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February 19, 2024

MLA George Hickes Chair, Committee of the Whole Legislative Assembly

RE: Bill 31 – Appropriation (Capital) Act 2024-25 – Consideration in Committee Follow-up

Dear Chair Hickes,

I am writing to you as a follow up to my appearance before the Committee between October 19-24, 2023, to fulfil commitments made to provide additional information on topics of interest to the members.

Grants in Lieu of Property Taxes (1.2-1.3)

On October 19, 2023, MLA Savikataaq requested information related to the grants in lieu of taxes that the Government of Nunavut (GN) pays the City of Iqaluit.

The Property Assessment and Taxation Act (PATA) designates taxing authority to the City of Iqaluit, incorporated under the Cities, Towns and Villages Act. As governments cannot tax a higher-level government (e.g. municipal, territorial, federal), instead of paying taxes to the City the GN provides a Grant in Lieu of Taxes (GILT) to the City to offset the provision of municipal services to GN assets. The total value of the GN's GILT is based on annual assessments calculated in the same way as private property owners for different property types identified under PATA.

The Iqaluit Deep Sea Port (DSP) is a GN asset, is operated by the Department of Economic Development and Transportation (EDT) and is located on Commissioner's Land. The land portion is within an untitled Commissioner's lot and is legally described as: "portion of Lot 1, Group 1087, Plan 0184". The ocean bed of water body, that was filled-in to accommodate the dock structure, was Federal Land but this was transferred to the Commissioner of Nunavut from Canada via Order-in-Council (O.I.C.) P.C. 2023-0674 (dated June 23, 2023).

The DSP is listed in the Assessment Roll as under roll number 4800270900. This property was only recently added to the 2022 assessment roll for the 2023 tax year. The 2022

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assessment listed the property as "commercial exempt - grantable" for the buildings on this property. The land associated with this property was considered exempt as per PATA section 4 the GN Property Assessment Office considered the land belonging to the DSP property to be exempt from assessment and taxation, and no GILT payments have been made for the DSP to date. The DSP land was exempt because the interest in the land was established through a land use permit and/or licence; no formal land boundaries had been established for the site that could be assessed. Also docks, wharves, piers, floats, jetties, and breakwaters are among a list of land uses that are non-eligible for GILT under Section 5(b) of the GN's GILT Policy.

However, the situation has changed because the O.I.C established a metes-and-bounds description of the boundaries of the bed of water body, and, with this, the GN Property Assessment Office has determined that the property's land and building are assessable and grantable. The property has been reclassified as "transportation exempt grantable", and the land and improvements have been assessed as \$755,100 and \$108,500, respectively. Note that only the buildings on the site are grantable and subject to GILT, and that the DSP itself is still not grantable under the GILT policy. This new assessment will be reflected in the 2023 assessment roll for use in the 2024 tax year.

For your convenience, find attached *Appendix A - Grants in Lieu of Property Taxes Policy*, should you wish to review the policy.

<u>Capital Planning – Energy Modelling (1.5-1.6)</u>

On October 19, 2023, I committed to sharing the correspondence sent to MLA Lightstone related to Energy Modelling along with two examples of energy model reporting. Please find attached *Appendix B* (ii) – 2023-03-09 Letter from MDJ to RMC Energy Modellingeng, and *Appendix B* (iii) – Energy Model – New High School and Daycare – Taloyoak and *Appendix B* (iii) – Energy Model Nunavut Recovery Centre Iqaluit as requested.

Following the initial exchange, you requested additional information on the factors that are considered in a cost-benefit analysis about including alternative energy into the scope of capital projects. Department officials have identified that there are two elements to your request; first, the types of alternative energies and second, the factors that are considered for alternative energies.

Types of alternative energies include:

residual heat/recovery distribution systems;

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- solar; and
- wind.

