

Hon. Mr. LAMBERT: Now page 11.

Mr. SOMERVILLE (continues reading brief):

*Grants Direct to the Corporation.*

As already indicated, the first payment made was for water in 1877, and for the 23-year period up to April 1, 1899, an amount of \$289,749.01 was paid, an annual average of approximately \$15,000.

Under the 1899 agreement the only payment made direct to the City was \$15,000 per annum from July 1, 1909, to July 1, 1919, as a contribution to the maintenance of fire protection service. (No direct payment was made to the City for water during that period).

Chapter 15, Statutes of 1920 authorized a direct annual payment of \$75,000 to the Corporation for five years from July 1, 1919.

Chapter 21, Statutes of 1925 increased the annual grant to the City from \$75,000 to \$100,000. This agreement expired on June 30, 1930 and has been renewed from year to year by special Act.

The next page deals with the matter of taxes.

(Continues reading):

Section 125 of the British North America Act, 1867, reads as follows:

"No lands or property belonging to Canada or any Province shall be liable to taxation".

The CHAIRMAN (Hon. Mr. Copp): That is the answer to your question, Mr. Reid.

Mr. REID: That is right.

Mr. SOMERVILLE: (Continues reading brief):

On Pages 15, 16 and 17 the City in its brief for additional compensation has a statement of the properties taken over by the Government and the Federal District Commission since 1921, and upon which no taxes are paid. In cases of property taken over by the Crown, but not used by the Crown for its own uses, it has been our practice to pay City taxes when (a) the Crown collects the same rental from the tenant after property is acquired by the Crown as the tenant paid to the former owner before acquisition, and (b) the arrangement between the tenant and the former owner was that the former owner would pay taxes. This action is taken on the ground of an implied agreement to continue the former arrangements.

The amount involved in that is very small. They are properties taken over by the Government, but still not used by them and rented to the people who were in them before.

Mr. REID: What taxes would the Government pay under that contract?

Mr. SOMERVILLE: There are some buildings that were expropriated and taken over for certain purposes, and then the scheme was dropped, or altered or changed, the buildings were not torn down, and the tenants who were in there previously were not disturbed but continued in those premises. The department thinks it only fair that the city should be paid taxes on those properties, because we are getting an adequate rental.

Mr. REID: I was wondering what amount would be paid under that clause.

Mr. BOUCHER: That would affect the period between expropriation and the taking over by the Government for reconstruction, improvement or for its own use.

Mr. SOMERVILLE: That is a problem, Mr. Boucher, that is perhaps a little more acute in some other cities than Ottawa. We have it in Toronto particularly. Properties have been taken over and we have not used them, and there is a great deal of difficulty. The same is true in one or two other cities.