

RESPONSE PACKAGE

**PSPC responses to Questions Taken on Notice
Standing Committee on Government Operations & Estimates (OGGO)
Main Estimates 2022-23 Departmental Plan 2022-23 of the Treasury Board of
Canada Secretariat
April 26, 2022**

Question 1 – Transfer of funds from Vote 1 to Vote 5 for the National Capital Commission (NCC)

Response:

The \$7.5 million decrease from 2020-2021 to 2022-2023 for Vote 1 (Operating) is due to the following:

- Reduction in Salary Adjustment for employees (including Collective Agreement) (\$1.8M)
- 2020-2021 one-time investment toward construction of the National Monument to Canada's Mission in Afghanistan (\$4.6M)
- 2020-2021 one-time compensation for revenue loss related to the NCC implementing rent assistance in 2020, mirroring the Canada Emergency Commercial Rent Assistance, in response to the economic impacts of the COVID-19 pandemic (\$1.9M)
- Reduction in funding from the Federal Contaminated Sites Action Plan (\$0.1M)
- Third year (of three years) of funding, reflecting cash-flow distribution assigned in off-cycle allocations in May 2020 \$0.9M

Total decrease from 2020-2021 to 2022-2023 – Vote 1 \$7.5M

The \$8.0M increase from 2020-2021 to 2022-2023 Vote 5 (Capital) is due to the following:

- Increase in funding from the Federal Contaminated Sites Action Plan \$0.7M
- Third year (of three years) of funding, reflecting cash-flow distribution assigned in off-cycle allocations in May 2020 \$7.3M

Total increase from 2020-2021 to 2022-2023 – Vote 5 \$8.0M

Question 2 – Will the NCC reimburse the Municipality of Chelsea for municipal assessment sums

Response:

Since its inception, the NCC has made payments in lieu of taxes (PILT) to the municipalities in which its lands are situated as compensation for the fact that federally-owned land is not subject to municipal taxation in Canada. To preserve the municipality of Chelsea's financial capacity

and honour its productive relationship with its municipal partners, the NCC has continued to make PILT payments based on values the NCC determined to be appropriate.

The amount of PILT to be paid by the NCC, as assessed by the Municipality of Chelsea, saw an overall increase of 58 per cent between 2017 and 2019. During that time period, the annual property tax increase was around 3 percent. The NCC was particularly concerned in respect of 36 of its properties in the Chelsea-sector of Gatineau Park because they were assessed as if they could be transferred to a developer and developed for commercial purposes. The NCC does not have the intention or the unilateral ability under federal law or its planning framework to sell Gatineau Park lands for development. In addition, Chelsea's own land-use plan formally categorizes many of these parcels as being land for conservation.

At the end of 2018, Chelsea referred the matter to the Payment in Lieu of Taxes Dispute Advisory Panel (DAP). A hearing was conducted from November 16 to 20, 2020, and on February 16, 2021, the DAP provided its advice on property values. Note that the DAP is an advisory body, rather than a judicial body, so its advice is non-binding.

Beginning in June 2021, the NCC made public its proposal to the Municipality of Chelsea to make payments equivalent to 100% of the amount recommended by the DAP in its review, through a combination of PILT and non-PILT payments. The Municipality of Chelsea declined this offer.

Pursuant to the NCC's final decision on PILT, dated November 19, 2021, for the challenged years (i.e., 2018, 2019, and 2020), the NCC has paid a total of approximately \$1.8 million in PILT to the Municipality of Chelsea for the properties that were the subject of the appeal to the DAP.

The Municipality of Chelsea has filed an Application for a Judicial Review of the NCC's decision and the matter is now before the courts.

Question 3 – What are the number of municipalities challenged for their assessment rolls by NCC

Response:

Federal authorities that make payments in lieu of taxes (PILT) do not challenge the assessment rolls. Under the PILT Act and Regulations, as well as the National Capital Act, the NCC must determine the amount that could be collected by a municipality if the property were not owned by Her Majesty. Where the municipality's assessment roll and the NCC's determination do not agree, the parties enter into discussions to arrive at a common determination of value and applicable rate. Where no agreement can be reached and following final payment by the federal entity, the municipality may seek the advice of the Payment in Lieu of Taxes Dispute Advisory Panel or apply to the Federal Court for judicial review of the NCC's decision. Currently, the City of Ottawa, the City of Gatineau, the Municipality of Chelsea and the Municipality of Pontiac have filed requests for advice with the DAP for various years and for a number of rolls for which the parties have not yet reached an agreement to preserve their rights. In some cases, discussions are still ongoing despite the request for advice.