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—
Chair

The Honourable Diane Marleau

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• (1530)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): Order, please.

We have before us today some representatives of the people who look after the real property of the Government of Canada.

Perhaps I'll let you introduce yourselves.

We're very interested in what is happening with the buildings and property of the federal government, so we've decided to get an overview of what exactly we own, where it is, and how it is managed. Also, I would like to say we're interested in those properties that are leased, as well, because that's all part of it.

What we do normally is give you about 10 minutes to share among the three of you, if you have a presentation, and then we go to questions and answers.

Would you please introduce those with you.

Mrs. Mary Chaput (Assistant Secretary, Government Operations Sector, Treasury Board Secretariat): Thank you, Madam Chair.

My name is Mary Chaput. I'm the assistant secretary for a section of Treasury Board Secretariat called government operations.

[Translation]

With me today are Ms. Shirley Jen, Senior Director of the Real Property and Material Policy Division, and Ms. Ruth Brady, a senior analyst from the same division.

[English]

Good afternoon, and thank you for having us.

[Translation]

I will take a few moments to present three components to you. First, I would like to explain to you what we are referring to when we talk about real property, in particular federal real property. Second, I would like to give you an idea of the scope of federal Crown assets. Third, I will talk about Canada's governance regime. I will conclude by giving you a description of the legislative and policy regimes that govern the daily activities dealing with federal organizations real property, and of the key players' roles and responsibilities.

After my presentation, I will be pleased to answer your questions.

[English]

Simply put, real property is any right, interest, or benefit in land. Real property includes such things as land, building structures, or other improvements that are on, above, or below the land. Federal real property under the Federal Real Property and Federal Immovables Act is defined as "real property belonging to Her Majesty, and includes any real property of which Her Majesty has the power to dispose". Federal responsibility for real property is limited to that required for federal government operations.

• (1535)

[Translation]

The land mass in the federal inventory is 30.7 million hectares, excluding the far North. It is therefore smaller than the land mass of Nova Scotia. Whereas 93% of the federal land mass is Crown owned, 7% corresponds to other kinds of legal interests, mainly leases.

The departments are real property custodians so that they can carry out their programs. The major custodians of federal lands are the Parks Canada Agency, National Defence, Agriculture and Agri-food Canada, Environment Canada and the National Capital Commission.

In other words, the lands are used for the various needs of programs across the country and include assets like our national parks, training areas and rifle ranges for the armed forces and the RCMP.

[English]

You will note that the federal government holds just over 46,000 buildings in Canada and abroad, 90% of which are Crown-owned. Most of the rest are leased.

Let me just stop here for a second to note that this figure includes a broad range of buildings, from the very small, such as supply depots, to the very large, such as office buildings and laboratories.

National Defence, as can be seen on slide 5, is by far the largest custodian of buildings, ranging from large defence facilities to armouries to residential housing. For context, CFB Gagetown is alone identified as having over 1,900 buildings.

Parks Canada holds a large number of buildings overall as well, most being small, such as residences for park personnel and storage buildings.

RCMP and Correctional Services are also in the top 10 custodians, given that their holdings include prisons and RCMP detachments across Canada.

PWGSC does not have a large number of buildings in its inventory in comparison with these other custodians. That said, it is second only to National Defence in terms of floor space, given that 400 of its some 885 buildings are office towers with significant floor space.

[*Translation*]

Treasury Board Secretariat maintains a central database of all real property, the Directory of Federal Real Property, which is updated by 88 organizations. The data input in the base deals particularly with the following aspects: whether or not the asset belongs to the government or if it is leased, the purposes for which it is intended, the number of buildings and the square footage. The system can produce various reports dealing with different parameters.

The Federal Contaminated Sites Inventory includes the key characteristics of the contaminated sites, their location and how they are being managed. It is up to the departments to input the data in the directory and to ensure each year that the data is complete and accurate.

Both of these directories can be consulted by the public.

[*English*]

All federal real property in Canada belongs to Her Majesty. Federal real property is assigned by the Governor in Council to ministers for their use in running their departments and delivering their programs.

Ministers have administration of the real property. Administration, another legal term, simply means that the minister is responsible for stewardship of real property that belongs to Her Majesty.

Organizations whose ministers have administration are commonly called custodians. Organizations that use real property under the administration of another minister are commonly called tenants.

Two commonly known custodian-tenant relationships are that which PW has with the many other government departments that reside as tenants in federally held buildings, and second, the diplomatic and consular program, where DFAIT has custody of real property abroad that is also used by tenants such as CIC and the RCMP in the delivery of consular and diplomatic services.

Generally, federal real property falls into one of three categories: departmental real property; land defined under legislation as Canada lands, which I'll explain a little later; and real property under the responsibility of crown corporations.

Real property that falls within the latter two categories is managed according to the applicable legislation, such as the Indian Act in the case of reserves, and in the case of other pieces of property, enabling legislation that governs crown corporations, such as the National Capital Act.

The remainder of my presentation, in particular the policy direction I will talk about, relates to the shaded box on the left of

slide 7: federal real property under the custodianship of departments and agents defined by the Financial Administration Act.

Federal real property is managed through a framework of legislation, regulation, and policies that are designed to promote sound stewardship of public assets. Ministers, as mentioned, have administration of real property for the purposes of their departments in accordance with the Federal Real Property and Federal Immovables Act and its attendant regulations. The federal real property regulations provide ministers with the authority to acquire and dispose of property.

Treasury Board draws its authority over the management and development of lands by departments from the Financial Administration Act. Treasury Board, through mandatory policy instruments, sets the parameters within which all ministers and deputy heads exercise their various authorities relating to the management of real property.

Treasury Board is assisted primarily by the secretariat, which is responsible for policy development and interpretation. The secretariat also supports departments in facilitating cross-cutting issues such as disposal of strategic properties, and provides leadership in promoting horizontal initiatives such as the action plan related to contaminated sites.

• (1540)

[*Translation*]

Management policies for real property have recently been reviewed. Following that review, new policy instruments were approved by Treasury Board and came into effect on November 1st, 2006.

The ministers also approved a new policy framework for assets and acquired services, including real property. This framework sets the direction for the management of assets within the federal government. It sets out the main management principles and strategic direction in order to ensure there's value for money and to manage the framework of program delivery.

[*English*]

The new policy instruments for the management of real property that reflect the broad management principles set out in the framework have been designed to establish mandatory rules that deputy heads are expected to follow in exercising their authority in the area of real property.

As mentioned earlier, ministers have administration of real property for the purposes of their departments' mandated programs. Policy direction is premised on this fundamental ministerial accountability.

The deputy head is responsible for the management of the department, including its assets. The policy on management of real property requires that deputy heads ensure that their departments meet key operational objectives, such as value for money and sound stewardship.

Management of real property by a department should include a systematic, structured process that covers all activities on a life-cycle basis. It starts with long-term planning of investments in real property that takes into account government priorities, departmental objectives, and other resource strategies in the department.

The next step in the life-cycle phase is the acquisition of the asset, giving consideration to all options available to meet the requirements and achieve value for money. This would be followed by a portfolio management approach to the ongoing use of the asset, and regular assessment of asset performance in continuing to meet the operational requirement. Finally, when there's no longer a program need for the asset, the department would undertake steps toward disposal.

Aside from the policy on management of real property, other policy instruments set direction on the life-cycle management of assets, including the long-term capital plans, policies on expenditure and financial management, and various directives and standards, such as the directive on disposal of surplus real property. The disposal directive is aimed at departmental real property managers, who assist the deputy head in meeting policy requirements in an area that can be quite complex, owing to the number of stakeholders and the extent of public interest.

Policy instruments are all available on the TBS website, so in the interest of moving along today, I'll not go over the individual requirements. However, honourable members may wish to review those in which they have a particular interest.

Deputy heads are expected to demonstrate value for money and sound stewardship by ensuring that key integrated management components are in place within their organizations, so as to support departmental programs while continuing to contribute to broader governmental objectives, such as preservation, the protection of heritage buildings, and environmental concerns.

They are responsible for implementing an effective management framework that includes departmental procedures, processes, and systems; reflects a life-cycle approach; and is integrated with program expenditure, financial, and human resource-related considerations, in support of an integrated decision-making framework. It's expected that management decisions are fair, open, and transparent, as well as the transactions related.

