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Thursday, February 14, 2008

—
Chair

The Honourable Diane Marleau

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•(0905)

[English]

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

Before we go to our guests I'm going to ask the clerk to give us an explanation of what happened and why the guests we asked to come are not here.

[Translation]

The Clerk of the Committee (Mr. Michel Marcotte): Thank you, Madam Chair.

As soon as I got back to my office, I made some telephone calls to reach all the witnesses appearing on the list of the adopted motion. The calls were made between 11:34 a.m. and 12:09 p.m. on Tuesday. However, the answers were slow in coming in some cases, despite reminders. Essentially, none of the six witnesses was available to appear before the committee this morning. I'll give you the details for each of them. However, it appeared quite early in my discussions with the potential witnesses that a window was opening for next Thursday. Of course, it can't be next week, since we are in recess, but Thursday the 28th. So I immediately confirmed that date, and it appears that most of the witnesses would be available on the 28th.

That's the first item of good news. In view of the witnesses' absence this morning, I've taken the initiative, after discussing the matter with the Chair, of summoning the originally scheduled witnesses and of holding the meeting on the Soudas-Housakos affair on Thursday the 28th, with your consent, of course.

The Chair: I must remind you that we passed a motion to study another matter on the 28th. Must we introduce a motion to change that?

The Clerk: We can introduce a motion. I've tried to stick to the spirit of the motion, even though I could not comply with it to the letter. Today's meeting was scheduled following the five meetings; it will be held today. The meeting of the 26th would concern light rail, as provided in the motion, that of the 28th would concern what was provided for today, and the last two meetings would correspond respectively to meetings three and four mentioned in the motion adopted Tuesday.

The Chair: Ms. Bourgeois, go ahead please, then it will be Ms. Folco's turn.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Clerk, you used the words “seems” and “would be”. What guarantee do we have that the witnesses will be here on the 28th? That's my first question. Second, can we invite them strongly or insist strongly? Do we have the means to ensure that they will be here? Third, Madam Chair, I

would be prepared to introduce a motion to change the agenda, but then we would have to ensure that the next agendas are changed.

The Chair: Very well. We can introduce a motion.

What's the French word for summon?

The Clerk: It's an *assignation à comparaître*.

The Chair: That's very strong.

Ms. Diane Bourgeois: Mr. Clerk, going back to the words “seems” and “would be”, that means that we have no guarantee. We have no time to waste. We passed that motion; so we have to ensure that the witnesses are here. What can we do?

•(0910)

The Chair: We can introduce a motion asking them to appear.

Ms. Diane Bourgeois: May I introduce it immediately?

The Chair: Yes, you may.

Ms. Diane Bourgeois: In that case, the motion would concern this

The Chair: Pardon me?

Ms. Diane Bourgeois: I suppose the motion could read as follows: “The members of the committee summon—

The Chair: Summon.

Ms. Diane Bourgeois: — to appear such and such a person.”

The Chair: You can do that. Is that your motion?

Ms. Diane Bourgeois: Yes.

The Chair: All right.

[English]

Did you get the gist of that?

[Translation]

Ms. Diane Bourgeois: It's seconded.

[English]

The Chair: We'll start with Madame Folco, and we'll go with Mr. Kramp, Mr. Albrecht, and Mr. Warkentin.

[Translation]

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Thank you, Madam Chair.

I take this opportunity to second Ms. Bourgeois' motion, since I was going to move something similar.

The Chair: Thank you.

Mr. Kramp.

[English]

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Quite honestly, Chair, I think this is beyond belief. We have had in this committee, and in any other committee I've been involved in over the years, many occasions where witnesses have not been available on a short-term basis. If there was a wilful intent to avoid the committee, then by all means that is the purpose of a summons.

If you take a look at a legal justification of a summons, a summons is intended, obviously, for the purpose of demanding attention when there's been a wilful abeyance of a request. We are really overstepping our bounds here. We've had a number of occasions when witnesses were not available on one or two days' notice. There has to be a sense of reasonable balance in this committee.

I really think this flies in the face of common courtesy, let alone respect for the values and principles that this committee holds true. This committee is not a kangaroo court. It should be a committee to hear people—not at leisure, but where is the balance between mandating that we run almost a Gestapo-like process here or do it in a Canadian way, where there's a little bit of tolerance and respect and courtesy and understanding?

With the greatest respect to my colleagues who are putting forth a motion such as this, I see no reason for it. If we have a wilful predisposition of these witnesses to avoid coming, that's one thing. Then quite frankly, regardless who those witnesses are, I'd say let's summon them, by all means. How many times have we called witnesses, whether ministers or deputies or private people, who have not been able to come on that day? Obviously we would go back to another day or try to have some form of level of convenience whereby we try to work with people.

This is an affront to a willingness to work with everybody. I see nothing to be gained from issuing a summons. To me it's a clear breach of our responsibilities at this time. We have to know the difference between doing what is right and fair and stepping over the bounds. To me, this is totally stepping over the bounds.

If the clerk came to this committee and said, we've contacted these people, but there's obviously an unwillingness to appear at a certain date, and the clerk indicated from the conversation that there was either a demeanour or an attitude, or simply "excusitis", then that is not an excuse, and I think we then have an obligation to treat it as not being one.

In this case, the clerk has reported that he had given, of course, very short notice—simply a day or two. How many of us can appear automatically sometimes on a one- or two-day notice? It can be difficult.

I think this is a reasonable request, to simply put it off for that week. If at that particular point the clerk contacts these people and they're not available again with a lengthy period of advance notice, then I think we have every reason and every right to put more than expectations, but realistic demands on these people from this committee.

At this particular point, Madam Chair, I almost think you should declare this motion not acceptable, because it flies right in the face of the normal dealings of this committee. I think it's a little too much, at

this point, to expect that. I'm rather disappointed in my colleagues that they seem to want to read something into everything.

That's all I have to say at this point.

●(0915)

The Chair: Perhaps the clerk could tell us what the results were when he spoke to a number of these people. That may enlighten us when it comes to deciding whether we want to pass this motion or not.

Would you mind, Mr. Albrecht? You're the next speaker.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): I wouldn't mind, but I think in fairness he has already indicated within a certain timeframe. I think he said 11 o'clock to 11:15, or whatever it was. He indicated none of them was available today, but he also indicated that on February 28, I believe it is, they will be available; they've given him that word. This, to me, is just a very unfortunate development for this committee.

With respect, I would request my colleague to withdraw this motion.

The Chair: Thank you.

Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Madam Chair, I think it has probably now been talked out. Maybe the clerk can provide us with some information in terms of his impression as to whether we can expect these people to show up on February 28 or not.

[Translation]

The Chair: Mr. Clerk.

The Clerk: In order, Mr. Dimitri Soudas could not be present today for family reasons that I thought were quite legitimate. As to February 28, he told me he might be available if the other witnesses were present. Mr. Housakos, whom I finally reached late yesterday afternoon, first wanted to meet with his lawyer and expressed the wish to be accompanied by him. He would be present on the 28th, if that were the committee's wish.

As for Mr. Michael Fortier, I spoke to the departmental liaison officer and to his legislative assistant, Mr. Christopher Hilton. Mr. Fortier clearly was not available this morning because there is a Cabinet meeting. However, despite my numerous requests, no one was able to tell me whether the minister would be available on February 28. Mr. Frédéric Loiselle could not be present this morning. However, he was the first to offer, very early on moreover, at 1:30 p. m. on Tuesday, to come on February 28. So he's available.

Mr. Rosenberg is in New York today and could not be here. However, he would be available on February 28, if he has enough time to prepare. Mr. Lemieux, who is Mr. Rosenberg's lawyer—he is not necessarily a Rosdev employee—wanted to talk about terms and conditions with his client, Mr. Rosenberg. Mr. Lemieux would therefore also be available on February 28.

[English]

The Chair: Mr. Warkentin.

Mr. Chris Warkentin: Did you get any impression, Clerk, that anybody was unreasonably trying to avoid committee?

[*Translation*]

The Clerk: No. I sensed a certain reluctance on the first day, which quickly faded yesterday, following articles that appeared in the newspapers. People understood that the committee's request was serious. The first impression quickly dissipated. As I said, there's only Minister Fortier for whom there was no offer to appear on February 28. I have received no answer to that repeated offer. Obviously, we can't summon a senator to appear.