Factors that are considered for alternative energies include:

- Impact Study (Required by QEC): Load capacity of the community's grid will establish the alternative energy system's power output/generation.
- Energy Benchmarking: Overall energy costs with the implementation of Alternative Energies vs. No Alternative Energies including the rate of fossil fuel reduction and cost-savings
- Rate of carbon footprint reduction with the implementation of alternative energies
- Life-Cycle/Payback Period Analysis will be measured by establishing amount of power required to operate the system, O&M costs (Complexity of system – Are the systems easy to maintain and manage), payback period vs length of warranty on the selected system
- Additional O&M factors that are measured are:
 - o Are the systems well established in the industry?
 - o Are the parts domestically accessible?
 - Does the system require specific training?

Capital Planning – Planning Projects (3.2)

On October 23, 2023, MLA Malliki referred to a letter I had previously sent on October 18, 2022, letter to Members of the Legislative Assembly listing 22 projects in the planning envelope. MLA Malliki asked that I identify which projects of the 22 projects listed in that letter have planning studies been completed. Please see *Table 1. October 22, 2022, Letter to Standing Committee Project List* on page 4.

Table 1. October 22, 2022, Letter to Standing Committee Project List

| Project Name | Community | Client Department | Status |
|---------------------|-----------|---|--------|
| Kitikmeot Region | | | |
| Tank Farm | Taloyoak | Community and Government Services (CGS) | |
| Kivalliq Region | | | |



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| Mine and Heavy Equipment Training Facility | Rankin Inlet | Nunavut Arctic College (NAC) | |
|--|---|---------------------------------|-----------|
| Runway | Rankin Inlet | Economic Development and | |
| Resurfacing | | Transportation (EDT) | |
| Wildlife Office | Rankin Inlet | Environment | |
| Qikiqtaaluk Region | | | |
| Inuujaq School | Arctic Bay | Education | Complete |
| Nakasuk School | Iqaluit | Education | |
| Maintenance Garage | Igloolik | CGS | |
| Nunavut Heritage Centre | Iqaluit | Culture and Heritage | |
| Multi-Community | or Regional Proje | cts | |
| Project Name | Community(s) | Client Department | |
| Community Arena Upgrades | Arctic Bay, Clyde River, Chesterfield Inlet, Gjoa Haven, Kimmirut, Kinngait, Kugaaruk, Naujaat | CGS | Complete |
| Parking Garages | Cambridge Bay, Clyde River, Kugaaruk | CGS | |
| Community Equipment Shelters | Gjoa Haven, Kugaaruk, Kugluktuk, Taloyoak, Pond Inlet, Grise Fiord, Arviat | EDT | Complete |
| Seniors Long Term Care | Qikiqtaaluk and Kitikmeot | Health | Complete* |
| Community Wellness Hubs | Arctic Bay, Kugluktuk, Baker Lake, Kinngait | Family Services | |



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| Transitional | Nunavut | Family Services | |
|-----------------------|--------------|-------------------|----------|
| Housing | | | |
| Project Name | Community(s) | Client Department | |
| Wildlife Office | Arctic Bay | Environment | Complete |
| Health Centre | Qikiqtarjuaq | Health | Complete |
| Hamlet Office | Rankin Inlet | CGS | Complete |
| Hamlet Office | Kimmirut | CGS | |
| Fire Hall | Arviat | CGS | Complete |
| Fire Hall | Whale Cove | CGS | Complete |
| Mental Health | Rankin Inlet | Health | Complete |
| Transition Facility | | | |
| QGH Pediatric Ward | Iqaluit | Health | |

^{*}CGS Capital Projects Division is finalizing the planning phase for both facilities.

Let me know if you have any further questions.

Sincerely,

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Hon. David Joanasie

Minister, Community and Government Services

Cc: Regular Members Caucus

John Quirke, Clerk of the Assembly

Kyle Seeley, Deputy Minister

Dan Pisani, Assistant Deputy Minister of Infrastructure

Paul Currie, Executive Director, Infrastructure

Jessica Young, Assistant Deputy Minister of Local Government

Brad McFaul, Director, Policy & Consumer Affairs