● (1545)

[Translation]

Before concluding on the subject of policy requirements, I would like to stress that under Treasury Board policy guidelines, the deputy heads must ensure that the monitoring of practices and control mechanisms for real property are in place within their departments, and that performance reports are produced on management.

The reports are produced in various ways, such as the presentation to the minister of a long-term investment plan, the current contaminated site management plan and the reports produced under Treasury Board guidelines to guarantee, generally speaking, the oversight of policies or transactions concerning real property that are considered to be very complex or risky.

The Treasury Board and its secretariat are responsible for overseeing management performance across the government. The information is collected through various activities: the review of the department's long-term investment plans and related presentations; the ongoing discussions and committee work on the issues and policies related to real property; the study of audits and reviews of issues related to real property.

[English]

While TBS develops administrative policy, other federal organizations play a key role in setting government-wide policy or in providing real property services that impact on the management of real property by custodians and tenants.

Environment Canada provides advice on all environmental matters, including contaminated sites, species at risk, and environmental assessment. Environment Canada works with other government departments through a consultative process to establish federal environmental goals and objectives and develops regulations, directives, and guidelines.

Parks Canada establishes national goals to protect federal heritage buildings and national historic sites.

Indian and Northern Affairs provides information on whether federal property is in an area subject to a treaty, whether there are ongoing claims or asserted claims, or if there is evidence of use and occupation by aboriginal groups.

Service organizations—and I assure you that I am coming to the end—with significant influence on real property management include the Department of Justice, which acts as the solicitor for departments for real property transactions, searching out legal title and assessments related to aboriginal right and title, including the legal duty to consult; PWGSC, which aside from accommodating 105 other organizations in their office buildings under the office accommodation program, provides a considerable range of services related to tenants and custodians; and the National Capital Commission, which has legislated responsibility for real property within the national capital region.

Finally, I make mention of the Canada Lands Company Limited, the fundamental purpose of which, as a non-agent crown corporation, is to ensure the commercially oriented, orderly disposal of strategic surplus property to achieve best value for the Canadian taxpayer.

● (1550)

[Translation]

I have provided you with an overview of the Federal Real Property Directory, I have presented you with the governance and related management practices, and I have described to you the roles and responsibilities of the major stakeholders in the management of these assets.

[English]

Much of the information I've provided today is available in more detail at the websites listed above, which you may or may not be interested in visiting.

That said, I'm happy to take your questions.

The Chair: Thank you very much.

We'll go to Monsieur Simard.

Hon. Raymond Simard (Saint Boniface, Lib.): Thank you very much, Madam Chair, and thank you very much to our witnesses here today.

Forty-six thousand buildings is an impressive number. I would assume that some of these buildings were bought forty, fifty, or sixty years ago. Do we have an idea, first of all, of the average age of our buildings, and secondly, of their net worth? If you bought them in 1930, they have probably increased in value—you would hope.

Do you have those two figures for us?

Mrs. Mary Chaput: If I may, I'll address first the question of net worth.

As you might imagine, net worth is a bit of a moving target. It fluctuates day to day with market rates, interest rates, and circumstances on the ground. We do have, however, in the public accounts an indication of the book value of those 46,000 to 47,000 properties, and that number comes to \$26 billion. I stress that this is a number that fluctuates with circumstances and over time.

As for the age of those properties, you're right, many are quite old. While I don't have a number for you on the average age of all 46,000 or 47,000, I can tell you that of the approximately 7,000 properties held in the Public Works portfolio—granted, a very small slice of 47,000—the average age is in the order of 40 years.

Hon. Raymond Simard: The average age is 40.

Mrs. Mary Chaput: I really can't tell you whether that's a proxy we could apply more generally.

Hon. Raymond Simard: Are we still purchasing buildings? Are we moving towards, for the private sector, providing buildings for our bureaucracy?

Mrs. Mary Chaput: I would suggest that there is a constant ebb and flow around the acquisition of property and the divestiture thereof. The degree to which we buy as opposed to leasing depends on a number of factors.

I have taken certain cases to Treasury Board recently where the Minister of Public Works was entering into new leases. However, in some cases those leases were motivated by a department's efforts to consolidate, to divest itself of a number of small, scattered leases and consolidate in one building. In other cases it has been because of programs being created or program growth.

So yes, sir, we are in the course of buying and leasing at various junctures. But typically speaking, and more broadly, I would say that there is at least a soft strategy at play to not add to the size of the federal inventory at this stage, and that's for a number of reasons. It sometimes ties up cash for longer periods of time than is necessary.

It's also, though, a function of the fact that many programs, as you would know, are funded on a temporary basis these days, where funding is available for three years or one year. It may be a task force or something, in which case PW looks very hard, if we're talking about office accommodation, where there may be pockets of space in already existing buildings, at filling in those pockets.

Hon. Raymond Simard: The Treasury Board has also created an agency for the public service that is a substantial part of what they do as well. What is it called?

• (1555)

Mrs. Mary Chaput: PSHRMAC.

Hon. Raymond Simard: PSHRMAC, exactly. I wonder, it seems to me that this would be an opportunity as well to create an agency that would oversee all of the management of our buildings. Has that been considered at all?

Mrs. Mary Chaput: I don't know that there's an active proposal of that type on the table.

Hon. Raymond Simard: Okay.

National Defence has 20,000 buildings. It's almost half of the buildings. Do you treat them differently? Is National Defence responsible for looking after all of the maintenance, the management of those buildings? Is it that department that is responsible?

Mrs. Mary Chaput: The Department of National Defence would have all the same responsibilities as a typical custodian or tenant to the degree that they're in a building that they are renting via Public Works. What is different about them, though, is that much of what they hold is special purpose space, i.e., not office space. So there is, I would say, a different level of engagement between departmental officials and the maintenance of special purpose space. It usually requires a much more unique type of expertise, typically a more hands-on management style.

Other departments that would have the same kind of challenge might be departments that have an ops centre. DND does, but so does Public Safety and Emergency Preparedness, RCMP, etc. The degree to which the property is specialized has an impact.

As well, there are thresholds above and below which ministers are authorized to operate. I would venture to say, and we can check the details for you here, that DND may have a higher threshold than, for example, a minister who or a department that is not a particularly big player in the property business.

Hon. Raymond Simard: Does the secretariat keep an eye on the yearly maintenance costs as well, and if they have increased, are there red flags that go up—for instance, if they're not consistent?

Mrs. Mary Chaput: What the secretariat keeps an eye on is the rust-out costs that are brought to our attention. The rust-out costs would typically be described to us in terms of the portfolio writ large, but from time to time we do become very aware of particular cases of rust-out, especially where they go to health and safety issues.

Two examples I would give you have to do with museums that were quite recently given a certain amount of cash over a number of years and the National Arts Centre. Both had rust-out problems that were funded in the order of \$100 million over a number of years, the bulk of that going to the NAC.

However, in direct answer to your question, we don't track at the secretariat, on an explicit basis, what the maintenance costs are in a given building.

Hon. Raymond Simard: With regards to the 493 buildings abroad, I would imagine the bulk of them are embassies.

Mrs. Mary Chaput: Those would be embassies. They could be residences, both official residences and consular. At most of the embassies they have office accommodation, but as well there is sometimes special purpose space for receptions, etc.

Hon. Raymond Simard: Does Foreign Affairs look after those buildings?

Mrs. Mary Chaput: Foreign Affairs would oversee it from a management point of view. But the departments that are located abroad, such as CIC, for example, would pay Foreign Affairs for both the floor space and, I believe, a portion of the overhead that's associated with being accommodated with the embassy.

Hon. Raymond Simard: Would Foreign Affairs as well decide if a new embassy is required? I was in Berlin a couple of years ago, and they were building a new embassy there.

Mrs. Mary Chaput: Foreign Affairs would bring to Treasury Board any requirements to close an existing site where we are represented abroad and to open one. Both of those issues would ultimately find their way to Treasury Board. Before that, they would find themselves at a policy committee, whether or not it's a discussion from a representation point of view.

Hon. Raymond Simard: Thank you, Madam Chair.

[Translation]

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Madam Chair.

Thank you, ladies, for being here today. Did you say that there is a centralized database? Does it really exist? Does the Treasury Board Secretariat have the data on all real property that the various departments and institutions... In other words, do you have a complete picture? In the affirmative, and if you were searching for the average age of a building, or if a research assistant was asked to do that job, this data would be available on the site, which furthermore would be user-friendly enough for the average person to do that kind of research. You may not know the age of the buildings off the top of your head, but we know that those belonging to Public Works and Government Services are 44 years old.

