

and water rates which would have been payable by the Crown for its properties in the City at the ordinary rate of taxation was \$886,453.60.

This amount was made up as follows:—

Water Rates	\$ 67,210 63
Street Sprinkling	2,140 42
Taxes payable on the income of civil servants (taxable income \$2,500,000 after allowing for exemptions).....	57,175 00
Property Tax	483,887 80
Business Tax—	
Government-owned property	226,271 95
Property leased by Dominion Government.....	46,034 45
Local Improvements assessed against Government property or property of Ottawa Improvement Commission not paid by the Government—	
Dominion Government	\$2,647 85
Ottawa Improvement Commission	1,085 50
	3,733 35
	\$886,453 60

Mr. REID: What is meant by "Taxes payable on the income of civil servants?"

Mr. SOMERVILLE: As I understand it, in the early days, around 1883 or 1884, there was an arrangement by which the city would not charge a tax on the income of civil servants. Of course, the income tax did not amount to very much in those days; but whatever the arrangement was, it was abolished by the 1920 agreement.

Mr. REID: In other words, there was a municipal income tax at that time?

Mr. SOMERVILLE: Yes. The then Mayor said that the taxes payable on the income of civil servants would have amounted to \$57,175.

(Continues reading brief):

This estimate of taxes was based on 22.87 mills which was the average rate required to produce the revenue derived from public and separate school supporters based on the assessment then existing.

The Mayor there brings up the question of payment of local improvement taxes. Well, it had been the practice of the Department of Public Works to pay local improvements at that time, so I do not know just why he included that. It is not a very big item, but it is there.

The CHAIRMAN (Hon. Mr. Copp): He just makes the statement that the Government was paying at that time.

Mr. SOMERVILLE: He implies that the Government was not paying at that time, but they actually were, and they have paid since.

(Continues reading brief):

The Government does bear its proportionate share of local improvement taxes adjacent to Government buildings.

On March 30, 1920, an agreement was entered into between the Crown and the City which provided for the payment direct to the City of an annual amount of \$75,000 for five years from July 1, 1919. This agreement was approved by chapter 15, Statutes of 1920. Among other things, the agreement stipulated that the water required for street sprinkling, fire protection and for sprinkling lawns in parks and driveways maintained by the Ottawa Improvement Commission was to be supplied by the City in consideration of the annual grant of \$75,000 paid direct by the Crown to the City. However, the water used in government-owned buildings was to be paid for by the Crown at the rate of 13 cents per 1,000 gallons for any quantity of water consumed per annum up to 200,000,000 gallons and at the rate of 10 cents per 1,000 gallons for any quantity in excess of 200,000,000 gallons; in addition, the Crown was to pay for rental of water meters.