[*English*]

Mr. Chris Warkentin: I've been informed that the minister has confirmed that if he's requested he'll be here.

Madam Chair, I guess what it comes down to is the issue of optics and politics. I don't think anybody wants to be summoned. We gave folks maybe a day and a half's notice. I suspect that most people would consider it reasonable that people had things in their schedule that didn't allow them to be here. For the purpose of maintaining these people's good names, I think it's the decent thing not to summon them but simply request that they come to show themselves before this committee. I see no indication that anybody is trying to run or avoid the committee at this point.

I would ask that either the motion be withdrawn or that members vote against the motion.

● (0920)

The Chair: Once a motion is put forward, it cannot be withdrawn when it's moved on the floor like this, but it can be defeated.

Mr. Chris Warkentin: It can, with unanimous consent.

The Chair: Can you do it with unanimous consent?

At any rate, we'll go with Mr. Angus while the clerk looks that up.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Madam Chair.

My concern is that we've asked a number of people to come forward, and we've given them a very short window of time. I see, after one meeting, how people couldn't get here because we insisted that they be here within two days. There's no indication that they are hostile witnesses.

I think we have to be very careful about what we're doing with this committee. This is not a kangaroo court. People's reputations are at stake just by coming to this committee, and we have to be careful with that. Unless we have a sense that people are wilfully dragging their feet and refusing to come—and I have been at committees where we have had to summon because there has been a refusal.... If there is no indication that they couldn't make it on two days' notice from wherever they are in Canada to be here, and so we have to summon them, it sends the message that we think they've done something wrong.

I think we need to establish a professional tone at this committee to show that we are asking people to come forward in good faith, that we are asking to hear their testimony. And if there's anything that leads us to further discussions out of that testimony, we'll move forward. At this point, I think it would set a very unprofessional tone for this committee if we summoned people based on the fact they couldn't be here by Thursday after being asked on Tuesday.

The Chair: Thank you.

By the way, the clerk informs me that with unanimous consent this motion can be withdrawn, if that's the wish of the committee. Otherwise, it has to be voted down.

Madame Folco.

[*Translation*]

Ms. Raymonde Folco: Thank you, Madam Chair.

I wonder whether a compromise wouldn't be possible. I'm not making that a proper motion yet. This is simply an idea that I'm putting to the members of this committee. The idea would be to pass a motion enabling us to depart from the last motion that we introduced at the start of the week. You'll remember that we passed a motion on all the dates. So it seems to me that the committee is required to hold these kinds of meetings on the dates that it agreed to through a motion.

I suggest that we introduce a motion not to summon the witnesses legally, but to ensure that the committee can legally discuss this matter with the witnesses on the 28th. That would be a somewhat abrupt way of summoning them, as the opposition members say. What is important is that I ensure that, on the 28th, no one anywhere says that we passed a motion last week stating that we had to discuss something else on the 28th.

The Chair: We're discussing Ms. Bourgeois' motion.

Ms. Bourgeois.

Ms. Diane Bourgeois: Since this is my motion, I'd like to speak to it.

In my opinion, a summons to appear can be very legal and formal, but it can also be a letter inviting witnesses.

Clerk, you spoke to the witnesses by telephone. They told you that they could be here if the others were as well; one other witness said that he would discuss the matter with his lawyer and that he would see. So we have no assurance that certain witnesses won't let us down in the next two weeks. I want us to be sure that the witnesses who said they are available appear before the committee.

I want to trust people. In my view, everyone is beautiful, everyone is nice, except when they don't all react in the same way. I don't want the witnesses to withdraw following certain reactions or discussions. On the one hand, I want to summon them, and on the other hand, I want us to ensure that we have changed the agenda concerning our meeting schedule.

● (0925)

The Chair: The motion you're introducing is very harsh, Ms. Bourgeois.

Does someone want to amend the motion for—

Ms. Diane Bourgeois: — for it to be nicer, gentler? I'm prepared to change it. For example, let's send the witnesses a letter. I don't know whether that's done. I don't know how we can make sure we don't waste our time here on the 28th.

[*English*]

The Chair: Anybody can propose an amendment to her motion, by the way. If you want to change the language of the motion, somebody has to move a motion.

Mr. Warkentin.

Mr. Chris Warkentin: I make a motion that this current motion be withdrawn from the table and that we amend the motion we made in the last meeting, where we had the dates and the times. So it's simply an amendment of what we did in the last meeting. I would request that this motion be withdrawn. I would propose that. If there's unanimous consent, we can do that. And then we'll amend the motion that includes the dates, the times, and the places of the previous meeting.

[*Translation*]

The Chair: Ms. Bourgeois, do you agree for us to withdraw your motion and to amend the motion that was adopted at the last meeting?

Ms. Diane Bourgeois: An amendment to the motion concerning —

The Chair: — the dates.

Ms. Diane Bourgeois: I don't object to you withdrawing my motion, since Ms. Folco is going to introduce a motion on the letter later.

The Chair: We could also amend your motion. For example, instead of saying that we summon the witnesses, we could say that we invite them.

Ms. Diane Bourgeois: The clerk could send a letter, for example.

Does that suit you, gentlemen?

[*English*]

The Chair: Would that be satisfactory if we amended her motion to say, rather than “summon”, that you write a letter to “invite” or something to that effect, which softens the whole thing?

Oui, madame.

[*Translation*]

Ms. Raymonde Folco: Madam Chair, with regard to the motion on the date, I would like us to—

The Chair: We can do that afterwards. For the moment, the motion under consideration must be withdrawn or amended. You can't amend yourself.

Ms. Diane Bourgeois: I can't.

The Chair: It has to be someone else.

Mr. Albrecht.

[*English*]

Mr. Harold Albrecht: Thank you, Madam Chair.

I understand the idea behind what Madame Bourgeois is trying to do.

As I indicated earlier, my feeling is that the summons is certainly out of order. These people have indicated their willingness to be here. Let's go on that.

Writing a letter is giving a clear signal that this is somehow a different category than other witnesses we call. It gives another message. I would be opposed to anything other than what our clerk has already done. He's indicated that they're willing to appear on the 28th. Let's go with that, and let's proceed with business.

In addition, Madam Chair, we have witnesses here. We have business to be done. This is another example that this committee can't get its act together and can't focus on priorities. We need to get moving.

The Chair: Mr. Angus.

Mr. Charlie Angus: I say we call the question and move on and hear our witnesses so we can get something done today.

[*Translation*]

The Chair: Ms. Folco.

Ms. Raymonde Folco: I'd like to introduce an amendment to Ms. Bourgeois' motion. I haven't written it, but it would say something like this: We request that the Chair send a letter inviting the witnesses previously been named to appear before the committee on February 28 next.

[*English*]

The Chair: On the amendment to the motion that's before us, which I believe is to write a letter to invite them to come before the committee on the 28th, is there any debate?

Mr. Kramp.

Mr. Daryl Kramp: With respect, I'm against that idea. We have a time-honoured process here. We don't have difficulty with what is taking place. We are shortchanging the witnesses we have here today.

If we start going off on all these witch hunts, this is how this committee gets hijacked. We have a process. Let's stay with it. We understand the witnesses can't be here. If at some particular point the witnesses are deemed to be either in contempt and/or there is no wilful acknowledgement, then we have obviously have an opportunity for legalities that we can pursue. We can't “if” ourselves to death on everything here.

Let's get on with our normal process of this committee and get rid of this motion, because I think it's spurious, then deal with our witnesses who are here and give them the courtesy that they're respected.

An hon. member: Call the question.

• (0930)

The Chair: Would you like to vote on the amendment—

Mr. Daryl Kramp: Yes.

The Chair: —that we write a letter?

(Amendment negated)

(Motion negated)

The Chair: Thank you.

Does anyone want to change the last motion?

Madame Folco.

[Translation]

Ms. Raymonde Folco: Madam Chair, I am introducing a motion. I don't know whether it would be a motion or an amendment. Can we amend a motion that has previously been adopted? It seems to me we can't.

It would read as follows: That the committee meet to hear the witnesses on February 28 next. I would like the names of the witnesses to appear in the motion.