• (1600)

Ms. Shirley Jen (Senior Director, Real Property and Material Policy Division, Treasury Board Secretariat): Ms. Chaput spoke of the Federal Real Property Directory. This inventory holds profiles of real property, summaries of real property, municipal and regional profiles, maps and photographs, but it does not include detailed information on each and every building. We keep information on every property and on building overall, but we do not have details like the age of each building, for example. In certain cases, there are links—

Ms. Louise Thibault: Links, yes.

Ms. Shirley Jen: ... that take you to other departments' databases.

Ms. Louise Thibault: Therefore, the Secretariat does not have this data, but the departments do.

Ms. Shirley Jen: For the most part, yes. One of the responsibilities of a good real property custodian is—

Ms. Louise Thibault: Absolutely, yes.

Ms. Shirley Jen: ... to be aware of the state of his buildings.

Ms. Louise Thibault: We have heard talk about the maintenance deficit involving certain buildings belonging to Public Works and Government Services. I do not want to target them, but those are the figures we have. We are also aware of the policy and the desire of that department to sell off certain buildings and to leave them to the private sector. From what I understand, the government's philosophy is to deal with governmental affairs and to leave the ownership and management of buildings to the private sector, which they could then lease back. We might therefore want to sell some of our buildings.

Ms. Chaput said that the various departments were responsible for managing the life cycle of the buildings. Let's say that a maintenance request was put in for one of the buildings, for example one belonging to Public Works and Government Services or to another department. A department does inventory on one given year and the following year sees that they will need \$3 billion, or 3 million or \$300 million. The department will go and discuss this with program officers. How can you decide if this request is timely? You have many requests because the buildings are very old. How can you make a decision? Are you simply going to believe in the good faith of senior officials and tell yourself that they must certainly have carried out an appropriate inventory of their needs?

That is the same thing as having blind faith. I don't want to pass judgment on blind faith. I simply want to know if that is how things work, or do you really have the necessary tools to compare the requests to the real needs.

Ms. Shirley Jen: Ms. Thibault, the custodians' most important responsibility is to prepare a long-term capital plan, as Ms. Chaput mentioned. In order to develop this plan, we must take into account the entire real property portfolio. We have to set priorities, because clearly, there is not enough money for everyone. This is really the aspect of portfolio management that is under the control and responsibility of the deputy minister of Public Works and Government Services or National Defence.

Treasury Board will have an evaluation tool to judge each long-term capital plan submitted by departments on its merits and according to certain criteria, while taking into account the financial situation at the time. It is not always a question of money. Money is definitely an important aspect, but sometimes the issue involves good portfolio management. I repeat that, because it is an important point. Like some departments, we think that in some cases, we can find ways of reducing the buildings portfolio so that we have more money for the remaining buildings.

As Ms. Chaput say, deputy ministers are responsible for submitting their long-term investment plans and their major concerns about buildings to us, and to tell us what they think about all these criteria.

• (1605)

Ms. Louise Thibault: Do I have any time left, Madam Chair?

[English]

The Chair: No.

Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Madam Chair.

Welcome, ladies. I have just a few questions.

I notice that the recent benchmarking of the occupancy costs indicates that in PWGS they're about 20% higher than in the private sector. That's significant. I have maybe three or four questions on that statement regarding the other custodians.

Do we have similar parallels with custodians of the other property? Are they also in the 20% range?

What measures are being taken to close the gap between the private sector and the government sector?

Do you have a target? Are you trying to get to a 5% or 10% variance? Are you trying to get to equal costing? Do you have a timeline?

Mrs. Mary Chaput: In the series that you asked, sir, the 20% difference is, according to Public Works, associated with the fact that they work through their property program with certain rigidities that aren't felt in the private sector. They must follow Treasury Board policy; they must adhere to requirements like ATIP. They go through a number of steps in the public sector around consultation, etc., that the private sector would be able to shortcut if they felt it was the right thing to do. As well, we require them to do a certain amount of reporting to the centre and other bodies, which also contributes to cost, but I would say the biggest thing that PW would point to—and I don't want to put words in their mouth—is the policy rigidities they work with.

In terms of closing the gap, PW is right now in the process of trying to go through a real property reform exercise that would bring those costs down. They are looking at systems changes, HR training. As well, they are compressing space standards, but on that point I would say that has more to do with reducing the cost of actual accommodation than with the services or the overhead associated with them. Those are the ongoing efforts to close the gap.

We don't have a specific target in terms of closing that gap, although PW does have fiscal targets in the context of real property reform. That money has already been removed from their base, so they are working now without that cash and are adjusting themselves accordingly.

• (1610)

Mr. Daryl Kramp: Wouldn't it be reasonable to expect that a suggestion could go forward, though, to establish a target? In other words, if there's never a goal, you really don't know what you're striving for. Improvement is one thing, but without a clearly defined goal and/or at least benchmarks for improvement, then you really can't expect people to maybe go over, above, and beyond. Would a goal or a target not be considered apropos?

Mrs. Mary Chaput: I would suggest that a goal is always a good thing, along with a benchmark that tells you where you're starting from and a system to measure with. You might, if you were setting a goal, also want to have a sense of what we'll call legitimate ways of reaching the goal, so that you avoid costs being shifted or off-loaded onto other ledgers or accounts to suggest that the savings have been made when in fact they haven't.

Those would all be things you would want to build into the analysis.

Mr. Daryl Kramp: I don't wish to put you on the spot, obviously, and just pull figures out of the air. You've intimated that it is obviously the mechanics of government and the different levels of accountability demanded by the public for government policy and government servants. Do you feel that's the major bulk of the administrative costs that would bridge the gap between the private sector and the government sector? Would it be 50-50, or 30% of it, or 20% of it?

I'm not asking you to pull this number out of a hat, but just from your experience....

Mrs. Mary Chaput: I'd be out on a limb, but I think it would only take you partway, because I think some of it is structural as well. I think some of it potentially has to do even with the relationship with tenants who use PW services. The sophistication of that tenant, for example, can have an impact on how well PW can manage costs. If you have a tenant who's a good planner and knows he needs a new building next year versus tomorrow, you might be able to give a little more efficient service.

Mr. Daryl Kramp: As a management tool, obviously a great IT system is definitely an asset. We're led to believe that most of PWGSC's systems are not—I'll be generous—new and up to date. There's a lot of antiquated, outdated equipment there, collectively speaking—both software and hardware.

As an example, if we were to move towards accrual accounting and had to do the entire process right now, it has been well recognized that we don't have the capacity in place right now.

I have two questions. One is on the other custodian departments. Do you feel they are in as negligent a state in their IT capacity as PWGSC, and in need of massive revamping? Second, do you see adopting accrual methods as an opportunity to maybe use this as a bit of a kickstart to get some symmetry in our systems?

Mrs. Mary Chaput: I can't comment on whether the others are working with the same IT disadvantage, because I don't know where they are across departments in that scale of sophistication. Accrual accounting would go some of the way in assisting from a planning point of view, but I don't think it's the magic bullet either.

Mr. Daryl Kramp: Okay, thank you.

On total dollars, the government spends an awful lot of money managing and maintaining its properties. Do you have any figures on the breakdown between management and maintenance overall for all of these things? Are we into millions, hundreds of millions, or billions? How big are we?

Mrs. Mary Chaput: It depends on whether you include the PW reference levels. If you look at the PW reference levels you're into billions. But PW does much more than just accommodations, so you would want to parse out that portion of the department's reference levels that are devoted to real property. Then you would have to add to that the cost of other departments that are also in the property business, because many departments have special purpose space. I would think we're into the billions, but again I'm out there.

• (1615)

The Chair: Ms. Nash.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you , Madam Chair.

Thank you to the three witnesses for coming before our committee today and sharing your expertise; 46,000 buildings is a lot.

I would like to ask your opinion on the announced sale of some buildings. From your experience, do you think it makes good business sense for the government to be selling buildings and then leasing them back for a period of 25 years?

Mrs. Mary Chaput: I don't have a personal opinion or even a professional opinion on that at this stage of the game. But on whether it makes sense, I think it always makes sense for any organization, whether it's the government PW or a private sector organization, to constantly look at the range of options they traditionally analyze in trying to determine best value or best way forward, and to ensure they haven't become wed to a single set of options.

