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Third Session, Eighteenth Parliament, 2 George VI, 1938.

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THE HOUSE OF COMMONS OF CANADA.

**BILL 143.**

An Act to assist Municipalities in making self-liquidating  
Improvements.

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First reading, May 31, 1938.

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THE MINISTER OF FINANCE.

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OTTAWA  
J. O. PATENAUDE, I.S.O.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1938

THE HOUSE OF COMMONS OF CANADA.

**BILL 143.**

An Act to assist Municipalities in making self-liquidating Improvements.

**H**IS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

- Short title.      **1.** This Act may be cited as *The Municipal Improvements Assistance Act, 1938.* 5
- Definitions.      **2.** In this Act, unless the context otherwise requires, —
- “Minister.”      (a) “Minister” means the Minister of Finance;
- “Municipality.”      (b) “municipality” includes a city, town, incorporated village, county, township, rural municipality, local improvement district or a province where such province is administering directly territory not organized into county or municipal units; 10
- “self-liquidating project.”      (c) “self-liquidating project” means a project which when completed will on the basis of conservative estimates result in an increase in the annual net revenue of the municipality either by reductions in the annual operating and maintenance charges required to be borne by the municipality or by increase of revenues from persons using the services of or otherwise benefiting from the project, sufficient to pay the annual charges for interest on and amortization of the loan to be made by the Minister. 15 20
- Loans to municipalities.      **3.** (1) The Minister, with the approval of the Governor in Council, and subject to the provisions of this Act, may enter into an agreement with any municipality to make a loan or loans to such municipality out of any unappropriated moneys in the Consolidated Revenue Fund to enable such municipality to pay the whole or any part of the cost of constructing or making extensions or improvements to or renewals of a municipal waterworks system, a municipal gas 25 30

## EXPLANATORY NOTES.

This Bill authorizes the Minister of Finance, with the approval of the Governor in Council, to enter into agreements to make loans to municipalities to enable them to pay the whole or part of the cost of constructing or making extensions or improvements to or renewals of a municipal waterworks system, gas plant, electric light system or any other self-liquidating project. The aggregate principal amount of loans authorized to be made shall not exceed \$30,000,000.

The principal conditions which have to be satisfied before any loan can be made are as follows:—

1. The municipality must demonstrate to the satisfaction of the Minister that any project to be financed out of the proceeds of a loan made under the Act is a self-liquidating project within the meaning of that term as defined in Section 2 (c) of the Act.
2. The construction of the project must be urgently required and assist in the relief of unemployment in the municipality concerned.
3. The application for a loan and the project to be financed out of the proceeds of a loan have to be approved by the province in which the municipality is situated.
4. The province in which the municipality is situated must agree to guarantee payments of principal and interest by the municipality.

Loans are to bear interest at the rate of 2% per annum payable half-yearly and are to be amortized by semi-annual payments sufficient to pay off the full amount of the loan during a period not exceeding the estimated useful life of the project.

The Bill also provides that the aggregate principal amount of loans to any one municipality shall not exceed the proportion of \$30,000,000 which the population of the municipality bears to the population of Canada, on the basis of the 1931 census. There is a proviso however that a loan not exceeding \$200,000 may be made to any municipality of whatever population.

plant, a municipal electric light system, or other municipal project, provided, however, that the project to be constructed or the extension or improvements or renewals to be made will be a self-liquidating project.

Conditions  
of loans.

(2) No agreement shall be entered into under this Act unless:— 5

- (a) the municipality submits detailed financial estimates demonstrating to the satisfaction of the Minister that the project to be constructed or the extensions or improvements or renewals to be made will be a self-liquidating project; 10
- (b) the construction, extension, improvement or renewal of the project is urgently needed and will assist in the relief of unemployment in the municipality concerned;
- (c) any application by a municipality for a loan under this Act and the project to be financed out of the proceeds of the loan have been approved by the Lieutenant-Governor in Council of the province in which the municipality is situated; and 15
- (d) the municipality has obtained an undertaking from the government of the province concerned in form satisfactory to the Minister that such province will guarantee to the Government of Canada the payments for interest on and amortization of the loan, required to be made by the municipality to the Minister. 20 25

Interest and  
amortization.

4. Any such loan shall bear interest at the rate of two per centum per annum, payable semi-annually, and shall be amortized by semi-annual payments sufficient to pay off the full amount of the loan during a period to be fixed by the Governor in Council, which period shall not in any case be longer than the estimated useful life of the project which has been constructed, extended, improved or renewed, in whole or in part, with the proceeds of the loan. 30

Securities  
for loans.

5. As security for any such loan, the municipality shall deliver to the Minister its debentures or other securities equal in principal amount to the amount of the loan advanced and in such form as the Governor in Council may approve, and may also be required to give in favour of the Minister representing His Majesty a first mortgage or hypothec or other charge on the project to be constructed, extended, improved or renewed, in whole or in part, from the proceeds of the said loan. 35 40

Aggregate  
amount  
of loans.

6. (1) The aggregate principal amount of loans made under the authority of this Act shall not exceed thirty million dollars. 45

Amount to  
any one  
municipality.

(2) The aggregate principal amount of loans made under this Act to any one municipality shall not exceed that proportion of the sum of thirty million dollars which the

population of the municipality bears to the total population of Canada on the basis of population figures shown by the census of 1931, provided however that subject to the limitation fixed by subsection one of this section a loan not exceeding two hundred thousand dollars may be made to any municipality of whatever population. 5

Limitation of time.

**7.** The Governor in Council may at any time fix and determine a date after which no loans shall be made to any municipality under this Act.

Staff and salaries.

**8.** The Governor in Council on the recommendation of the Minister may employ on a temporary basis such technical and clerical staff as may be necessary for the efficient administration of this Act and may pay salaries and other necessary expenses out of any unappropriated moneys in the Consolidated Revenue Fund. 10 15

Orders and regulations.

**9.** (1) Subject to the provisions of this Act the Governor in Council may by order or regulation

- (a) determine the form of the agreement between any municipality and the Minister;
- (b) determine the form of the guarantee to be given by a provincial government;
- (c) prescribe the conditions under and the manner in which the proceeds of a loan may be advanced to a municipality;
- (d) make provision for any other matters concerning which orders or regulations are deemed necessary or desirable to carry out the purposes and intentions of this Act. 20 25

Force and effect.

(2) All orders and regulations made hereunder shall have the same force and effect as if they had been included in this Act. 30

Report to Parliament.

**10.** The Minister shall annually prepare a report with regard to loans made under the provisions of this Act during the preceding fiscal year, and the report shall be laid before Parliament within fifteen days, or if Parliament is not then sitting, within fifteen days after the beginning of the next session. 35