The Chair: All right.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): Is it necessary to introduce a motion on that?

The Chair: We decided to hear them today. We passed a motion stating that we would study something else on the 28th. Perhaps it's a good thing to change the motion solely for that reason.

Ms. Raymonde Folco: It's for formal reasons rather than anything else.

The Chair: All right?

[English]

Do you want me to read the motion or do you understand it? It just changes it from today to Thursday, the 28th.

(Motion agreed to)

[Translation]

The Chair: I'm pleased that you were informed that that would take a little time, because certain things were going on. So I thank you for your patience.

[English]

We're now going to discuss the real estate plan of the Government of Canada.

We have two guests. We have Madame Demers, from the Professional Institute of the Public Service of Canada, and Mr. Burns.

You know the format. Give us a brief statement, and then we'll open it to questions.

[Translation]

Ms. Michèle Demers (President, , Professional Institute of the Public Service of Canada): Madam Chair, committee members, I would like to thank you for allowing us to appear today.

[English]

I would like to more formally introduce Mr. Don Burns, who is the vice-president of the Professional Institute and also a professional engineer who worked for the Department of Public Works and Government Services Canada for many years in the real property branch.

[Translation]

We, of the Professional Institute of the Public Service of Canada, believe that the case for selling off 40 federal buildings to the private sector and renting them back on 25-year leases is a bad idea. The level of secrecy involved, the flimsy evidence upon which the claim was made that it will benefit Canadians, the absence of any need for

the sale, and the threat to Canada's cultural heritage make this an exceedingly bad plan for Canadians.

Incredible but true, in 2007, just 14 weeks were needed for nine federal buildings to be listed for sale, bid on, sold, and the \$1.4 billion sale reviewed. The government has repeatedly refused requests to release the criteria for the bidding process and the study recommending the sale of the buildings.

This committee's own request for the pertinent details was refused, leading to the committee's call for a moratorium on the government's sale/leaseback plan.

The government has repeatedly made a great deal of its commitment to transparency and accountability enshrined in the Federal Accountability Act. The government should now demonstrate this commitment by releasing the financial details of Phase 1 of the Real Estate Plan and the Deutsche Bank report recommending the sale of the buildings.

[English]

In the absence of solid evidence to the contrary, there are simply no grounds to believe that Canadian taxpayers will benefit from the sell-off. As *The Globe and Mail* reported last year, Department of Finance and Privacy Council Office analysts warned that the sale could wind up costing taxpayers up to \$600 million over 25 years, and recommended that a full risk analysis be done before the government proceeded with the sale. The maximum potential benefits from the sale are \$250 million, or less than half the potential costs—and these costs are likely to grow.

Cost control, quality, oversight, and accountability problems arising from privatization of public assets are well known in the public administration literature. A case in point is L'Esplanade Laurier, home of the Treasury Board and the Department of Finance. Soon after the private acquisition of this building, complaints arose over the upgrading of fire alarms, the quality of drinking water supplied to the building, and the timely repair and renovation of the building's exterior. Taxpayers ended up footing the bill for these repairs and upgrades, and taxpayers will undoubtedly be expected to pick up the tab for cost overruns of operations in privatized federal buildings.

Countries like Britain, Australia, and New Zealand have been at the forefront of this type of government reorganization. What underlies the idea of leasebacks is a rethinking of what a federal government's responsibility is to its citizens, moving from the role of upholding values and enhancing public good to one that is solely financial, that is, determining how money is spent.

The Australian and New Zealand experiences have been offered as examples of success in projects of this kind. There it was determined that the selling off of government holdings was more cost-effective than upgrading the buildings and assets. While economic savings was in fact the impetus for the reforms, the results have not been substantiated. Liquidating the buildings had some short-lived financial results, but no long-term benefits materialized. In fact, in the year 2000, the Australian National Audit Office concluded that the sale and leaseback agreements heavily favoured the new owners. They found that rent was set above market rates, that the sale price failed to take into account the tax benefits for the buyers, and that in some cases rent would well exceed the sale price in as little as eight years.

There's no evidence of a compelling need to sell off government buildings. The rush to sell off government buildings might be understandable if the government were facing a fiscal crisis, but this is not the case. Canada has now posted a budget surplus for 10 straight years, the only country in the G7 to do so. Canada's total government net debt burden is the lowest in the G7. The federal government's stellar credit rating allows it to borrow money more cheaply than the private sector, making it more cost-efficient to hold onto its properties and to pay for building maintenance and upkeep.

Again, we see absolutely no justification for the government's decision to sell off 40 public buildings. According to a 2003 Statistics Canada study, *Public Infrastructure in Canada: Where Do We Stand?*, Canada's \$157 billion in publicly owned infrastructure has a tangible impact on the productivity and the economic performance of the business sector. The study goes on to report that public infrastructure lowers the cost of producing a given level of output in virtually every Canadian industry within the business sector. Each dollar invested in public infrastructure between 1961 and 2000 generated an average of 17% in cost savings each year for the private sector. The study found that the public sector was integral in helping the private sector gain wealth. This raises questions over what will be the long-term economic consequences if the government continues to privatize Canadian public assets.

• (0935)

[Translation]

The buildings potentially on the auction block include such special-purpose structures as the National Film Board building in Montreal, the Library and Archives building in Ottawa, and the Film Preservation Centre in Gatineau.

Safeguarding Canada's cultural heritage is too important a duty to be left to private developers. Larco Investments Ltd., the company which acquired the federal buildings sold in 2007, intends to tear down Vancouver's magnificent Graham House, designed by Arthur Erickson and a work of singular architectural importance.

The rush to offload special-purpose government buildings to private developers with no accountability to the Canadian public puts Canada's cultural heritage at risk and is shortsighted in the extreme.

In sum, the Professional Institute of the Public Service of Canada believes the decision to sell government buildings is motivated by ideology rather than clear evidence of a compelling benefit to Canadians. We call on the government to abandon its attempt to sell

off a further 31 federal properties. The Institute also calls on the government to immediately release the financial details surrounding Phase 1 of the Real Estate Plan to the Office of the Auditor General and to the Canadian public.

• (0940)

The Chair: Thank you.

[English]

Before I go to questions, I want to make sure the committee knows we have another guest. We're sharing the time between this group and the Heritage Canada Foundation. So perhaps we can keep that in mind as we go with the questions to the witnesses, and keep some time.

Mr. James Moore: Are we going to do five-minute rounds of questions?

The Chair: Maybe we'll do five-minute rounds of questions. I'd like us to be able to get to the other guests as well.

Mr. Holland.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you very much.

Thank you for appearing today.

We're going to talk more about heritage in a little bit. I just wonder, first, if you could give your understanding as to whether any public consultations took place with respect to the potential sale of heritage buildings in either phase one or phase two. Were you aware of any public meetings?

Ms. Michèle Demers: Not to my understanding. I haven't heard of any such consultations.

Mr. Mark Holland: One of the things that obviously we have a concern with—and we certainly saw it at the end of the last Conservative government in Ontario—is the disposition of a lot of assets, including Highway 407 and others. It was actually the disposition of those assets that has sort of tried to make the books look good in the short term, although it was really hiding a structural deficit that was underneath those selloffs of assets.

Maybe you'd like to talk a little bit more about that and about your feelings that this really does represent a bad deal for the government in the long term, although it may help to make the books look pretty in the short term.

Ms. Michèle Demers: I'm going to share this podium with my colleague here, but with the fact that all of this has been done so much behind closed doors in a mode of secrecy and the fact that there's a lot of evidence of crumbling infrastructure in the country, whether it's government buildings, or roads, or overpasses, the fact that private industry, in cases very close to us, have demonstrated a lack of commitment to upkeep of the federal buildings is of grave concern to us.

I don't know, Don, if you want to add anything to that.

Mr. Don Burns (Vice-President, Professional Institute of the Public Service of Canada): It's very difficult for us to understand the whole philosophy behind the sale. We've tried on numerous occasions to get some of the background and to try to understand the business case for doing this. It wasn't obvious to us on the surface, and we've had professionals look at this proposal. They couldn't see anything other than an ideology behind it, but it seemed that the supporting information was taking the ideology and working backwards from that to try to justify the end.

Without some background from the government, we haven't been able to see why it makes sense. It certainly doesn't appear that way to us.

