operation. If the loans are, on an average for a term, for which the dominion could borrow on a two and a half per cent basis, say ten years, then each half-yearly payment of \$1,704,000 would show a loss to the dominion of \$42,000—I am using round figures—or a total during the ten year period of say \$850,000.

Let me state that in another way. If the average length of loans under this act should turn out to be ten years, and if the dominion can borrow at two and a half per cent for a ten year period, then the contribution made by the dominion, if the whole sum went out on that basis, would be \$850,000 over the ten years, plus the cost of administration, as the leader of the opposition has said. If we assume a twenty year period, then of course the cost to the dominion rises. We have recently sold an issue of 20-year dominion bonds on a 3.07 per cent basis of cost. Therefore if we assume that the average term of the loans made under this act will be twenty years, and that the dominion could borrow for that period on an average of three and one-eighth per cent, each half-yearly payment would be \$1,014,000 and there would be a loss to the dominion of \$100,000 a year, or a total during the twenty year period of \$4,000,000 plus the cost of administration. If the average term of the loans were thirty years, and if we assume that for such a period the dominion could borrow on a three and a quarter per cent basis, each half-yearly payment of \$786,000 would show a loss to the dominion of \$119,000 or a total during the thirty year period of approximately \$7,150,000 plus the cost of administration.

From the inquiries I have been able to make regarding the length of useful life of projects which might be constructed under this legislation, I am inclined to the view that around twenty years is likely to be the effective period of amortization. It is rather difficult to state that with any accuracy, but I thought that in proposing the measure to the house I should endeavour to give information regarding the cost to the dominion of the whole scheme for varying periods from ten to thirty years, assuming that the whole amount goes out for average terms equal to each of the steps I have been discussing.

Perhaps it would be clearer to take a single loan for a project costing \$1,000,000.

On such a loan, if it were for ten years at two per cent, there would of course be no cost to the dominion other than cost of administration. If it were for ten years at two and a half per cent the total loss during the period to the dominion would be \$28,000. If it were for twenty years, at three and one-eighth per cent, the total loss to the dominion on the \$1,000,000 would be \$134,000. If it were for thirty years the \$1,000,000 at three and a quarter per cent would involve a loss to the dominion in addition to administration costs of \$238,000.

I think I have covered all I desire to say at this stage of the proceedings. The dominion is satisfied, particularly as a result of information which has reached us following the announcement of the Minister of Labour (Mr. Rogers) that such a measure would be introduced, that there is a very definite need for just what this legislation proposes. There is no doubt that very many municipalities see in this proposal an opportunity of doing something really constructive for the people of the municipality, and really helpful from the standpoint of providing employment.

Mr. CAHAN: I am expressing my own views, which are very clear and emphatic, and not the views of any party, that in the present condition of affairs in Canada this proposal is inopportune. As hon. members know, we have had an opinion of the Judicial Committee of the Privy Council to the effect that expenditures made by vote of this parliament upon objects provincial or municipal, which are not within the exclusive legislative jurisdiction of parliament, are illegal appropriations, and in view of that decision the government have instituted an investigation, more or less thorough, by means of the Rowell commission so-called, into the financial relations existing between the municipalities and the provinces on the one hand, and as between the municipalities and provinces and the dominion on the other.

We have been asked by the provinces time and again not to infringe upon the maintenance of their rights as provinces of this dominion, constituted by the British North America Act of 1867. In fact their insistence is so strong that more recently the idea is being propagated that Canada is but a name representing nine sovereign states which were created out of the British territory known as British North America by the British North America Act of 1867. While that contention no doubt is excessive and in my opinion unjustified, nevertheless it represents a growing sentiment in various parts of this dominion.