

of Ottawa to receive a grant in some form; not in lieu of taxation, but in recognition of the fact that the Government had a certain responsibility. At that time Sir Wilfrid Laurier, who, as we know, was very much interested in the improvement and beautification of the Capital City, introduced legislation in regard to payments to the city, the line of which has been followed ever since. At that time he initiated the Ottawa Improvement Commission. By chapter 10 of the Statutes of 1899 an annual grant of \$60,000 was authorized by Parliament, and this was continued until 1920. I should like to read from that Act a section which is the basis of the action taken by various governments in reference to the grant to the city.

The annual grant payable under this Act shall be in full payment, satisfaction and discharge of all claims and demands by or on the part of the Corporation on the Government of the Dominion of Canada (hereinafter referred to as "the Government,") in respect of water supplied (including charges for street sprinkling) by the Corporation for use in and on all buildings, lands and premises in the said City of Ottawa.

In 1920 representations were made by the City that the payment was not sufficient for the services rendered, and an agreement was entered into under which \$75,000 was to be paid annually in discharge of all claims of the city against the Government for water supplied for street sprinkling and for use in parks and driveways under the control of the Federal District Commission. This agreement was for a period of five years. The main clause of the agreement provided for an annual grant of \$150,000 to the Federal District Commission for a period of ten years from July, 1919.

In 1925 the claim was made by the City that \$75,000 was not sufficient for the supply of water furnished to buildings used by the Government, and the amount was increased to \$100,000. In that year the agreement was renewed for five years, and since then the annual payment of \$100,000 has been continued. The increase was made to take care of the cost of supplying water to Government buildings, and the present grant is largely to cover that cost. In 1914 the consumption of water in Government buildings was 371,498,840 gallons, for which the charge was \$53,937.37. There was also a charge of 10 per cent of the purchase price of meters, amounting to \$1,459.34, making a total charge of \$55,396.71 for water service. The agreement provides that the City shall supply up to 200 million gallons of water for these buildings at the

rate of 13 cents per thousand gallons, and for any additional quantity the charge is to be increased by 25 per cent.

The City claims that the cost of providing water service has been greatly increased, and negotiations are now in progress between the Department of Public Works and the City with a view to ascertaining what the increase in cost is, and whether it is necessary to make an additional grant.

This year the Government's grant to the Ottawa Improvement Commission was increased to \$333,500.

On the whole, I think the arrangement made for this year is probably acceptable to the Corporation of Ottawa and the Department of Public Works. It has been concurred in by honourable members in another place, and, as I have stated, inquiry is being made with regard to the City's claim that the cost of providing water service has gone up. It is felt that there should not be any increase in the grant at this time.

Hon. L. COTE: Honourable senators, this is a perennial measure which, as the honourable leader said a few moments ago, has been coming to us every session since 1930. I have already spoken on it at two or three past sessions. There seems to be a feeling that at this time, in view of the war, the allowance to the City of Ottawa should not be increased, although I understand negotiations are going on just now with regard to the supplying of water on a meter basis.

I think I am stating a fact when I say that the citizens of Ottawa as a whole are not at all satisfied that the present agreement with the Government affords to the City a square deal. It is admitted that the Crown has a right to continue to claim immunity from taxation. As I said once before in this House, that is a right which came to the Crown from the Middle Ages, when the King owned property and you could not tax the King or exact services from him on account of land he owned. But we are living in a progressive civilization, and these old practices of the common law are often modified to meet the necessities and exigencies of new situations. This Parliament has in some very important instances departed from adherence to the principle of immunity from taxation. By statute we made the Canadian National Railways, which are just as much Crown property as the Parliament Buildings are, liable to taxation in the various provinces where they operate. And the door was opened in this case of the City of Ottawa when, forty years ago, it was recognized that the Government should pay something to the City in compensation for benefits received