Mr. Mark Holland: I think I can infer this from your comments, but I'll ask it anyway just so that we're clear. You weren't consulted as this process moved along or your opinions asked, nor were you invited to a meeting to comment.

Ms. Michèle Demers: No, not at all.

Mr. Don Burns: Just the contrary, we've tried on numerous occasions to obtain information around the sale.

Mr. Don Burns: We've been trying to knock down doors.

Mr. Don Burns: We've been stonewalled from day one with ATIP requests, a request to the Department of Public Works and Government Services Canada, and we've received very little information to date.

Mr. Mark Holland: That's current? You're still not being invited to comment on the potential of continuing forward with phase two?

Mr. Don Burns: That's correct.

The Chair: Thank you, Mr. Holland.

I'll go to Madame Bourgeois.

[*Translation*]

Ms. Diane Bourgeois: Good morning, madam, sir. I really want to understand whom you represent. I imagine you represent professionals who, among other things, have to make buildings meet maintenance standards.

• (0945)

Ms. Michèle Demers: In fact, we represent 55,000 professionals in the federal public service and, more particularly, hundreds of engineers and architects who work for the Department of Public Works and Government Services to management renovation and construction projects on behalf of PWGSC across the country.

Ms. Diane Bourgeois: I imagine those engineers and architects tell you exactly how things work on the inside with regard to management, building sanitation and so on. Have they previously talked to you, for example, about inadequate budgets allocated for the rebuilding or maintenance of buildings?

Ms. Michèle Demers: Absolutely, and the situation today is obviously the result of what happened when the country was in deficit. There wasn't any money to put into maintaining government buildings, and they've deteriorated to the point of complete decrepitude. Today, the government's financial position is quite comfortable, but instead of investing money to fix up those buildings, it seems to be indicating that it wants to get rid of them, that it's going to make money in the short term and that it will lease

them. Everything's being done without any case analysis indicating that it's a good deal for Canadian citizens and taxpayers.

Ms. Diane Bourgeois: You say there was a significant reduction in budgets during the so-called financially difficult period. Would you say that was spread over about 10 years, from 1990 to 2000?

Ms. Michèle Demers: Roughly that, yes.

Ms. Diane Bourgeois: Did you sense that there was an additional reduction in real estate appropriations around 2005, 2006 and 2007, or whether it was continuous from about 1990? That's a good question, isn't it?

Ms. Michèle Demers: I can't answer your question because I don't know the answer. However, I know that the government, regardless of the party in power, was a bad manager of federal buildings and did not devote enough attention or care to the maintenance of buildings and infrastructure. We're seeing the results of that today. On the other hand, buildings and assets that belong to Canadians and for which we should at least...

We're not opposed to all sales of federal buildings. We're asking that they show us that it's a good deal in the short, medium and long terms. For the moment, we have no information, we don't know what the Canadian government is basing its decision on. In the short term, of course, this is going to bring in money.

Ms. Diane Bourgeois: Ms. Demers, the majority of federal government witnesses who have appeared here suggested that there had been bad management and that, ultimately, that was due to public servants. What do you think of that?

Ms. Michèle Demers: I don't think public servants can work miracles when no money is allocated to building maintenance. Public servants do what they can with what they have. No money was invested, or virtually none. One need only walk through the buildings in Ottawa to see how pitiful it is. Go to National Defence headquarters on Colonel By Drive and walk through the upper corridors; walk down Booth Street and Tunney's Pasture, and you'll see that the state of federal buildings is shameful. Someone must take the bull by the horns and say these buildings belong to Canadians, that they have to be renovated and fixed up in order to restore their value.

The Chair: Thank you, madam.

Mr. Moore, go ahead, please.

[*English*]

Mr. James Moore: Thank you very much.

I've read the booklet you've given to us. Thank you very much for providing that and the information. I appreciate it.

You mentioned that there was no consultation, that this was ideological, and that there was no background information. Minister Fortier came before this committee five specific times, three times specifically on this file. Have you read the Hansard transcripts and the blues of his presentation to this committee?

• (0950)

[*Translation*]

Ms. Michèle Demers: No.

[English]

Mr. James Moore: Minister Fortier tabled before this committee, more than five months ago, supporting documents outlining all the research that was done by the Department of Public Works under the Liberal government and under our Conservative government supporting this transaction.

Have you talked to the clerk to get that supporting information?

Ms. Michèle Demers: We have the documentation provided by PWGSC in the BMO Capital Market Real Estate Group and the RBC Capital Market Real Estate Group analysis. We have that. The only thing this indicates to us is that the government started with the premise that it needed to sell the government buildings and then fabricated rationale in order to support that.

The best example of that is that the reason given for the sale of the first nine buildings that were put on the sale block was that they needed too much renovation and repair and they needed to be sold in order for the government to be able to handle the situation. It so happens that the first buildings that were put on the sales block, that were put on the market, were the best, top-shape, new buildings owned by the federal government. So where's the logic, where's the link, where's the rationale?

So yes, we did read some reports that came from PWGSC, which told us nothing.

Mr. James Moore: I would suggest that you read all the documents, that you read the minister's presentation before the committee before you declare what the minister's intent was. I think that would be more than a little bit fair.

When I look at most public policy issues, I often take them and turn them around and ask what the inverse would be. Do you know what I'm saying? So if you're saying it's bad to lease government buildings, that we should own them, then let's look at it the opposite way. The government currently leases buildings all across this country. I'm thinking about my district, where the Department of Human Resources leases a large building because it doesn't occupy the entire building and the job of the federal government isn't to be a landlord and to assume that responsibility and risk for taxpayers.

Of all the buildings that the government currently leases, is it your position then that we should purchase those rather than lease them?

Ms. Michèle Demers: Not at all.

Mr. James Moore: So leasing does make sense?

Ms. Michèle Demers: Absolutely. Absolutely.

Mr. James Moore: If we have buildings, and private sector analysis has demonstrated clearly, both to the Liberal government... The Liberal government had an RFP to sell more than 360 federal government buildings. We've sold seven. Then we have two-thirds of the seats in the House of Commons occupied by political parties that support this public policy, so you're clearly in the minority in terms of your public policy position.

When we have clear indications from the two governing parties of this country, from private sector analysis, from our consultations, that this is the correct public policy decision, I don't understand how you can develop this position when you haven't even spoken to the minister or read his testimony.

Ms. Michèle Demers: I don't understand how you can say to this committee that you have clear indication that this is the best policy for this country, because who has shown you the long-term economic benefit of selling buildings, of paying for the repairs to those buildings, and in addition to that, leasing them back over 25 years? Where's the financial benefit in that? Where are the numbers?

We received a document from—what is this here?—Public Works, Deutsche Bank. Everything is blacked out in what was released through access to information. The numbers are all blacked out. Why is that? Why is it not transparent? We're going to sell these buildings, we're going to lease them back, and in the end the government and the taxpayers will be ahead of the game.

Mr. James Moore: With respect, I think you owe it to the people you're representing here, frankly, to get the new documents that have been presented before the committee. In the documents you have, those numbers were blacked out because of a confidentiality agreement that the government signs with the people with whom we do that business. To not black out that information in the time period while we're negotiating the best value for taxpayers' dollars and the lease/sellback of these buildings would be to rob taxpayers of the best value for these buildings. This is common practice at all levels of government. It's in order to protect taxpayers and to protect the confidentiality agreements that the government signs with those with whom we're doing business.

But the documents are available. They've been tabled with this committee, and you didn't answer the question that I asked a moment ago. Have you contacted the clerk of this committee to get all the supporting information we have tabled at this committee?

Ms. Michèle Demers: We have been asking PWGSC—

Mr. James Moore: Have you contacted the clerk?

Ms. Michèle Demers: We have contacted PWGSC, which is the employer of the members we represent, to request all the documents pertaining to the sale of government buildings.

Mr. James Moore: So you haven't contacted the clerk. I appreciate that.

The Chair: Thank you, Mr. Moore. Your five minutes are up.

We'll go to Mr. Angus and then Madame Folco.

• (0955)

Mr. Charlie Angus: Thank you very much for coming this morning.

I found your presentation very interesting. You raised a number of the questions we ourselves have been asking.

