

*Public Works Act*

Limited—which incidentally was not incorporated until a week or so after the order in council had been passed—to construct a fire-proof building on their property and to rent it to the crown under certain terms and conditions which also were set out.

The order in council explained that the crown was to pay a certain rental per year commencing with the date of occupation and was given the option to purchase the property at any time within the first twelve months of occupation for a certain price. About a year later order in council P.C. 563, dated February 8, 1949, was passed, again on a report from the Minister of Public Works. It set out that more floors and fixtures had been added to the building and established that the rental was to go up to \$183,995 per year; and that the purchase price, if the government exercised its option, would be \$1,063,105. That fall of 1949 I asked the minister about this Alvin building because it was becoming the talk of the town in Vancouver.

In the following session we had a debate on the whole question which took place on March 2, 1950. The minister was very emphatic about the actions that had been taken by his department. He tried to justify not calling for tenders on the deal, and there the matter ended for the time being. About a month after the debate the government exercised the option. The amount paid to these people in rent was \$215,988.34, and the government paid \$1,066,614.90 for the property, a total of \$1,282,603.24.

The minister's defence of this deal was in the first place that there was an emergency and therefore under this emergency clause (a) of section 36 of the Public Works Act he was entitled to make the deal without calling for tenders. Another defence which he made with considerable skill was that shortly before the debate he had obtained valuations from two prominent contractors in eastern Canada, which showed that the price was a reasonable one. Subsequently as a result of the debate, and before the government exercised the option, he obtained two further valuations, this time from two Vancouver firms, and in due course the property was purchased.

On June 21, 1950 I moved for a copy of any and all valuations which had been obtained by the government on the Alvin building in Vancouver. That return had not been brought down by the time the session prorogued, but in July of 1950 I received a letter from the deputy minister of public works containing a list of figures. There were no details. The actual letters containing the valuations were not given me but simply the

[Mr. Green.]

figures, and they ran all the way from \$950,500 to \$1,097,478. I wrote to the deputy minister pointing out that what I wanted was a copy of the valuations, but I never received them. During the present session the leader of the opposition (Mr. Drew) demanded the tabling of a half dozen returns which had been held back for a long period of time, and one of them was the motion for these valuations.

On November 16 the Minister of Public Works (Mr. Fournier) did bring down a return but again it merely contained the same figures. It did not contain the valuations letters. Then I pressed him for the actual copies of the valuations, he said he would get them, but he issued a warning. As found at page 1131 of *Hansard* he said:

I shall do my best to give particulars of that. Perhaps I can also bring in the fact that this building is now worth nearly \$2 million.

The return did come down on December 4 and it contained all the valuations. It also contained a valuation which the minister had made last month in an attempt, of course, to show that the building would have cost more if it had been built now.

These valuations merit a little consideration. Two of them were obtained from large eastern firms a few weeks before the debate took place in the house. One was from the firm of W. H. Bosley and Company of Toronto. When the debate took place in March of last year the minister pointed out what a wonderful firm this was, and how Mr. Bosley had made a personal inspection of the building and had said that the deal was a good one. Here is what Mr. Bosley actually had to say in his letter of February 13, 1950. It starts out by saying:

This property is said to have a frontage on Robson street of 99 feet by a depth of 124 feet . . .

It goes on to refer to the building and then says:

The crown is at the moment under contract to lease these premises for a period of ten years from the 17th of March, 1949, paying annually therefor a rental of \$183,995 in equal monthly instalments at the end of each and every month. The lessor is to pay taxes, major repairs and insurance.

This lease contains an option permitting the crown to purchase the demised premises at any time during the first year of the lease for the sum of \$1,063,105. My analysis of this situation indicates that the present worth of nine years rental yet to be paid from the 17th of March next, discounted, after deducting the amount for taxes, repairs and insurance, will yield the owners an amount equal to or better than the option price.

Of course if the government had gone on renting it would have yielded the owners