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Halifax Regional Council
October 12, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: October 7, 2004

SUBJECT: Waterfront Development Corporation Limited - Mandate and Taxation

ORIGIN

The Province of Nova Scotia has indicated it is reviewing the mandate of the Waterfront Development Corporation Limited (WDCL).

RECOMMENDATION

It is recommended that Regional Council authorize staff to enter into discussions with the Province of Nova Scotia regarding the mandate of the Waterfront Development Corporation Limited, including the taxation status.

BACKGROUND

The Waterfront Development Corporation Limited (WDCL) was formed in 1976, well prior to amalgamation. Three municipalities (then four with Bedford) were acting independently with respect to waterfront planning and development. WDCL played a valuable and necessary role at that time, as a provincial arms-length agency, in coordinating planning and development activities and initiatives, irrespective of political boundaries. With amalgamation, the need for an inter-municipal coordination role disappeared, as HRM is now capable of performing and implementing this planning/ development role, though it continues to be carried out by the WDCL.

WDCL's mandates according to their website, include:

- Property acquisition, management and development within designated areas of Bedford, Dartmouth and Halifax
- Marketing and Promotion designed to attract public use of the waterfronts
- Coordination and planning of the waterfronts of Bedford, Dartmouth and Halifax, including championing assets owned by the province throughout the entire harbour

In some ways, the WDCL acts as a private developer, as a Crown Corporation of the provincial government. Therefore taxation as a commercial entity or payment of at least a grant in lieu of taxes to level the playing field between the WDCL and commercial developers may be more appropriate.

HRM has made efforts to assume the WDCL properties, however these efforts to date have been declined.

Prior to 1994, the WDCL paid property taxes to the region's municipalities however, this practice ceased by legislation without any apparent consultation or justification. There have been requests over the past 10 years for the WDCL to remit a grant in lieu of taxes as a portion of their property taxes payable as is the conventional practice among other crown corporations.

DISCUSSION

Section 5 (1) (a) of the Assessment Act exempts all Federal and Provincial government property and crown corporations from taxation as long as the property is being used in an official capacity. Although this legislation exists, the common practice is for crown corporations to remit a grant in lieu of taxes. The HRM receives grants from Federal and Provincial corporations such as the National Research Council, Canada Post Corporation, Autoport, Halifax Port Corporation, Canadian Broadcasting Corporation, Via Rail Canada, Worker's Compensation Board and the Nova Scotia Liquor Corporation.

The annual grant payments from the previous named corporations totals \$4.3 million annually. In addition the Federal and Provincial governments provide annual grants of \$14.6 million and \$4 million respectively.

Based on the assessed values of the properties owned by the WDCL the appropriate tax receivable for 2004 would be approximately \$1.2 million. An estimate of the property taxes outstanding for the period from 1994 to date would be over \$10 million. The net effect of not paying property tax by WDCL amounts to a subsidy by HRM. The grants in lieu are meant to partially compensate for the cost of municipal services consumed.

The HRM is obligated to provide services to properties owned by the WDCL. These services include policing, fire, street access, street lighting, sewerage, emergency measures, development and planning services, inspection services and access to administration. All residents, corporations and the two other levels of government pay property taxes for the provision of these services.

BUDGET IMPLICATIONS

There are no immediate budget implications related to this report, however the annual loss of tax revenue is approximately \$1.2 million.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.


ALTERNATIVES

None

ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Approved by:


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