So the degree to which the sale and leaseback initiative introduces another option into the analysis is helpful. Whether it ultimately makes sense or not will depend on a myriad of details, as you would know—the number of bidders, the timing, not just the bidding price but the lease values, the terms and conditions around those leases, etc.

The other thing about the initiative that is worth noting—and you alluded to it at the very beginning—is the perspective you need to keep in mind as you consider this sort of exploratory or innovative analysis PW are doing. They are looking at nine buildings at this stage. They own about 380 buildings. I presume the nine they're talking about will give them a sense of whether this initiative has merit or not. From that point of view it can be a useful learning tool.

I would assure the committee that the initiative is part of a multi-pronged strategy that PW have always used. They have always leased buildings. What is different about this is the sale and leaseback feature. My understanding is that in this initiative they are trying to take advantage of the current market conditions and negotiate a sale and a leaseback arrangement that takes advantage of the government's reputation as a very credible tenant. So they're trying to leverage those two things and at the same time off-load some of the risk exposure they feel the government is unnecessarily carrying right now in terms of real property.

Ms. Peggy Nash: Thank you for that answer.

Certainly it's always good to have creative thinking and innovation and options when you're dealing with so many properties at such value. But isn't there the danger with this sale and leaseback that the government and the people of Canada could get locked into 25-year, long-term leases that indebted us to the private sector when these were buildings that we owned outright, and that ultimately we could be on the losing end here?

Mrs. Mary Chaput: You're right, 25 years is a very long period of time. Even though the government works in 25-year and long-term contexts like that, in the private sector many things can change quickly, and 25 years is a lifetime. So I think what PW will have to do—and again, I can't speak on their behalf—is be very careful about what the off-ramps may or may not be in negotiating the terms

of the leases and about any financial penalties that may go with those.

• (1620)

Ms. Peggy Nash: I understand there are two banks involved and these banks have produced a report on these properties that the government has said is confidential, so we don't know their findings and their recommendations. Is it usual that these reports would not be accessible to the public so that we can determine whether or not the proposal is actually a good proposal for Canadians?

Mrs. Mary Chaput: My understanding is that those reports were advice to the minister, and therefore, typically, advice to a minister is protected under the Access to Information Act. I personally don't find that element of the current context particularly unusual.

Ms. Peggy Nash: So there's going to be no way we can get the details of this. If it's a normal process, there's no way we can get the details until after the leases are signed. Is that what you're saying?

Mrs. Mary Chaput: I don't know exactly how the next steps will play out, but certainly the details are going to have to be vetted at Treasury Board. In fact, we will be doing the analysis on that. So again, yes, that would be protected information on a go-forward basis.

As you're suggesting, once the leases are struck, I don't know how PW treats those kinds of documents from an ATI Act point of view.

Ms. Peggy Nash: Can you give us the timetable of when you will be doing your analysis and when you would expect a deal to go forward if the minister is going to pursue this?

Mrs. Mary Chaput: The timing of our analysis will be completely and utterly contingent on how quickly that bidding process runs its course and on the time given to bidders to submit their proposals. Then typically there will be analysis inside PW, and it would only be after this that it would come to the secretariat. So my estimation would be that we're talking about at least a number of months.

Ms. Peggy Nash: One of the arguments that have been made for selling these buildings is that some of them require ongoing maintenance. When the minister was here and talking about properties, this is the point he made as well. There had been no funds or insufficient funds put aside for maintenance.

I'm a homeowner, and normally that's something you do. After so many years you have to replace your furnace and your windows and paint the place and do various things. How could it be that in looking after these 46,000 buildings worth \$20 billion or so that we neglected to set aside adequate funds to maintain these properties?

Mrs. Mary Chaput: In answering your question, I would remind you, of course, that those aren't all PW buildings. That said, what transpires when a department runs into a funding pressure is that typically, to the degree that they can't allocate from within to cover it, a Treasury Board submission is looked at in the framework of all the competing government priorities. The government has to address the most urgent and the most pressing at the time.

The Chair: Thank you very much.

We'll go on to the next questioner.

Mr. Bonin.

[Translation]

Mr. Raymond Bonin (Nickel Belt, Lib.): Thank you, Madam Chair.

[English]

I have a few short questions that you can probably respond to, but you may want to send us the details later on, if the chair agrees.

I'd like to know how many buildings that we own are not being used, and how many buildings that we rent are not being used. Of these, how many are over 35 years old? If a building is not being used, I'd also like to know if it is debited, if it is charged to the department, to Public Works, or to a general account.

•(1625)

Mrs. Mary Chaput: We can certainly get back to you with those answers, sir.

In terms of to whom the debit accrues, it depends on whether or not the building is owned by a custodian department. For a laboratory owned by Fisheries and Oceans, they would be carrying the cost for that. If it's a building that PW has leased on behalf of the government and it's standing empty, that expense would be reflected in their accounts.

Mr. Raymond Bonin: In Public Works' accounts?

Mrs. Mary Chaput: Yes.

Mr. Raymond Bonin: And not the department's?

Mrs. Mary Chaput: You know what? That's a good question. I see the distinction that you're making.

Mr. Raymond Bonin: The department will determine a need for 20,000 square feet. Two years later, they close the department down. If we have a lease for years, that department should be paying the note.

Mrs. Mary Chaput: Right. How can you see where the...?

Mr. Raymond Bonin: You change the minister, you change the whole system, and then you have empty space.

Mrs. Mary Chaput: Yes, I see exactly what you're asking.

Mr. Raymond Bonin: I'm interested in knowing that.

Mrs. Mary Chaput: We'll do some research on that for you.

Mr. Raymond Bonin: Okay.

I consider a building with one telephone and one desk in a corner to be a building that is not being used. We know of one in Gatineau, I think it is. It's an enormous building, and there are five or six people working there. I consider that to be a building that is not being used.

A voice: We can sell it.

Mr. Raymond Bonin: You can sell anything.

Mrs. Mary Chaput: I'm not sure I can bring it down to four walls and a phone, but we'll certainly do our level best.

Mr. Raymond Bonin: You know what I'm looking for.

Mrs. Mary Chaput: I think I know what you're looking for, yes.

Mr. Raymond Bonin: Thank you.

If the chair allows it, you can take the rest of my time if you want.

The Chair: If you'd like to, please do, Mr. Turner.

Hon. Garth Turner (Halton, Lib.): It's a great pleasure to be part of this fine committee. I want to thank you all very much for having me.

I understand that there's not really a database of all the buildings. That was in our briefing notes. Do you have a list of addresses? We must have a catalogue of all these places.

Mrs. Mary Chaput: Certainly there is a database.

Ms. Shirley Jen: I'll take this question.

In the DFRP, the directory of federal real property, we have all the properties, with the addresses and locations. We gave you the website. It's in your deck, at the very last—

Hon. Garth Turner: We can access that?

Ms. Shirley Jen: Yes, you can access that.

Hon. Garth Turner: Great. That's all.

Mrs. Nash questioned you a bit about the state of the buildings. In general, on a scale of 1 to 10, with 1 being perfect and 10 being a wreck, where does our portfolio fall in that sort of scale, in general?

Mrs. Mary Chaput: I should preface my comments by saying I'm an Ottawa girl. Therefore, my answer to this would be very misleading, because it would be based on what I see here in Ottawa, which is not necessarily representative. In particular, I wouldn't have a sense for you at all, sir, in terms of what special purpose space, military bases, laboratories—

Hon. Garth Turner: Let's talk about marquee buildings. Let's talk about your post offices and DND office buildings and stuff in Ottawa and the things that we see beside Union Station in Toronto—marquee buildings across the country. In general, what shape are they in?

Mrs. Mary Chaput: It would be pure speculation on my part.

Hon. Garth Turner: Is there anyone who can go past pure speculation to give us that idea?

Mrs. Mary Chaput: I would expect that the Department of Public Works could give you an answer to that as it relates to the portion of the portfolio that they hold.

Hon. Garth Turner: Okay, then maybe, Chair, we might think about seeing if we can get that kind of information. It would be great.

Do your marquee buildings, and does this portfolio, in your estimation, constitute what one would call a national treasure?

Mrs. Mary Chaput: Certainly elements of the portfolio do. I would call the Parliament Buildings iconic. I think there are other buildings, heritage properties, that are particularly important to Canadian identity and heritage. I would also say that—and this is just one man's view—I think there is value in the dispersion of buildings across Canada, things like post offices and RCMP detachments, in terms of establishing the federal presence and connecting Canadians.