I'm very interested in this fire sale of public assets based on our obligation, after we've sold off our assets, to continue to pay for the upgrades. We've looked at the numbers, and what is very clear is that as soon as we sell these assets, there'll be an initial first-time bump that Mr. Flaherty will no doubt be able to claim as great fiscal management on the part of the Conservative government, but then we will be faced with the costs that go three and four times higher than what we're normally paying, and we pay that for 25 years. The end of that 25-year period is what interests me; what happens then?

When I was a young lad back in 1982, if someone offered me a deal for 25 years, I would certainly have agreed, because 25 years is a lifetime. Now as I get a little older, I realize that Faustian bargain we get ourselves into: in the life of a country, 25 years is not very long. In key urban centres we've already sold off key pieces of urban real estate that we will now be on the hook for in 25 years. If we want to continue to use those, we will be paying full market value.

Have you looked at the issue of what happens at the end of the 25-year period and what it means for the government departments that will have to be paying full market value either to access the buildings we once owned or to buy them back?

Ms. Michèle Demers: It's difficult to estimate what that's going to cost 25 years down the road. What we know is that 10 years down the road, the federal government is on the hook for paying half of the maintenance and repairs for those buildings that have been sold off to Larco Investments. In addition to the rent, they'd be paying for half the upkeep costs.

Mr. Charlie Angus: That's capital.

Ms. Michèle Demers: It's capital.

After 25 years, I don't know. Do you have an idea what the implication would be?

Mr. Don Burns: I don't think anyone would have that sort of crystal ball, but certainly the market values of the properties in Vancouver, such as the two buildings that were withdrawn from the sale, have been going up substantially over the years. I'm not sure if that was adequately reflected in the agreement.

Mr. Charlie Angus: I think the issue is that the change in the market value of those buildings from 1983 to today has been astronomical. It's not just with the rise of inflation; it's just the rise of real estate. We haven't seen any phenomenal plunge of real estate prices in memory, so here we are anticipating that 25 years down the road the civil servants who utilize those buildings will be looking at properties that are probably amortized many, many times over what they are now.

The issue is that the numbers we get from the government are all based on this principle that it all goes to zero at year 25, as if we're not going to have thousands of civil servants needing to use those buildings. How are we going to continue to maintain buildings that we're paying for, to access, because they belong to us? That's my first question.

Second, we've already seen issues of owners taking over buildings that were public, and then the issues of lawsuits that have taken place over buildings and the difficulty the federal government has had in getting landlords to actually maintain the upkeep on these buildings. What assurances would you be seeking to make sure the taxpayer isn't going to be stiffed at the end of this to pay for the upkeep of buildings we no longer own?

Ms. Michèle Demers: You know, I think you should be seeking those assurances as representatives of the population.

Obviously we're looking at experiences here in Canada that are not positive experiences. We're looking at experiences in Australia, New Zealand, and that part of the country where they've realized it was a bad deal to sell off the government buildings and lease them

back, so why are we repeating these errors of the Australian model? Why are we doing that?

Mr. Charlie Angus: Here's my final question. We've looked at the sale of the buildings to Larco, but we know there's a phase two involving about 40 buildings. When you look through the list of those buildings, the audacity of this plan to give away, to sell off, federal buildings that are key assets for us as a country is breathtaking.

You say it's ideological; I think it's idiotic. It might be ideological, but it seems to me idiotic. I can't see the benefit to the taxpayer at the end of the day.

Is that the experience you've seen from Australia—that this was simply an ideological exercise in selling off public assets to anyone who came along and wanted to grab them up?

• (1000)

Ms. Michèle Demers: It was, and it was for a short-term gain. It seems to be the same situation here.

The Chair: Thank you very much.

[*Translation*]

We'll go to Ms. Folco.

[*English*]

I want to remind you, though, that since the sale of the first, posted on the website of Public Works is the fact that there's a moratorium and they're not going to be moving forward on the rest of the buildings, at least at this time. I don't know exactly...but they are not moving forward on the sale of the balance of the buildings.

Ms. Michèle Demers: So far.

The Chair: That's right. Anything can happen after that.

Madame Folco.

[*Translation*]

Ms. Raymonde Folco: Thank you, Madam Chair.

Ms. Demers, Mr. Burns, I would like to thank you for being here this morning.

The meaning and concept of the word "consultation" aren't the same for me as they are for my colleague Mr. Moore. Consultation, in my opinion, means that the individuals elected by the Canadian population have a responsibility, when they want to create a program, to go to the Canadian population and ask for their opinion. It's fine to consult Hansard and the minutes of this committee's meetings, but it was up to the minister and his officials to do that. In my view, they had a responsibility to go to you and to consult you, you and other organizations who are stakeholders in this affair. I find this extremely unfortunate, and this is a trend that we've noticed, in the House, with regard to government programs.

I also have a question to ask you. On page 5 of your presentation, you say that, according to a 2003 Statistics Canada study, public infrastructure lowers the cost of producing a given level of output in virtually every Canadian industry. I would like you to explain to me how and why. I wonder if that's the case, as Statistics Canada noted in 2003, if that isn't an indirect, or perhaps even a direct, consequence, of the management of businesses for the Canadian economy, since we know that there are thousands of Canadians involved in construction. Could you explain that to us, please?

Ms. Michèle Demers: In fact, that Statistics Canada study shows that all investment, every injection of federal government funding and every federal presence in a given sector has direct and indirect impact on the private sector. To a certain degree, the one completes the other. As regards infrastructure, this has that effect on the private sector.

Ms. Raymonde Folco: Can you be more specific?

Ms. Michèle Demers: I'm going to let Mr. Burns answer.

[English]

Mr. Don Burns: I'm sorry.

Could you repeat the question, please?

Ms. Raymonde Folco: I'll put my question in English because there is really little time, Mr. Burns.

Quickly, it has to do with the fact that when the government owns a building or builds a building or whatever, it has consequences on the building trade in general, the private building trade throughout Canada.

Mr. Don Burns: Yes, I understand. That's what the report has shown. When the government invests in infrastructure, the private sector reaps a benefit from that.

Ms. Raymonde Folco: Could you be specific on this?

Mr. Don Burns: If the government constructs a road, the private sector doesn't have to build a road to access their property. Therefore, they get a financial advantage from that. Anytime the federal government is spending money on infrastructure, there is a positive spin-off to the private sector that reaps a benefit from that, plus there is the obvious contract work and so on that they would gain from that.

Ms. Raymonde Folco: If I have enough time, I would like you, if possible, to give me an example that concerns buildings, because that's what we're talking about today, not roads.

•(1005)

Mr. Don Burns: Well, if the government builds a major—

Ms. Raymonde Folco: I'm just trying to understand better, that's all.

Mr. Don Burns: If the government builds a major building, the spin-off effects are that the employees who work in that building and the other private sector companies that are located around that do business with that government operation, so it improves their bottom line, I guess. It benefits.

We can have our analyst elaborate more on that particular issue.

The Chair: Just for a short period of time.

Ms. Denise Doherty-Delorme (Section Head of Research, Professional Institute of the Public Service of Canada): Very quickly, again, an example is Saskatoon. Your federal government has put in highways to get to Saskatoon. Also there's the synchrotron there. There is now a scientific part there, so when private companies are setting up it's easier to track scientists. There are auditors. There are assistants, technical people. There is a critical mass. The private sector can access the building that's there. There are libraries. Everything that the federal government puts up the private sector can reap benefits from. So from every dollar that's spent on federal capital—just the building, the synchrotron, and the scientific part of it that's there—the private companies will get a 17% positive economic benefit.

The Chair: Thank you.

[Translation]

We'll continue with Ms.—

Ms. Raymonde Folco: I asked you the question. I'd like to have more information from the witnesses.

The Chair: Perhaps you can speak to her.

We'll continue with Ms. Faille.

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): I wanted to congratulate you on your presentation. In a previous life, I was a real estate management consultant for the Government of Quebec. We worked in the construction of early childhood centres. That included the implementation of an innovative way of managing a real property stock. Around 2004, before I became a member of Parliament, the Government of Quebec, in particular the CIQ, was wondering how it was going to manage the 350 buildings that it owned. I remember a study that had been conducted and published at that time. It enabled us to see what the best choice was for taxpayers.

