

To implement the proposal, the department turned over to the Town without charge roads and services already installed in the housing area together with a fringe area of land. This assistance was augmented by capital grants totalling \$1,500,000 to enable the Town to further develop its roads and services for the purpose of attracting private sponsors for the various shopping, civic institutional and industrial areas. To complete the physical development of municipal works, the Crown provided capital assistance loans to the Town amounting in all to \$4,450,000 over the years from 1957 to 1961.

In the beginning it was expected that the operating expenses of the Town would be financed mainly from grants in lieu of taxes on federal property and that this burden would shift gradually as civilian interests in the Town developed. The shift has not materialized with the result that annual operating grants provided by the Crown continue at a high level and it is now expected this condition will exist for many years to come.

The following table summarizes the capital grants, capital assistance loans and operating grants paid to the Town since its inception:

Year	Capital grants	Capital assistance loans	Operating grants
1955-56	\$ 750,000	—	\$ 50,000
1956-57	750,000	—	50,000
1957-58	—	\$ 1,500,000	350,000
1958-59	—	1,500,000	960,000
1959-60	—	1,000,000	1,656,000
1960-61	—	450,000	1,600,000
1961-62	—	—	1,529,000
1962-63	—	—	1,489,000
1963-64	—	—	1,800,000
	<u>\$ 1,500,000</u>	<u>\$ 4,450,000</u>	<u>\$ 9,484,000</u>

Repayments of the above capital assistance loans have totalled \$735,000 to March 31, 1964 while interest amounting to \$1,110,000 has been received to the same date. Funds for these payments have been provided out of the annual operating grants provided by the Department of National Defence.

The Town's operating costs for the calendar year 1963 amounted to \$2,030,000 while its revenues totalled only \$209,000. The Department of National Defence owns 1,900 housing units representing about 90 per cent of the value of all property in the Town.

A substantial part (over 50 per cent) of the annual operating costs relates to expenditure for the operation of seven schools attended by dependents of servicemen occupying married quarters in the Town. The cost of operating the schools has been a matter of concern to the department and Treasury Board for some time. A study of this matter by Treasury Board staff disclosed that the cost per pupil for 1962 in the Fredericton, N.B., school system was \$205