•(1630)

Hon. Garth Turner: All right, so I guess the answer is yes.

Quickly because we have only two minutes, are we squandering this national treasure by letting it deteriorate? If we have \$4 billion in further repairs here, and we're sitting on buildings that.... Let me ask you this: if we sold this portfolio, could we ever recreate it?

Mrs. Mary Chaput: Over time you certainly could, I would expect, with a certain number of dollars. But I couldn't tell you what those would be.

Hon. Garth Turner: It would take about \$26 billion.

Mrs. Mary Chaput: It would probably be much more.

Hon. Garth Turner: It would take \$26 billion to recreate what we already own.

Mrs. Mary Chaput: It would be much more than \$26 billion, sir.

Hon. Garth Turner: It would be much more than \$26 billion?

Mrs. Mary Chaput: Because \$26 billion is the book value.

Hon. Garth Turner: Okay, so it would take much more than \$26 billion to recreate what is probably a national treasure, which begs the question, why the hell are we selling it?

Mrs. Mary Chaput: Remember, the sell and leaseback initiative, if that's what you're referring to, relates to nine buildings.

Hon. Garth Turner: Right, nine buildings, but you said it was a trial to see if this was a project that we would go further on.

Where would you say we are on the real estate cycle at the moment—at the top, bottom, or middle?

Mrs. Mary Chaput: I'm not a real estate expert.

Hon. Garth Turner: You own 46,000 buildings.

Mrs. Mary Chaput: The Government of Canada does. I don't. But my understanding is that the real estate cycle in Canada is at the medium to high level, I'd say closer to medium. I know that people who are more involved in this than I am have a close eye on the U.S. economy and the downturn particularly in the housing industry. There is typically a lag after which that begins to migrate and gravitate.

Hon. Garth Turner: So what my question relates to is, if you're into a pilot project now of selling nine buildings—and presumably that's going to take a year or so to get rolling, to sell them and get bidders and lease them back—it strikes me that we may be getting into a fairly dangerous part of the real estate cycle in which we're selling our national heritage and our treasure portfolio, which we've already determined we can't buy back again. Does that make sense?

Mrs. Mary Chaput: It certainly wouldn't make sense if we were indeed selling low and buying high. But those details are to be determined. The other factor that has to be considered when one asks where the real estate cycle is has to do with what is the readiness among investors to put money towards real estate.

Hon. Garth Turner: Right. I have a last question, if I can.

Selling a portfolio of buildings and selling individual buildings are definitely two different things. In terms of determining what we're going to get in value for money if we actually do that, what's your opinion? Are we better to hive off nine buildings, or have nine different sales?

Mrs. Mary Chaput: You mean selling it in a group versus selling—

Hon. Garth Turner: In a portfolio versus individual properties, because I gather we're looking at portfolio divestiture.

Mrs. Mary Chaput: My understanding is that the initiative will be to put nine buildings on the market at the same time, but not necessarily nine buildings to the same bidder.

Hon. Garth Turner: Why would we sell nine buildings at the same time?

Mrs. Mary Chaput: The timing of the initiative again, I understand, has to do with the market conditions and the fact that there's a belief that there's money out there.

Hon. Garth Turner: Who's driving that?

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): There are not really nine separate RFPs. If one portfolio manager, or conglomerate, or teachers' pension fund wants to bid on two buildings in Toronto or one in Montreal, they're free to do that. Why hamstringing the entire process? That limits things.

The Chair: Thank you.

•(1635)

Hon. Garth Turner: I was just asking.

The Chair: Before we go to the next speaker, I have one little question.

I happen to know that we have leased buildings now. The Government of Canada has office buildings that are leased. How well run are some of these buildings?

I'm told that some of them are probably owned by almost slum landlords. The roofs leak; there are all kinds of problems right now with leased buildings. There are problems right here in downtown Ottawa with some of these leased buildings.

What guarantee would we have that after selling off these buildings we would actually have employees who are better served than they are now? I don't think there are any guarantees. You can put it in a contract, but that doesn't always mean they'll honour it.

I've been the Minister of Public Works. I've seen some of these buildings. They're awful.

Hon. Garth Turner: Why didn't you do anything about it?

The Chair: I'm asking because, to me, it's all well and good to sell off buildings because we can't afford to fix them, but what if the people who buy them from us and lease them back to us at inflated rents don't fix them? We're no better off; we're worse off. And you're right—

Hon. Garth Turner: In Sudbury?

The Chair: I don't think so. I don't know. I don't recall that one.

Mrs. Mary Chaput: Do you want me to answer that?

The Chair: This is a real challenge. There's no doubt in my mind that nothing is perfect, and selling them will not necessarily solve the problems.

Mrs. Mary Chaput: Precisely. Selling them and leasing does not mean Valhalla. There's a tremendous amount of work associated with lease management, lease negotiation, and then management of the ongoing contract renewals, and so on. There's no reason to believe that leasing will necessarily be the perfect solution.

The Chair: Thank you.

I'll go to Mr. Warkentin. He's next on the list.

Mr. Chris Warkentin (Peace River, CPC): Thank you very much.

I appreciate your testimony this afternoon. We appreciate it when you do come, and it's great to see you here.

I have just a couple of questions, and I'll begin with the whole issue of the \$4 billion that's bandied about in terms of the perceived or the actual cost to retrofit the buildings. Specifically, because we know now that there are so many buildings, what type of buildings are the worst? Are we looking at lighthouses that are in disrepair and currently aren't being used, or are we talking about office buildings that have the majority of this deficit?

Mrs. Mary Chaput: That \$4 billion figure, sir, relates to office buildings only. In one respect, it may be the tip of the iceberg. It doesn't tell you what the recapitalization outstanding costs are in terms of special purpose buildings.

Mr. Chris Warkentin: I guess that would be limited to office space. Would that include crown corporation buildings as well? I'm wondering about post offices and so on.

Mrs. Mary Chaput: No, sir, it's just relating to the—

The Chair: Just a second there.

[Translation]

Mr. Nadeau.

Mr. Richard Nadeau (Gatineau, BQ): The interpreter is telling me that he cannot hear what Mr. Warkentin is saying and therefore there is no translation.

[English]

The Chair: There's something wrong. They're not understanding you to translate. Speak and we'll see whether—

Mr. Chris Warkentin: It was with regard to the \$4 billion deficit that's perceived to be there. That was the premise of the question.

[Translation]

The Chair: Are the people sitting at the back understand everything? Yes? Very good.

[English]

Mr. Chris Warkentin: Perfect.

I think you were saying that, for the most part, those were just office buildings, and it did or did not include other crown corporation buildings.

Mrs. Mary Chaput: It does not include crown corporate holdings and does not include recapitalization costs associated with special purpose space.

Mr. Chris Warkentin: Okay. So basically what we're looking at is \$4 billion as being at the tip of the iceberg. What has the plan been

for the last 10 years in terms of trying to resolve this \$4 billion deficit?

Mrs. Mary Chaput: There is an annual exercise between the Treasury Board Secretariat and the Department of Public Works where Public Works comes to the secretariat and says—in very global terms, not building by building or issue by issue—that they have certain pressures on their accommodation budget that are what we call non-discretionary. There are discretionary costs that are separate and apart from that. The non-discretionaries would be things like payments in lieu of taxes, inflation on leases, and interest. Recapitalization falls almost in a grey zone, because not all recapitalization must be done today.

There is a negotiation between PW and TBS around other investment decisions—and we would particularly look at the health and safety issues—and then a recommendation is made to the Treasury Board, the cabinet committee, on adjustments to the PW base. Madam Chair would know this exercise well. That happens annually.

We top the department up by a certain amount. They are required to justify that amount, because we must be confident that it's not more than required. Often they don't get everything they ask for. We do, as a government, make choices to defer certain investments and—

• (1640)

Mr. Chris Warkentin: Has deferring these investments led to a growing deficit? I mean, has it been \$4 billion for the last 10 years, or has it grown in that period of time?

Mrs. Mary Chaput: It goes up and down. The \$4 billion is actually calculated on a percentage basis. PW takes the total value of the inventory and applies a percentage to it to establish the recap rate, as they call it. That's why I say it's not a building-by-building calculation.

Mr. Chris Warkentin: So in some ways the \$4 billion may be a shot in the dark. If we were to retrofit these buildings, we might be looking at something totally different by the time the projects were completed.

