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News Release

Auditor: Global Transportation Hub Authority – Delays in Buying Land Exposed Taxpayers to Increasing Land Values

REGINA, Sask., June 30, 2016 –

In response to legislators' and the public's interest about certain land transactions of the Global Transportation Hub Authority (the GTH), Provincial Auditor Judy Ferguson tabled a special report in the Legislative Assembly today. The audit focused on the GTH's processes to acquire land from the private sector. The audit did not find evidence of conflicts of interest, or indications of fraud or wrongdoing by the GTH management or Board of Directors. Rather, the Provincial Auditor found a series of situations and events contributed to delays in buying land that the GTH viewed as key to its commercial success during a time of rapidly escalating land prices.

The GTH has directly bought only three parcels of land, in two separate transactions, from 3rd parties since the acquisition of its initial land footprint. The GTH completed its purchase of 41 acres at a cost of \$1.2 million in February 2013 (the South Parcel) and of 204 acres at a cost of \$21 million in March 2014 (the East Parcels). Buying land directly from the private sector was new and infrequent for the GTH.

When the GTH was buying the South Parcel and East Parcels from the private sector, the GTH did not yet have formal policies or processes (including due diligence) for buying land or experience in acquiring land. It did not prepare business cases for these major land acquisitions, or have clear land acquisition strategies. In addition, it (or parties acting on its behalf) did not keep key documentation used as a basis for making offers to purchase. It needs to do so.

In addition, the GTH's unique board governance, and the active involvement of the GTH Chair/Minister and of both the GTH and the Ministry of Highways and Infrastructure added complexity to buying the East Parcels. While all agreed on the importance of buying the East Parcels, and were aware of rapidly escalating land prices, no agency had clear responsibility for leading the purchase of them. "Better coordinating which agency should take the lead on acquiring the East Parcels may have resulted in an earlier purchase potentially at a lower cost," says Ferguson.

Delays in buying land the GTH viewed as essential for its commercial success exposed taxpayers to paying for increased land values. "Our Office recommends that the Government explore alternate approaches to optimize the timing of land acquisitions for major public improvements," says Provincial Auditor Judy Ferguson. "In addition, it must balance keeping the public informed, managing public resources prudently, and providing landowners with amounts reflecting fair value."

The full Provincial Auditor's *Special Report: Land Acquisition Processes* is available online at www.auditor.sk.ca.

The Provincial Auditor is an independent officer of the Legislative Assembly of Saskatchewan. The Office serves the Members of the Legislative Assembly and the people of Saskatchewan by providing independent assurance and advice on the management, governance, and effective use of public resources.

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