The federal government clearly proceeded quickly. As you mentioned, the fact that the criteria are not known and that people don't know how this was done is appalling. However, there are also other aspects that may have an impact on the way we manage our buildings. I have a study here. We've had the same problem in the past. As you are no doubt aware, there is a high turnover rate among professionals. It's no different in the Government of Quebec or in other public bodies. When the turnover rate is high among professionals, that increases project management costs. Perhaps you could explain to us whether there are problems of this kind at the Department of Public Works and Government Services. I know that's a fairly specific question. Is the turnover rate of technical staff a problem that the department should address? Otherwise, should the department address the way it manages its projects and real property stock?

The Government of Quebec has maintained its real property stock and has a maintenance plan because it was forced to realize at one point that it was facing challenges of this kind with buy-outs, the way it retained its staff and the decision to retain management of its public buildings. There has to be an advantage in doing that.

[English]

Mr. Don Burns: I'm not aware that the Department of Public Works and Government Services has an issue with the loss of professional staff. Most of the work is contracted out to private consultants and is only managed by the engineers and architects within Public Works, so I don't believe there is a problem. In the future that may materialize, with our aging workforce, but at the present time I'm not aware that there is any problem that way with the capacity to do the work in-house.

• (1010)

[Translation]

Ms. Meili Faille: The staff used to manage the real property stock consists of professional subcontractors. Is that what you're saying?

Ms. Michèle Demers: Those who do project management are part of our staff.

Ms. Meili Faille: Are these people from the private sector?

Ms. Michèle Demers: These are federal public service employees affiliated with our union. As a general rule, consulting firms handle the operations. If there is any turnover, that may be where it occurs. I don't think there is a disproportionate turnover rate among professionals at Public Works and Government Services.

Ms. Meili Faille: All right. So you don't think staff has an additional workload that, combined with factors such as a turnover rate—

Ms. Michèle Demers: For decades now, professionals have been asked to do more with less. Resources have been cut and certain programs have been cancelled, which has had the cumulative effect of significantly increasing the burden. No one has told us that was one of the reasons or factors leading to the sale of federal buildings.

Ms. Meili Faille: These aren't internal factors.

The Chair: Thank you, Ms. Faille.

[English]

We're going to end with Mr. Kramp. Then we'll be able to hear from our next witness.

Mr. Daryl Kramp: Thank you, Madam Chair.

Welcome to our witnesses. I think everyone shares our passion of purpose on this. There obviously are some differences of opinion, but it's just that. If you were to talk to Canadians in general, you'd probably have 30 million different opinions. Our duty as a committee is to report not on what we want, wish, feel, see, not just what tears at the heart, but the factual information that is presented to this committee. That's the one point that sort of does concern me with your position right now, although certainly no offence is meant from this.

Obviously, as stated by Mr. Moore, we've had the minister directly, five times, before this committee on the issue. We have heard from many, many expert witnesses, whether in the private field, the public field, or the educational field. We've heard from professors, ministers, deputy ministers, financial experts. We've heard a pile of pros and cons on this entire topic.

The committee came to its deliberations based on the testimony that was given, the specific testimony on specific topics, on specific

rental leases—understanding, of course, that the devil can be in the details in many leaseback arrangements and/or whatever else notwithstanding.

As an example, the CBC building in Toronto has been deemed by many in the professional field to be one of the most idealistic lease arrangements that they have seen. It really covered both ends of the spectrum, with built-in protection for both owner and lessee. The decision to learn from all of these things and the information that came to this committee really established the best practices for us to go forward.

That's why I really think it's incumbent on you to fully evaluate the testimony that has been given here and perhaps come back to this committee, after having fully evaluated all of the detailed testimony from previous governments, in addition to our government's—and all of the other independent parties'—on this issue.

I'm not suggesting your assessment might not be correct—it might not change, or it might—but I really have difficulty with, “Well, in the opinion of *The Globe and Mail*...” With all due respect to our national media, they obviously didn't sit through the hours and hours of testimony from the witnesses that this committee did before it passed its opinion. Unfortunately, a number of our new committee members here as well, although well-intentioned, did not listen either to the countless hours of testimony on this issue that this committee did before passing judgment.

We have not come up with our final conclusions, obviously, and your testimony is important. Might I ask you once again, what particular comment, what particular statement, what particular testimony are you in direct contradiction with or do not agree with?

I think it's an unfair question to ask you right now....

• (1015)

Ms. Michèle Demers: No, it's not unfair at all. Actually, I fully understand where you're coming from, and I fully understand what you're trying to get from me.

I would love to have come to this committee with factual information, with a good understanding of what this process is about, where the government is going with it, and what the impact will be on Canadians in the long term. I swear on my honour, we were unable to get any precise, focused information.

As I tried to say to your colleague, no, I didn't contact the clerk, but I did try to get as much information as I could that was relevant to the members I represent. I was unable to do that.

Mr. Daryl Kramp: What I suggest, with all due respect, is that I think there is more information you need. It is readily available through our clerk, and it's readily available through the media releases from October 31, 2007. It's available from a number of sources. You can take that, and if you still have legitimate concerns.... I'm not suggesting that they're not, because we need to hear a total perspective.

Access that, and if you have a level of discomfort at that particular point, then please, by all means, you're certainly welcome before this committee to express your reservations and/or your concerns. But I think it's incumbent upon you. If you were just not aware that the possibility existed before, I can understand, because we live in a rather complex bureaucratic world up in this Ottawa scene. I hope that is an explanation you would find satisfactory.

Ms. Michèle Demers: Madam Chair, may I ask this gentleman just one short question before I leave?

If what you say is correct, and I have no reason to doubt it, can you explain to me why this committee asked for a moratorium late last fall because they didn't have enough information on the sale of the buildings? Where's the link between what you say and what happened a couple of months ago?

Mr. Daryl Kramp: It's the difference between the building—

Mr. James Moore: The minister came before the committee after that.

Mr. Daryl Kramp: The minister came to this committee and responded exactly to that question. He gave, to my mind, a very reasonable explanation as to a separation of the types of buildings and the lease arrangements that could or should be made for those particular buildings versus the lease arrangements that might or might not be available for some of the other buildings. Of course, it came down to a cost-benefit analysis all the way through. I extrapolated not only for the time period of 20 to 25 years, but obviously in perpetuity, as best as anybody could guess, given the unknown circumstances.

The Chair: Thank you, Mr. Kramp.

Madame Bourgeois has a point of order.

[*Translation*]

Ms. Diane Bourgeois: I have a point of order. I find it quite curious that the Professional Institute is being told to get more information and come and find the documents. We committee members have sat for some time and we don't have that information.

The Chair: Ms. Bourgeois, what is your point of order? That's not a point of order.

Ms. Diane Bourgeois: Whatever, I simply wanted to say that we shouldn't question the appearance of witnesses.

[*English*]

The Chair: Thank you very much.

Do you know what? I'm going to end this right now, and I'm going to tell you that as a former Minister of Public Works, and as a person who has been in Ottawa as a representative for almost 20 years, I remain to be convinced one way or the other. I've been chairing this committee throughout all the hearings, and I'm still not convinced. Now, I know that there are times when there are good deals and there are others that aren't so good, but I still remain to be convinced to this day. There's an awful lot of information here, and sometimes it's very difficult to really know.

Thank you very much for coming before us.

We'll just take a minute break so we can hear from our next witness, Madame Bull, who is the executive director of the Heritage

Canada Foundation. This next segment will be about heritage buildings in Canada.

- _____ (Pause) _____
-
- (1020)

The Chair: I'll bring the committee back to order.

We have our guests here. We have Madame Natalie Bull here, who is the executive director of the Heritage Canada Foundation.

We're very interested in heritage buildings and the management of them, because I know the Government of Canada has a great number of them, and that's why we've invited you here today.

I'm going to cut your time short because we were late getting started. If you'd like to make a short presentation, we'll then open it to questions.

Mrs. Natalie Bull (Executive Director, Heritage Canada Foundation): Thank you for the invitation to present to the committee.

The Heritage Canada Foundation is an independent charitable organization with a public mandate to promote the protection, rehabilitation, and sustainable reuse of Canada's historic buildings. You may have heard recently about our "Make Landmarks, Not Landfill" campaign.

