

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

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February 28, 2013

Ms. Olivia Chow, M.P.
House of Commons
Ottawa, Ontario K1A 0A6

Dear Ms. Chow:

Re: City of Toronto & TPA Payments in Lieu of Taxes

I wanted to take this opportunity to follow-up on my letter of December 11, 2012 regarding your statement in the House of Commons¹ regarding the quantum of Payments in Lieu of Taxes (“PILTs”) that you believe the Toronto Port Authority (“TPA”) owes to the City of Toronto (the “City”).

This letter is in keeping with our previous correspondence, all of which is available in the Executive Correspondence section of the Media Room at www.torontoport.com. for transparency purposes.

Earlier this month, our Board of Directors was advised that City staff and ours had reached an agreement-in-principle regarding the quantum of Payments in Lieu of Taxes (“PILTs”) that the TPA should pay to the City specifically in relation to the BBTCA. Although we had hoped to have this agreement concluded by September 2011, we are pleased that this day has arrived.

The TPA has offered to pay the City the same \$0.94 per passenger PILT that is paid by Pearson Airport to its host municipality. Despite the fact that (i) Pearson Airport agreed to pay a very high per-passenger PILT in part due to the large volume of passenger-free cargo aircraft that utilize that airport (unlike the BBTCA which has no cargo traffic to speak of), and (ii) the earlier Federal Dispute Advisory Panel had recommended that the TPA/BBTCA should pay an \$0.80 per passenger PILT.

City Staff tabled this agreement-in-principle for consideration and approval at the April 3, 2013 meeting of Toronto City Council, subject to the outcome of the February 25, 2013 Government Management Committee. It received the support of the Government Management Committee at that meeting, and has now been recommended to Council for approval. We are pleased that the City Council committee approved the airport PILT.

¹ Also posted on your website on December 5, 2012 at <http://www.oliviachow.ca/2012/12/toronto-port-authority-zero-tolerance-for-tax-laggards/>

Torontonians love the Billy Bishop Toronto City Airport, and it is heartening to see Councillors working to support the airport's success.

As a gesture of good faith, the TPA paid the City \$2.766 million last week in relation to BBTCA PILTs for the 2011-12 period based upon an eighty² cents per passenger calculation. This \$2.766 million payment is in addition to the \$8.893 million that the TPA has already voluntarily paid the City towards the eventual aggregate PILT figure payable in relation to all relevant TPA properties (those PILTs were heard by the Federal PILT Dispute Advisory Panel last month; a panel we requested in 2012 in an effort to resolve all PILT matters for once and for all).

As I wrote in December, we have tried very hard and in good faith to settle the issue of precisely how much of a PILT the TPA should be paying on certain of its properties. It was without foundation to call us "tax evaders" last year – as is clear from the fact that the TPA has voluntarily paid \$11.66 million of PILTs in recent years to the City, and now has an agreement-in-principle on the BBTCA PILT.

As was highlighted in our December letter, the TPA Board of Directors directed management to request the striking of a new Dispute Advisory Panel in 2012, rather than seek an Appeal of the previously-announced decision of the Federal Court of Canada. This is strong evidence of our stated desire to resolve this last remaining matter between our two organizations at the earliest opportunity; and speaks to the confidence we have in the financial analysis that has been prepared for us by independent experts as to the appropriate quantum of PILTs that should be paid for certain TPA properties.

That hearing was held last month, the outcome of which will provide both the TPA and the City with the benefit of advice from a neutral panel of valuation experts. Upon receiving a report from those experts, the TPA Board of Directors will consider the advice and make a final decision as to the payments (as is the process in such matters as required by law).

If you would like any further detail, our team is available at your disposal.

Respectfully,



Mark McQueen
Chairman

cc: The Hon. James Flaherty, P.C., M.P.
Minister of Finance

The Hon. Denis Lebel, P.C., M.P.
Minister of Transport, Infrastructure and Communities

² Proposed to increase to 94 cents starting in 2013