Mrs. Mary Chaput: You would likely get a higher number. I don't think you'd get a lower one.

Mr. Chris Warkentin: Okay. I guess that gives us some information as to where we are today. It's not favourable, but that's the way it is.

Just for a moment, I see they are proceeding with some work on the West Block. Is there any idea as to what the possible cost of retrofitting that and getting it up to current health standards will be?

Mrs. Mary Chaput: I can tell you that what has been looked at on the West Block are urgent health and safety concerns. You are on the Hill all the time, and you would have seen the scaffolding and netting.

Costing is very hard to predict, given the age of those buildings and the unique work that needs to be done. I wouldn't want to venture a cost.

Mr. Chris Warkentin: I can appreciate that. Thank you.

I know we had this discussion of the leases. The chairperson, who has been minister, talked a bit about buildings that were leased and fell into bad condition. I'm wondering if the department is still entering into triple net leases or whether they are moving to a situation where the landlord is fully responsible for the upkeep of the buildings.

Mrs. Mary Chaput: It's a bit of a case-by-case scenario. I know in some cases recently they've done triple net leases.

I would caution you by saying that I am a taker on this. When they tell me it's triple net, they explain it to me. I'm not an expert in leasing, so they have to walk me through what this means.

Mr. Chris Warkentin: Okay.

Mrs. Mary Chaput: And I haven't asked in every case whether this is triple or quadruple net.

Mr. Chris Warkentin: My understanding is that a triple net lease would leave the upkeep to the tenants, to ensure it's returned in the same condition as it was leased in.

Mrs. Mary Chaput: Okay.

Mr. Chris Warkentin: That's my understanding, but I may be wrong. For the most part, that's the general understanding of a triple net.

If the department decides to do something different or get out of the business of maintaining buildings, I guess they would have to look for other ways to lease buildings. I was wondering if there is any policy to review the option of triple net leasing or any type of other leases. There's no policy discussion at this point?

Mrs. Mary Chaput: No.

Mr. Chris Warkentin: In terms of the lease length, you just mentioned in your speaking notes that some programs were only three years or two years long, whatever the case may be. I know the department is also looking to proceed to longer leases. I'm wondering how the different departments approach this if they have this desire to have longer leases, but they have programs that are shorter term. Is there still this desire to have longer leases, with the intent that the lease may be filled by some other department? Has the federal government looked at ways to foresee the possibility of what things may look like down the road so we can sign lower leases, with the advantage of, hopefully, getting something for a lower cost, and take the risk that after three years there would be somebody else to take that space?

• (1645)

Mrs. Mary Chaput: I'm not aware of a conscious decision to pursue longer leases as a matter of course. That said, I know that Public Works negotiates the lease terms and conditions on a case-by-case basis, bearing in mind the client's needs. Now, if a client was only going to be in a building for three years, let's say, Public Works might enter into a longer arrangement with a landowner on the understanding that in the entirety of their portfolio, they have so many puts and takes. In Ottawa, that strategy would work. In the regions, that strategy would be much less practised, because you don't have the same ebb and flow.

Mr. Chris Warkentin: Right, and I can appreciate that. Thank you.

The Chair: We'll go to Mr. Turner, and we're down to five minutes.

Hon. Garth Turner: Yes, thank you.

I want to go back for a bit to these test market buildings, these nine buildings you're talking about, and the RFPs, which the parliamentary secretary reminds me are going to market at once in various markets in various parts of the country. Have we identified these nine buildings?

Okay, great. I'm sorry I'm not quite up to speed, but I have some questions.

So they are going to market at once. Who's marketing the buildings? Have we determined that?

Mrs. Mary Chaput: No, sir.

Hon. Garth Turner: When is that determination likely to be made?

Mrs. Mary Chaput: PW would have that information. I don't have that information.

Hon. Garth Turner: But they haven't made that choice. Who is marketing the buildings?

Mr. James Moore: The Department of Public Works...*[Inaudible—Editor]...real estate. There's a group of real estate people there.*

Hon. Garth Turner: Right. I'm just trying to figure out what commercial group it is. Has that been determined?

Mr. James Moore: It hasn't been determined. Each of the buildings will come out individually. It's not like one day all nine will happen. Each one will come up as each one is prepared to enter the market. Each RFP will be slightly different, given local community concerns and current leaseholder concerns within each of the buildings.

Hon. Garth Turner: So the marketing is done on a local, individual basis, selected by regional companies that are commercial real estate brokers. Is that correct?

Mr. James Moore: I can get back to you on that. I don't know.

Hon. Garth Turner: Okay, I'd be interested in knowing that. I'd also be interested in knowing who's appraising these buildings.

Mrs. Mary Chaput: My understanding is that the banks will do the appraisals, and—

Hon. Garth Turner: Have the appraisals been done?

Mrs. Mary Chaput: I would assume so, but I don't know.

Hon. Garth Turner: There was some talk that they were over-appraised. Or was it under-appraised?

Do we have those appraisals? Can we get those appraisals?

Mrs. Mary Chaput: That would be a question for Public Works. I don't know, because I don't hold that documentation. But if I may, coming back to your previous question, the RFP that PW put out asked bidders—and the banks ultimately won the RFP process—to do two tasks: do research on what would be an alternate accommodations strategy or method of managing the accommodation load that PW carries, and then depending on approvals in the system, do follow-on work with PW. That follow-on work, assuming approval flows, will lead up to the bidding process.

Hon. Garth Turner: Okay. I'm interested in trying to find out what we do know. So we don't quite know who's actually putting the ad in the paper saying, buy my building. Right? We don't know that yet, whether it's Colliers or whoever it's going to be.

Mr. James Moore: No, Public Works does it. BMO will do it as well.

Hon. Garth Turner: BMO is going to be the sales agent.

Mr. James Moore: Yes. They'll be involved with the marketing as well, with the Royal Bank.

Hon. Garth Turner: Okay, that's what I didn't understand. That's the question I had previously: who is actually selling the building?

Mr. James Moore: How about this? I'll send you the transcript of when the Minister of Public Works was here and went over this for two hours.

The Chair: By the way, the minister will be here again on March 29.

Hon. Garth Turner: I don't mean to be tedious.

Mr. James Moore: I understand. But it's all on the Department of Public Works website.

Hon. Garth Turner: Okay. If there's a simple answer, I'd like to get it.

What's the commission?

Mrs. Mary Chaput: That's part of the deal that PW has with the banks.

Hon. Garth Turner: Can we go over that? What's the commission? We don't know the commission?

Mrs. Mary Chaput: I don't know that to be public information.

• (1650)

Hon. Garth Turner: Is it going to be?

Mrs. Mary Chaput: I don't know, sir. I don't know how the contract will be treated from an ATIP point of view.

Hon. Garth Turner: Can we find that out?

A voice: Are they public tenders?

The Chair: As I said, we'll have to ask the minister when he comes here.

Hon. Garth Turner: I mean, they're our buildings.

The Chair: Yes, they're our buildings.

Mr. James Moore: As I understand it, there is not.

Hon. Garth Turner: There is no commission?

Mr. James Moore: It's part of the contract, because BMO and the Royal Bank were hired to do the appraisal of the buildings. There

were 40 buildings that were examined, and nine were decided. This is now in their contract, including the marketing.

Hon. Garth Turner: What do we pay the banks to do this work?

Mrs. Mary Chaput: What do we pay the banks today? I don't know.

Hon. Garth Turner: Can we find that out?

Mr. James Moore: Yes, we can get that.

Hon. Garth Turner: Okay.

Is there is a commission structure on the sale? In other words, if the buildings sell, there's a certain amount payable.

I'm also interested in the leaseback, because often there's a commission paid on the total amount of the leaseback amount. I'm interested in knowing if it's a double end. If the banks are getting paid for that, I'd like to know that information.

I would also like to know what liability will survive closing. Is there a liability? Are we in any way, shape, or form guaranteeing the buildings in any physical state? Are we guaranteeing them against unforeseen liabilities? Does the government have a liability that survives closing? I'd like to know that, if we don't know it.

Mrs. Mary Chaput: I would venture to say that would be determined by the lease terms and conditions.

Hon. Garth Turner: Can we find out who has the answers to those questions and get them here?

Mrs. Mary Chaput: We'll try—

Mr. James Moore: We have the wrong department for some of the questions. Each of the nine RFPs is going to be different. Some of those questions will be different because the buildings are very different, the tenants are different, the structure is different.