You might ask why the Heritage Canada Foundation is interested in this topic and why we've been invited. The federal government is a major property holder and counts more than 1,300 designated heritage buildings among its inventory. There are many more buildings that are eligible for review as heritage buildings but are in a backlog not yet reviewed, so that number could be much higher. Buildings are getting older every day, so the numbers rise regularly.

Canadians look to their federal government for leadership and as an example. Therefore, federal actions and decisions about the treatment of heritage buildings is of great interest to the Heritage Canada Foundation.

The 35 buildings in the real estate study included many heritage buildings, such as the Dominion Building in Toronto, the National Printing Bureau in Gatineau, the East Memorial building in Ottawa, and the Wellington Building that we're sitting in today. I'm sure you noticed its beautiful public spaces as you came in. It also included a number of what we would call recent heritage buildings, or potential heritage buildings, like the Gatineau Preservation Centre and the Asticou Centre. These are buildings that have a special architectural quality and would likely be considered heritage buildings at some point.

Our concerns fall into two areas. One is the important role of the federal government as a trustee of legacy buildings. Our second concern is the risk that heritage buildings face when they leave the federal inventory. I'd like to say a few words about those two ideas.

The first one is the question of legacy. Federal buildings are about accommodating civil servants, but they do a lot more than that. Traditionally they were designed to make a big impression and to reflect our ideals as a nation. They were built to last as public landmarks and monuments and they really represented the federal presence in towns and cities across the country. They were also designed to demonstrate high standards of design and construction, and they often showcased some of our best architects. In short, we would say that they represent a legacy that belongs to all taxpayers.

If you're not familiar with this study, called *Crown Assets: The Architecture of the Department of Public Works*, I would really encourage you to have a look at it. I can certainly make it available to the committee. It really looks at the great architectural legacy of the Department of Public Works.

I would encourage you to consider the example set by Public Works' equivalent in the U.S., the General Services Administration. Like Public Works, GSA has had to deal with the rationalizing of their inventory, and they have sold buildings, but in the process of doing that, they've also recognized that some federal buildings have not only a monetary value but a cultural value, and that they are part of a legacy held in public trust. GSA's first study about grappling with its inventory was called *Held in Public Trust*.

GSA has systematically exploited and benefited from the public relations potential of their legacy buildings, their special architectural buildings, through a number of programs that they use strategically to generate good news stories and to connect citizens with the federal presence through great architecture. Again, I won't go into detail, but there are a number of programs where they've invested and highlighted the quality of their great historic buildings.

I also wanted to bring to your attention the U.S. federal government's "heritage first" policy, which increases the market demand for heritage buildings, both inside and outside government. Since 1996, all federal agencies are required to fill their accommodation needs by first turning to underutilized heritage buildings in their own portfolio or in the private sector.

That's a way to help make landmarks, not landfill. It ensures that the private sector responds by rehabilitating and purchasing historic buildings, knowing there might be a viable market for them. We urge government to follow GSA's example and treat its heritage buildings as assets worth retaining and investing in.

I could also tell you about a GSA study that actually showed operational costs for heritage buildings coming in at a lower cost than some modern office accommodations, for a number of reasons.

The second point I wanted to discuss is the risk posed by gaps in protection when buildings leave the federal inventory. While buildings are in federal ownership, heritage buildings are subject to the federal heritage buildings policy, which is deeply flawed, but it does provide a basic standard. It does require a certain level of scrutiny and review of any changes or the proposed sale of heritage buildings. That's completed by staff with expertise in heritage conservation. It really represents a certain degree of commitment to protecting the character of buildings throughout their life cycle.

●(1025)

How do you ensure that same scrutiny and protection will continue once the building leaves federal hands? Fundamentally we believe the only effective strategy for protecting heritage buildings through changes in ownership is by protective covenants registered on title.

Current disposal practice, according to the Treasury Board "Guide to the Management of Real Property", requires the government to make best efforts toward protection, but it does not require a covenant or some other form of statutory protection as a condition of sale. And it's our understanding that two of the three heritage buildings that were sold as part of the first batch in August do not have protective covenants registered on title. Without such protection, the risk is that these buildings will be inappropriately altered over time in ways that would compromise their heritage value and their design, and that even demolition could occur. We've actually seen that in some cases.

In closing, we have a couple of recommendations we'd like to bring to you. The first one is that before considering disposal, government give due consideration to the fact that some federal buildings have cultural and symbolic value and that they really are part of the national legacy that should continue to be held in public trust.

Secondly, we would encourage you to consider enacting statutory protection for federal historic places in the form of the long-anticipated proposed Canada historic places act. That should include statutory protection and maintenance standards for federally owned and regulated historic places; heritage first provisions, as I described to you, which exist in the U.S., that would promote the reuse of existing buildings in a sustainable way; and finally, the requirement for protective covenants registered on title for architecturally and historically significant buildings sold out of the inventory.

Thank you very much.

●(1030)

The Chair: Thank you.

Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): Thank you very much, Madam Chair.

I also want to thank our witness and congratulate Heritage Canada Foundation for the amazing work they've been doing over the years.

I think you're absolutely right that the collection we have of buildings and heritage assets across the country is quite fundamental to our country's essence of what we are as a people and as a nation. It's really the soul of what Canada is all about. If we destroy that, we really destroy our history. And it's very important that we do everything possible to maintain them.

I understand your recommendations and your concerns. There is a need to be more proactive, certainly to make all efforts. But beyond that, I like your suggestion about the statutory protection of the covenant, because I think you're right, just to make the best efforts is not always good enough and you're always worried about what's going to happen to these historic buildings down the road.

I think we don't do enough, for whatever reason, compared to most western countries. I was born in Europe, and I find we just don't have this great attachment to our historic buildings as we should. And every time we spend money, people always misconstrue it, even the media, and we politicians do it ourselves. We're constantly critical, saying that it's just wasting money. It's not wasting money; it's really protecting our history and what Canada is all about. It's really important that we spend a good amount of time dealing with heritage issues, because it's so fundamentally important.

Even, for example, on renovating 24 Sussex Drive or Rideau Hall, people get very worried about that. I find it appalling that people don't understand that this belongs to all Canadians. It doesn't belong to the Prime Minister or the Governor General; it belongs to all of us for all time.

I get very saddened when I hear comments from people that belittle our history and belittle these important monuments we have, and when there's not enough attention paid to them, because they don't belong to one individual; they belong to all of us for all time, for present generations and future generations as well.

I really like the idea you're suggesting about a covenant. Could you give us some practical ways we can make sure this is within our agreements?

Mrs. Natalie Bull: There are certainly organizations set up to design and manage covenants. One of the issues with putting a covenant on a property and selling it is that the covenant really has no value unless it's being monitored.

Often when a building is sold, a portion of the proceeds of the sale are set aside to pay for the expertise that would be involved in monitoring changes, reviewing changes, and confirming them over time. Really, even with a covenant, the goal is not to freeze the building in time forever; it's really about management of change. We really promote the sustainable reuse of buildings. Buildings have to change and move with us into the future, but it does require expertise to make sure those changes are made in the most appropriate way.

Mr. Mario Silva: Have you also been watching what's been happening in U.S.? You talked quite a bit about there being heritage protection for buildings in the U.S. Has that been working successfully? Have you been in touch with some of your counterparts in the U.S.?

Mrs. Natalie Bull: In the U.S. there is statutory protection of federal buildings. One of the most important components of that is the requirement for a review process that gives the public an opportunity to comment on changes or proposed demolition of buildings. That's a key piece of the puzzle. It's about engaging Canadians and giving Canadians a voice in managing these buildings, which are really public assets.

Mr. Mario Silva: Thank you very much.

The Chair: Thank you.

Madame Bourgeois.

[*Translation*]

Ms. Diane Bourgeois: Good morning, madam. First I want to congratulate you on your magazine, which I always read very carefully. I think it's quite special to have such a good heritage magazine.

In your presentation, you said that there was no legislation on historic sites in Canada. Is that what you're seeking?

• (1035)

Mrs. Natalie Bull: There's no legislation for buildings belonging to the federal government.

Ms. Diane Bourgeois: There's no legislation?

Mrs. Natalie Bull: That's correct. There's the Federal Heritage Buildings Review Office, but that's more of a policy. So it's given less respect and investment than an act.

