Campeau Corporation a total of 388,884.0 square meters of office and associated storage space for occupancy by various federal government departments and agencies. The Department pays rent totalling $5,993,570.00 per month for this space. None of the lease or lease/purchase agreements involved expire in fiscal years 1988-89, 1989-90 or 1990-91.

The Canada Deposit Insurance Corporation does at the present time lease office and storage space from Campeau Corporation.

| Square Metres | Montly Rent |
|---|---|
| 1176.0 | $25,631.59 |

One lease (65.6 square metres) expires in March 1990.

While Canada Post Corporation can confirm that the Corporation does lease office space from Campeau Corporation, the commercial details of lease portfolios are proprietary to Canada Post Corporation and, pursuant to policy, are confidential.

All other Departments, Agencies and Crown Corporations have no information on this subject.

BUDGET PUBLICITY

Question No. 48—**Mr. Rodriguez:**

Did the government enter into a contract with Nancy Jamieson and Heather Conway of Public Affairs International for services related to publicity for the Budget and, if so, what sums of money (a) have been paid (b) remain to be paid under the contract?

**Hon. Michael Wilson (Minister of Finance):** No. The Government did not enter into a contract with Public Affairs International. Neither of these individuals is affiliated with P.A.I. Their duties relate to strategic planning and communications advice with respect to the goods and services tax.

The services of Ms. N. Jamieson have been retained (through the company N.L. Jamieson Strategic Consulting) for a six month period at a per diem rate of $600. Ms. Jamieson left the employ of Public Affairs International in May of 1988.

Ms. H. Conway was hired on the Minister's staff on a six month contract at the Special Assistant Exempt Staff Level which has an annual salary range of up to $52,740.

DETERMINATION OF RAILWAY COSTS

Question No. 54—**Mr. Angus:**

In the determination of railway costs under the Western Grain Transportation Act and the National Transportation Act, what is the (a) cost-of-funds rate used, for (i) debt (ii) equity, before and after tax (b) total weighted average cost-of-funds rate used before and after tax?

**Hon. Benoît Bouchard (Minister of Transport):** The Western Grain Transportation Act (WGTA) indicates that the cost of funds approved for the Canadian rail division of Canadian Pacific Ltd., adjusted for the risks associated with the movement of grain, shall be used to determine railway costs under this Act. The cost of funds rates for the crop year 1988/89 are as follows:

| | | | |
|---|---|---|---|
| a. | i) | Debt rate | = 10.1% |
| | ii) | Equity rate* | |
| | | -before tax | = 20.4% |
| | | -after tax | = 11.3% |
| b. | i) | Total weighted average cost of funds rate: | |
| | | -before tax | = 13.5% |
| | | -after tax | = 8.7% |

*Blend of Preferred Equity and Common Equity and Common Equity rates.

GINN AND COMPANY

Question No. 57—**Mrs. Finestone:**

1. Does the government own all or any part of Ginn and Company and (a) if so, on what date did this acquisition occur (b) if not, has the government made an offer to purchase the Company from Gulf and Western and, if so (i) what was the price offered (ii) what amount of equity in the company would the government acquire through its offer (iii) would the government acquire *itde facto*ro control of the company (iv) would there be any provision for Gulf and Western to be represented on the Company's Board of Directors and, if so, what provision (v) on what date will the government's purchase offer expire?

2. Has the government corresponded with Gulf and Western regarding the Company and, if so, what was the content of that correspondence?

**Hon John McDermid (Minister of State (Privatization and Regulatory Affairs)):** 1. The Canada Development Investment Corporation (CDIC) and Gulf + Western Inc. (G + W) signed an agreement on May 2, 1989, for the purchase of a 51 per cent interest in Ginn and GLC Publishers Limited (GLC) at a purchase price of $8—$9 million, subject to final adjustment. The transaction closed on May 26, 1989, with the following payments made by CDIC; CAN$ 3.1 million; US$ 4.6 million. The final adjustment for GLC is to be determined through arbitration.

The terms of the offer to purchase the Ginn Business stipulate that the Ginn Business will be transferred to a newly incorporated entity created by G + W with which GLC will be merged. The terms and conditions of sale establish that CDIC will acquire a majority (51 per cent) voting and equity interest in the new Company, that CDIC will nominate three of the five Directors on the Board, and that the Chairman will be selected from