But the Minister of Public Works will be back here again. If you want to get a briefing at the Department of Public Works, we're happy to set that up for you.

Hon. Garth Turner: I'd just like to know the mechanics of the deals, because if they're prototype deals, it's so important that we understand how they're structured, how they're compensated, and whether in fact it's a reasonable disposition of public assets.

Thank you.

The Chair: Very good.

We'll end with Monsieur Nadeau, and then if we have time, we have some motions, I believe.

Monsieur Nadeau.

[Translation]

Mr. Richard Nadeau: Thank you, Madam Chair.

Good afternoon, Ms. Brady, Ms. Chaput and Ms. Jen.

If I understand correctly, your offices are located here, in the region, on the Ontario side of the river. Have you heard about the policy whereby 25% of the jobs are supposed to be on the Quebec side of the river and 75% on the Ontario side of the river? It was established in 1983. Have you received any directives about this in the context of your work?

[English]

Mrs. Mary Chaput: There's not a strict Treasury Board policy around where a department will locate or not locate, but you're quite correct in that there is a government position that seeks to establish a dispersion of government accommodation in the national capital region: 75%-25%. Currently that dispersion is running at about 74%-26%.

[Translation]

Mr. Richard Nadeau: I am not talking about buildings, but rather about employees. However, there is no doubt that this does have an impact. I will give you a report that I did at one point and that I have given to other witnesses as well. It shows that the percentage was 18.9% on the Quebec side, compare to 81.1% on this side of the river. That said, you say that you have some indications that there is a will to achieve these percentage targets.

In the City of Gatineau, I am told that in about the last year, people have been calling to find out what the city's policy was about welcoming these people. We are talking about approximately 7,000 new jobs. This information comes from the mayor's office. In addition, real estate agents are interested. They want to know whether employees will be moved, because this would involve buildings in Quebec where these employees might be working. It is expected that the approximately 7,000 employees will be transferred, but it is not yet known when this will happen. Minister Fortier seemed to acknowledge that there had been a delay in restoring the balance.

When a lease expires in Ottawa, do you consider a transfer, and do you look for places that, all things being equal, are less or much less expensive on the Quebec side? In the document I will be giving you, you will see dates for each year. This is public information with which you are quite familiar. Are you quite frugal when it comes to the cost of renting buildings? Are you beginning to transfer employees so that those currently working in Ottawa could work in the Outaouais, at least in the city of Gatineau?

• (1655)

[English]

Mrs. Mary Chaput: When the minister is proposing to enter into a new lease, a value-for-money assessment is always done. If the lease, for example, is on the Quebec side, and let's say it is a class A building, the amount negotiated would be compared to the class A rent both on the Quebec side and on the Ontario side to decide whether that was the best value for money. But I might mention that certain departments, for security reasons or whatever, need to be close to the Hill, etc., without a bridge in between them, so typically they're on the Ottawa side.

On balance, because I think you're talking about—

[Translation]

Mr. Richard Nadeau: We all agree that the City of Gatineau is within walking distance from Parliament Hill. We are not talking about a huge number of kilometres. In addition, the new policy talks about a distance of 10 kilometres from the Parliament buildings. That means 10 kilometres north or south. In the past, the distance was four kilometres. This is not a question of security. We do agree that not all departments would be involved. For example, we would not consider the RCMP. I was thinking rather of other departments as regards this target.

You gave me the example of a location in Gatineau where a lease was expired and the property was on the same side of the river. I want to hear more about leases that are expiring on the Ottawa side of the river, where costs are much higher. If I understood your answer correctly, no effort has been made with respect to transfers, in an effort to sign less expensive leases on the Gatineau side of the river.

In addition, when we are talking about moving a large number of people, and when no building is available but a contractor is prepared to build one to meet the needs, do you take into account that it will be less costly in the long term to be located on the Quebec side of the river?

[English]

Mrs. Mary Chaput: Yes, sir. We would always look at the long-term costs, whether for leasing over a long period of time or for acquisition and maintenance, and we would compare the proposal that the minister brings forward against a range of alternatives.

The objective is always best value for money. Features come into play, though, that might determine an outcome that was not necessarily the most inexpensive; the value could be the size of the property that's required or the timing in terms of the availability of the property. So there may be a case in which it would be cheaper to lease on one side of the river or the other, but there isn't a building of the right size available at the right time.

[Translation]

The Chair: Thank you, Mr. Nadeau.

I would like to thank our witnesses for appearing before us today. I hope that we have learned something.

We will continue now with motions.

[English]

By the way, I want the committee members to know that I've just found out that the Minister of Public Works will not be appearing before our committee at the end of March. Do we have any idea when he will be coming? Is it April 24?

Mr. James Moore: This is specifically for main estimates. I understand that as long as it's....

On April 24, he—

• (1700)

The Chair: We'd like to have him earlier, because there are a lot of things going on, especially on the sale of these buildings. We can also pass a motion to summon him if he doesn't come.

Mr. James Moore: He's available to come on the 24th. I understand there is now a problem with the 29th, when he was originally going to be here. He is available for the 24th.

The Chair: Maybe he can come on the 27th.

Mr. James Moore: This is specifically on the main estimates. As long as he's here, as I understand it, before the end of May—

The Chair: Well, no, we'd like to speak to him again on this real estate. How about March 27?

Mr. James Moore: As I understand it, there's a conflict.

The Chair: Madam Nash, you have two motions. Would you like to move one?

Ms. Peggy Nash: Thank you, Madam Chair. Shall I read the motion again?

The Chair: Tell us which one it is, yes.

Ms. Peggy Nash: The motion I'll move first is:

that the Standing Committee on Government Operations and Estimates undertake a study of the activities of the Public Appointments Commission's Secretariat since its creation by Order in Council No. 2006-0223 on April 21, 2006; and

that the committee study whether the minister responsible has ensured that the secretariat has been in compliance with clause 227 of Bill C-2, the Federal Accountability Act; and

that the minister responsible for the Public Appointments Commission Secretariat be invited to appear before the committee to report on the activities of the secretariat.

I so move.

The Chair: Is there debate?

Madam Nash.

Ms. Peggy Nash: We've been waiting for the implementation of Bill C-2. Then we learned that this secretariat has been up and running, but we have no information about the secretariat. It's my understanding that the Prime Minister presides over the Public Appointments Commission Secretariat. That was the order in council from April 21, 2006. Possibly that's changed; I don't know. But if he's still responsible, or whoever is responsible, we would like to have them come and appear before this committee to report on the activities of the secretariat.

The Chair: All those in favour please signify.

[*Translation*]

Ms. Louise Thibault: Have you called for the vote, Ms. Nash?

The Chair: No, but no one had raised their hand.

Ms. Louise Thibault: I had, Madam Chair.

First of all, could you please tell me, Ms. Nash—I do not have a copy of the text—what clause 227 states?

Second, there is reference to the minister responsible. Is that the Prime Minister? I want things to be very clear.

Third, you are asking that we study the activities of the commission. Later, in your second motion you say you want to look at the report of the Public Appointments Commission Secretariat with respect to specific appointments. I want to make sure I understand correctly.

[*English*]

Ms. Peggy Nash: First of all, clause 227 is about the appointments under the Federal Accountability Act.

The second question, I think, was around which minister is responsible. I have a copy of an order in council from April 21, 2006, which says: "Her Excellency the Governor General in Council, on the recommendation of the Prime Minister, hereby orders that the Prime Minister shall preside over the Public Appointments Commission Secretariat."

Now, there may be something further from that, but that was an order in council when the secretariat was established.

I'm sorry, what was your third question, Madame Thibault?

• (1705)

[*Translation*]

Ms. Louise Thibault: You answered my question about clause 227. That's good.

Ms. Peggy Nash: Yes.

Ms. Louise Thibault: You said that it was the Prime Minister, to the best of your knowledge.

I asked you a question about the connection between this motion and the other one. This one refers to studying the activities of the Public Appointments Commission Secretariat, and later, you want to study the Secretariat's report with respect to specific appointments.

Ms. Peggy Nash: Yes, they are two different things.

[*English*]

First, I would like to know what the secretariat has been up to in general, what their activities are, who's working there, and what the cost has been—all of the activities of the secretariat that we would normally have reported to this committee. Secondly, I'd like to know more specifically about appointments that they have been making.

