

<i>Survey or Study</i>	<i>1965</i>	<i>1966</i>
	\$	\$
Study of transportation network and urban systems of the Provinces of Nova Scotia and New Brunswick	—	3,000
Study of export trade of Atlantic Provinces	—	2,600
Public information consultant services	—	2,400
Pilot industrial opportunity study of Cape Breton Island	—	2,000
Office services	—	1,126
Beneficiation research program on Wabana iron ore, Bell Island, Nfld.	300,000	—
Foundation investigation for tidal power development in Upper Bay of Fundy, N.B.	33,973	—
Engineering investigation of suitable water supply system for fishing plant at Shippegan, N.B.	11,310	—
Study of economy in Newfoundland since Confederation	5,000	—
Economic data, reports and statistics	3,750	—
Study of Minto-Chipman, N.B., labour force	3,700	—
Inspection services by Department of Public Works engineers	899	—
<b>TOTALS</b>	<b>518,985</b>	<b>456,306</b>

### Subsection 3.—The Municipal Development and Loan Board

The Act establishing this Board (SC 1963, c. 13) received Royal Assent on Aug. 2, 1963. The Board comprises a chairman and four other members, all senior officials of government, appointed by the Governor in Council, and reports to Parliament through the Minister of Finance. The Board was set up to make loans up to a total amount of \$400,000,000 to municipalities to assist in the construction of additional municipal capital projects, thereby providing increased employment during the period 1963-66. The operations of the Board were therefore envisaged as being temporary and no loans have been made—or could have been made—since Mar. 31, 1966. By that date the Board had approved 2,469 loans to 1,292 separate municipalities across Canada, the total amount of the loans being \$399,250,000. Since loans were limited to two thirds of the project cost, the total amount of construction stimulated by this program was an estimated \$750,000,000. Over one third of the \$400,000,000 loan fund was allotted to help finance municipal water and sewer projects; other types of projects assisted included schools, roads and bridges, rapid transit systems, civic buildings, parks, other recreation facilities, hospitals and municipal power distribution. The program had its greatest impact on construction in the year 1965.

After a municipality obtained a loan commitment from the Board, its normal procedure was to borrow from a bank or to use other forms of pre-financing. When the project was completed and audited, the actual transfer of the loan amount to the municipality took place and forgiveness of 25 p.c. of the loan amount (where applicable) arranged. However, legislation permitted loan advances based on construction progress to be made to some municipalities. By Mar. 31, 1966, final loan payments totalling \$119,000,000 had been made on 718 completed projects, with loan forgiveness amounting to nearly \$30,000,000 being granted. In addition, interim loan advances were made amounting to \$26,500,000 in respect of 125 projects. Thus, although almost the entire \$400,000,000 loan fund was committed to provinces and municipalities by that date, the major portion of the actual loan payments were made or were being made subsequent to that date.

Under the Act, the interest rate to be paid to the Board on these loans was stated to be the effective interest rate on long-term Government of Canada bonds plus not more than one quarter of 1 p.c. In effect, the rates during the period 1963-66 varied between 5½ p.c. and 5¾ p.c., depending on market conditions at the time. Most loans were for terms of 20 to 30 years, only one being for the maximum permissible maturity of 50 years.

All municipal loan applications were required to be approved by the province concerned before being submitted to the Board. The province concerned was required to certify its approval of the financing and to verify the fact that the project represented additional work over and above the planned capital program of the municipality. Four provinces (Ontario, Quebec, Manitoba and Saskatchewan) chose to deal directly with their own municipalities in respect of most aspects of the program—the province itself made the loan to