

5. That as the result of the erection of many temporary buildings, and the appropriation of many others, to serve the requirements of expanded Government Departments, such municipal services as water supply, street maintenance, garbage and sewage disposal, police and fire protection have involved materially increased expenditures on the part of the City.

6. That the dislocation of commercial values of private property and local business interests through the location of Government Buildings and the establishment of such decorative features as Confederation Square and the widening of Elgin Street has affected substantially the City's regular sources of revenue.

7. In keeping with the desire to preserve Ottawa as a beautiful capital city its industrial possibilities have never been exploited as might have been expected by reason of the existence of adjacent natural resources of water power, which rather have been used to develop industrial areas in other parts of the province.

8. Finally, as the result of these circumstances, the present annual grant of the Federal Government amounting to \$100,000, represents only 1.743 per cent of the total budget of the City for the current year 1944, as compared with 2.32 per cent in 1925 when the amount of the present federal grant was fixed; and that the Government, according to the brief submitted by the City of Ottawa, should now pay annually to the City a grant equivalent to that proportion of the total net operating expense of the City for the last complete year which the total assessed value of Dominion Government property bears to the whole rateable property of the City plus the value of Dominion Government exempt property. That proportion is represented as 27.428 per cent, or expressed in the form of an annual grant, \$1,597,460.

Over against the foregoing argument, the Committee places the following considerations:—

(1) Ottawa is the Capital city of Canada, the seat of Federal Government for the Dominion, involving the established presence of many thousands of civil servants and other officials within its limits. While the internal economy of this municipality is essentially the business of its tax payers it is inextricably bound up with the future of a National Capital.

(2) In addition to the annual grant of \$100,000 to the City, the Federal Government also provides \$335,000 annually to the Federal District Commission, which co-operates closely with the City in performing various services which represent a substantial contribution to the welfare of Ottawa.

(3) The acquisition by the Federal Government of Gatineau Park whose present maintenance and future development represents in tourist possibilities and in other direct respects a substantial contribution to the City of Ottawa.

(4) That due to enforced postponement of necessary improvements in municipal services during the war years, the City in a measure has been assisted in reducing its debenture debt.

(5) That great need exists for an improved modern system of sewage and garbage disposal, both from the point of view of the interests of the Municipality and the Federal Government. Very little attention has been given to this subject which, in the light of possible future developments, will require joint action on the part of the Government and the City in the planning and financing of that project.

(6) Consolidation of street cleaning and garbage collecting services which are now shared by the Federal District Commission with the City should be effected so that certain duplication of effort be eliminated.