[*Translation*]

Ms. Louise Thibault: May I have the floor again, Madam Chair?

The Chair: Please proceed.

Ms. Louise Thibault: Ms. Nash, my colleague and I will agree to a study of the commission's activities, to have someone come in—I believe they have appointed an executive director—and that we do that in good faith. However, we are not in favour of having the Minister responsible, the Prime Minister, appear before the committee. If you correct your motion to have us undertake a study, we will have no objection, but having the Prime Minister come... If you remove that part of the motion, there will be no problem; if not, we will be voting against the motion.

The Chair: It is your turn, Mr. Poilievre.

[English]

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Very quickly, I would point out that we already did have ministers before the committee to discuss implementation of the Accountability Act, so I'm not sure why we would need to do it again. It doesn't particularly bother us, because we're implementing the Accountability Act at the pace that was anticipated by the action plan, and that action plan was adopted by an all-party committee during the proceedings on the act itself. So implementation, as far as we're concerned, is perfectly on track, and we're more than happy to have a discussion on that, but it's already happened, so I'm not sure it merits a lot more time.

The Chair: You may have misunderstood. This is, from what I take from the motion, a study of the activities of the Public Appointments Commission Secretariat since its creation. That we haven't dealt with.

Mr. Pierre Poilievre: Those activities have largely been implemented, to be honest. The Public Appointments Commission is in the process of being implemented. There's a secretariat that's carrying out that implementation, so that was actually discussed when ministers came before the committee. I don't expect that a whole lot has changed, but we'll see what the committee decides.

The Chair: If there's no problem, then why are we doing it?

Is there any other debate on the motion?

Are you proposing an amendment to the motion, Madame Thibault?

[Translation]

Are you moving an amendment to the motion?

Ms. Louise Thibault: My colleague and I would agree if the motion ended after the word "2006". That would shorten the motion considerably, of course. In both the French and English versions the motion would end after "2006".

It is quite simple, we are suggesting that we hear from someone and that we find out what the Secretariat has been doing since it came into being. Ms. Nash, I want to be as friendly as possible; I do not want to prevent us from doing that. If, after we hear from someone, we realize that we are dissatisfied with all sorts of things and that we should pursue our study, we will do that, and we will review the various clauses. But let us start by determining whether there is something that needs to be reviewed. That is the purpose of my amendment.

The Chair: You have the floor, Ms. Nash.

[English]

Ms. Peggy Nash: I would suggest that part of our study should be to ensure that there is compliance with Bill C-2. I understand your point about the minister responsible, but is there an objection to ensuring that there is compliance with Bill C-2, because surely that—

The Chair: My understanding is that the amendment of Madame Thibault speaks to the fact that you would say something like, "That the committee study whether the director has ensured that the secretariat has been in compliance with clause 227", because what

we're asking is more to speak to the director, to start off with, to find out what's been going on there. Okay?

That's the nature of the amendment. Am I right, Madame Thibault?

• (1710)

[Translation]

Ms. Louise Thibault: I would like to remove the reference to the minister responsible, who happens to be the Prime Minister. I want to move an amendment to remove that part of the motion. The person who can discuss these matters with us will testify before us. It will definitely not be the Prime Minister, because that will not be accepted.

[English]

(Amendment agreed to)

(Motion as amended agreed to)

The Chair: We'll see when we can get the director to come before us.

Hon. Raymond Simard: Well, we have an opening on March 29.

The Chair: Yes.

Mr. Pierre Poilievre: On a point of information, some days ago we discussed the possibility of doing a study on the impact of the mass retirements that we expect.

The Chair: Yes, that's on the agenda.

Mr. Pierre Poilievre: It's on the agenda? Okay, thank you.

The Chair: We're actually going to be having someone come forward on Thursday on that issue.

Mr. Pierre Poilievre: On Thursday. Okay, forgive my ignorance.

The Chair: There's another motion on the floor.

Madame Nash.

Ms. Peggy Nash: Yes, the other motion is that the Standing Committee on Government Operations and Estimates immediately undertake a study of the report by the Public Appointments Commission Secretariat on the Immigration and Refugee Board's appointments process prepared for the Minister of Citizenship and Immigration, and that the committee report its findings to the House of Commons.

I so move.

The Chair: Debate?

Madame Thibault.

[Translation]

Ms. Louise Thibault: I would just like to suggest a friendly amendment to Ms. Peggy Nash.

I move that the motion read as follows:

That the Standing Committee on Government Operations and Estimates immediately undertake the study of the report by the Public Appointments Commission Secretariat on the appointments process for various agencies such as the Immigration and Refugee Board, the Parole Board, the National Advisory Council on Aging, and so on, and that the committee report its findings to the House of Commons.

That would allow us to look at a few agencies. We would include the one you mentioned, but we would not look at it alone, and we would not be relying solely on the report prepared for the Minister of Citizenship and Immigration.

We will go further, and the motion will mean that in future, if we still have some doubts about appointments, and if we want to challenge the process, the field would be wide open, because we would already have a motion on this. We could say that further to the motion passed by the committee, we would undertake a particular study. That is why I am moving this friendly amendment.

[English]

The Chair: Mr. Kramp.

Mr. Daryl Kramp: Madam Chair, after passing the first motion, I just find that it really reads into what we should be doing. Let's just take it step by step.

The first motion passed. After our witnesses are pulled in, it could potentially lead to the second motion, but let's just see what the first person has to say. Perhaps that could be answered already.

The Chair: Madame Thibault.

[Translation]

Ms. Louise Thibault: I have some reservations about this. I have no doubt that my colleague's intentions are good. However, I am very concerned, as are Ms. Nash and my colleague, because there have been and will be appointments that seem unacceptable. We could start asking questions immediately about the way in which these appointments were made.

Looking at general, overall activities is one thing, but now we have some examples of appointments that have been made. This could be part of our future plans. We could mention a few agencies, but there will be more than three. We would include the words “for example” and “and so on”, and that would allow us to look at all the appointments, if we want to.

[English]

The Chair: Madame Nash.

Ms. Peggy Nash: Yes. I also agree that we should be looking at some of the specific appointments, because there has been real concern about the nature of some of these appointments. And I'd like to know how these appointments are getting made and what are the criteria. I think we have an obligation to review the process.

• (1715)

The Chair: Yes, Monsieur Simard.

Hon. Raymond Simard: Yes, I think one of the issues with Mr. Kramp's proposal is that it takes a long time to get witnesses lined up to appear before us, so I would suggest that we get them both going at the same time.

The Chair: On the amendment of Madame Thibault, I would take it that we have the gist of what it is she wants. Do we need to have a written amendment? Can we just read it out?

[Translation]

Would you please re-read your amendment, Ms. Thibault?

Ms. Louise Thibault: The amended motion would read as follows:

That the Standing Committee on Government Operations and Estimates immediately undertake a study of the report by the Public Appointments Commission Secretariat on the appointments process for various agencies such as the Immigration and Refugee Board, the Parole Board, the National Advisory Council on Aging, and so on, and that the committee report its findings to the House of Commons.

[English]

(Amendment agreed to)

(Motion as amended agreed to)

[Translation]

Ms. Louise Thibault: As far as our future business goes, Madam Chair, does that mean that—

The Chair: We can look at the schedule.

Ms. Louise Thibault: ... we will do that on the 29th, when Mr. Fortier will not be coming?

The Chair: We would prefer to have Mr. Fortier come—

Ms. Louise Thibault: I agree. We would prefer to have Mr. Fortier come, but if he does not come, we will invite—

The Chair: Next Tuesday, the 27th, we could hear from Peter Harrison, the Director of the Public Appointments Commission Secretariat. Does everyone agree?

Ms. Louise Thibault: I have no problem with that.

The Clerk of the Committee (Ms. Bibiane Ouellette): He has already been told that he might be invited on this date.

Do you want to invite someone else on the 29th?

The Chair: I imagine we will have other business to do on the 29th.

[English]

On the 29th, yes.

Ms. Peggy Nash: I had proposed before that if we're going to be discussing the demographic challenges—and I see we have the Public Service Human Resources Management Agency—we should also be inviting the PSAC, the Public Service Alliance.

The Chair: Yes. We can always fill in PSAC on the 29th, if need be.

Is this a notice of motion, Mr. Turner?

Hon. Garth Turner: It's a letter.

The Chair: It's a letter.

Thank you very much.

This meeting is adjourned.

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