

Works Vote No. 260, Page 33, Main Estimates for permanent buildings and the War Appropriation for War Services.

As regards the Legation properties, the water rates levied thereon are included in the tax accounts submitted annually by the City for these properties. At the request of the Department of External Affairs on December 8, 1938, the payment of taxes on Legation properties, which until then had been attended to by that Department, was assumed by the Department of Public Works. Water rates had been paid by the Legations themselves. A question was subsequently raised, however, as to the propriety of the Legations being required to pay the whole of the water rates, rather than the small part of the rates which might reasonably be considered a payment for the water used. An Order in Council was passed on December 20, 1939, on the recommendation of the Secretary of State for External Affairs, to pay out of Public Works Vote No. 351 the full amount of the water rates for 1939. Under an agreement with the Department of External Affairs in 1940, the Department of Public Works has been paying these rates as they fall due and has been collecting at the end of the calendar year the Legations' share on the basis of meter readings.

Mr. McLEAN: In your brief you say, "A question was subsequently raised, however, as to the propriety of the Legations being required to pay the whole of the water rates, rather than the small part of the rates which might reasonably be considered a payment for the water used." Will you kindly explain that passage?

Mr. SOMERVILLE: My understanding is, sir, that everything in connection with Legations is on a reciprocal basis. This Government treats other Governments in the same way as they treat us, that is to say, if we had a Legation in Australia—

Mr. McLEAN: That is not the point, sir. You state a question was raised as to the propriety of the Legations being required to pay the whole of the water rates rather than the small part of the rates which might reasonably be considered a payment for the water used. That would imply that the amount paid for water was larger.

Mr. SOMERVILLE: There were complaints, sir—if you will accept this as an answer—two foreign Governments complained about the cost of water.

Mr. REID: Your statement regarding the reciprocal basis would not apply to the Japanese Legation, because, if I remember correctly, Canada rented the Legation building in Japan from one of our Ambassadors there, who put it up at his own cost. We paid a rental to him in accordance with his outlay. So as to any water rates in connection with the Japanese Legation, it would not be on a reciprocal basis.

Mr. McILRAITH: This question of water rates probably can be explained when we have the head of the Water Works Department before us as a witness. It has to do with different bases of charging for water, meter as against assessment.

Mr. BOUCHER: Could you state the percentage that the meter rate would vary from the actual taxation rate for water?

Mr. SOMERVILLE: What we collect back from the Legations?

Mr. BOUCHER: No. As Mr. McLean asked you in regard to your previous statement, one would infer that the Legations paid only a small portion of the water charges that the Public Works Department had been required to pay to the City. Could you give us any indication as to what variation there would be between the two rates?

Hon. Mr. LAMBERT: Before you get away from that point of the Legations, I think it is important to observe the principle as it is enunciated on page 12, that payment of water rates and taxes are on a reciprocal basis in relation to Legations. Generally speaking, we are paying for them because ours are paid for in the countries our Legations are established.