

APPENDIX 'PUBL-2'

Public Works

Canada

Deputy Minister

November 17, 1983

Dr. Peter Meyboom
Deputy Secretary
Administrative Policy Branch
Treasury Board Canada
Place Bell Canada
21st Floor,
OTTAWA, Ontario
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J.J. No Our File
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Dear Dr. Peter Meyboom:

At a meeting of the Treasury Board held on April 16, 1981, the Ministers endorsed the sale of a Crown-owned warehouse building situated at 207 The Queen's Quay West, Toronto, together with lands thereunder and a portion 20' in width surrounding the building the Harbourfront Corporation for one dollar for condominium development. The Ministers assumed that we would ensure that the proposed method of development would not entail an indirect subsidy to the condominium purchasers and/or the developer.

In transmitting this assurance, it is helpful to first define 'indirect subsidy' in the context of the redevelopment project. Indirect subsidy can be defined as any amount by which the sums realized by the Crown for the redevelopment rights were less than the market value of those rights.

In this instance, proposals for the redevelopment of the Terminal Warehouse were widely advertised and, after a pre-qualification stage, full financial offers were received from four developer-proponents. The proposals were fully reviewed and the one offering significantly the highest payment was selected. The development arrangements were concluded and the project was completed in accordance with the terms of the proposal. Hence, the payment reflects the full market value for the redevelopment rights for the Terminal Warehouse. Since the transactions reflect such value, I feel that the Department has ensured that the method of development did not entail an indirect subsidy to the condominium purchasers and/or the developer.