Ms. Diane Bourgeois: You seem to say that, in the case of the sale of a building that could be considered as historic or as a heritage building, there is no provision for its preservation.

Mrs. Natalie Bull: The current policy attempts, as far as possible, to protect the building for the future. The building may be designated under a provincial act, such as the Ontario Heritage Trust. The government has a duty to make this effort, but it is not required to do so.

Ms. Diane Bourgeois: Is there a Canadian register of heritage buildings?

Mrs. Natalie Bull: Yes.

Ms. Diane Bourgeois: Are those buildings quite frequently sold to private interests?

Mrs. Natalie Bull: These buildings of all kinds belong to both the private and public sectors and are protected by a provincial or municipal statute.

Ms. Diane Bourgeois: Ultimately, the only protection is provincial statutes.

Mrs. Natalie Bull: It's possible to get an easement. It's also possible for the building to be protected under a provincial act.

Ms. Diane Bourgeois: France has an outstanding heritage, which it tries to preserve. Last year, however, it said that was costing a fortune. I don't know how it manages to allocate funding for its maintenance. If the government said it wanted to preserve our heritage but that it would be very costly to do so, would it be worth the trouble?

Mrs. Natalie Bull: It's worth the trouble. There are resources. I don't know what there is in France, but the United States offers tax incentives to the private sector to encourage it to invest in historic buildings. There's also a federal endowment fund that makes money available to non-profit organizations to encourage them to preserve historic buildings. We're talking about carrots and sticks. Statutes prohibit certain practices, but there has to be funding to encourage conservation. In Canada, there are no national funds or tax incentives at the federal level, two programs that the Heritage Canada Foundation has been encouraging for a long time.

Ms. Diane Bourgeois: Do you encourage public-private cooperation? I'll give you an example. I went to Montebello to see Louis-Joseph Papineau's house. That's my heritage. I was so surprised to see that I couldn't visit the house because I hadn't paid the \$2 admission. It's not so much the \$2 amount that's important to me, but the fact that the built heritage can't be put at the service of the public free of charge. If a family of four doesn't pay \$8 or \$10, it can't visit this heritage. It's a private business that's managing this well-known heritage site.

What do you think of that?

• (1040)

Mrs. Natalie Bull: Some buildings are financially self-sufficient, like the one you've just referred to. There are also a number of buildings, such as museums, that are open to the public. Without revenue sources, it's hard to ensure the survival of these buildings because they're expensive to maintain.

We encourage the sustainable use of buildings. Buildings need a market. It's very interesting to adapt buildings to modern uses. We have a large collection of very special buildings, such as Louis-Joseph Papineau's house. A number of these buildings should be used less and conserve more as museums. Once again, funding is needed to support these activities.

As regards the question of public-private funding, there are some very promising options. We're also studying the possibility of establishing a fund and encouraging the private sector to make donations and to take part in the restoration of heritage sites, to take advantage of sponsorships and so on.

Ms. Diane Bourgeois: Perfect, thank you.

[*English*]

The Chair: Mr. Albrecht.

Mr. Harold Albrecht: Thank you, Madam Chair.

Thank you for being here today.

I'm sure I speak for all of my colleagues when I say we're all interested in preserving the heritage of our communities. In my area there is a very active heritage group that's working diligently at protecting the character of buildings and other structures in my riding.

I'd just like to say as well that I don't remember having seen this before, but I would welcome this. Maybe it comes to our office and my staff files it with the hundreds of others, but it is a great magazine. Maybe you could come up to the Waterloo region some time and focus, for example, on the Walper Terrace Hotel, Doon Pioneer Memorial Tower, West Montrose Covered Bridge, and other structures, bridges, and barns and so on that have been designated. I applaud the work of heritage communities.

I want to come back to your three recommendations for a minute. I don't have it in writing so I may not have it accurately, but in your first recommendation there was something to the effect that before the government considers sales of its buildings, it should give consideration to the cultural value. I don't think you're implying that didn't happen, but I just wanted to point out that in fact there was a pretty detailed study done and consultation took place with

provinces and municipalities in these jurisdictions in the interest of having their buildings designated. I think that piece is in place.

Also, as I'm sure you're aware, we did include, as in your third recommendation, that there be a protection covenant or something to that effect, and that also was included in the sale-leaseback agreement to protect the heritage character of these designated buildings.

I just wonder if you could comment. Those are two of your recommendations, your first and third, and my understanding is that those are already being worked on or have been done. What are the shortfalls in terms of what your ideals are from your recommendations and what I perceive we are already doing as a government?

Mrs. Natalie Bull: Thank you for your question.

On our first recommendation about considering cultural value, basically what we are saying is that we believe there are buildings that should be retained in public ownership, that have a symbolic importance for the Government of Canada, that are seen by Canadians as important federal buildings.

There are certain buildings on the list—such as the National Library and Public Archives, for example, which is not only a building with a real public presence but also a very important building architecturally—that we are saying the government should consider holding in public trust, not just making sure they're protected when they are sold.

Mr. Harold Albrecht: For example, we wouldn't consider selling Centre Block or West Block, or something like that.

Mrs. Natalie Bull: That's right.

Mr. Harold Albrecht: I think we're all in agreement there.

• (1045)

Mrs. Natalie Bull: I would just say there are buildings on the list of the 35 that, in my view, are as significant as those high-profile buildings you named.

Mr. Harold Albrecht: So your first recommendation, clearly, is that, whenever possible, we not sell them. But you also then come to what I would consider a fallback position, in your third recommendation, where you urge us to have this protective covenant. I just want to understand your understanding of what the current protective covenant does and what its shortfalls are.

Mrs. Natalie Bull: We haven't seen the terms of the lease or what the covenant actually says, so I can't comment in detail on what it accomplishes. Again, our understanding is that only one of the three designated heritage buildings sold to date has the covenant registered on title, but there are covenants.

Mr. Harold Albrecht: My understanding is that they're all included with this heritage covenant agreement, and I would welcome input contrary to that, if you have evidence of that.

Mrs. Natalie Bull: I think the presentation that was made available to us indicated—and our sources indicate this—that all three buildings have covenants, but only one of them is registered on title. When the lease expires or when the building is sold, the covenant on two of those buildings disappears.

Mr. Harold Albrecht: Are you referring to at the end of the 25-year period, or are you referring to now, when the sale is concluded?

Mrs. Natalie Bull: My understanding is that for two of the buildings, the covenant is related to the government's lease of the building, so it's built into the government continuing to be a tenant. If the government pulls out or the owner decides to sell the building at some point or seek another tenant, that protection is no longer in place.

Mr. Harold Albrecht: I had another question, but my list escapes me. Maybe I'll come back later.

The Chair: Thank you.

Mr. Angus.

Mr. Charlie Angus: Thank you, Madam Bull.

I found this an excellent presentation. It was very clear. I think it's given us a number of issues that we should be looking at. It's incumbent upon us.

I am very partial to our heritage buildings. When I was a wee lad growing up in a northern mining town, our notion of the federal assets was the Parliament Buildings. When we finally got to come to Ottawa, we did what every Canadian seems to do: we came to the wonderful grounds, the great open public commons that exist on Parliament Hill, and saw the buildings.

I find today, when I see all the young school groups coming, I'm ashamed at the condition of the buildings. West Block looks as though it's being held together by my old granny's knickers. We have trapezes all over the place, not because we're building, but to catch falling chimneys. These are the premier federal buildings of Canada. If you walk through West Block and you see the plastic sheets up on the inside to hold the rainwater, it's a shame. These are symbols of what our country is.

I know for a fact that the fixing of these buildings is difficult, because you need stonemasons, and stonemasons are rare these days. We actually built, I understand, a team of stonemasons to come to Ottawa to put this together, and now they're leaving because nobody at Treasury Board seems to want to actually okay the work. The longer we go with West Block deteriorating, East Block deteriorating.... We need a vision here to actually deal with this.

If we actually get through this next three-week monkey period, I would certainly like in the spring, if we are still around, to raise the issue of our federal buildings here on Parliament Hill and to see what plans are in place to move beyond holding them together with nylons and strings to actually building them.

But that was an opening rant, because I think it is indicative of the need for us to be more careful, as a federal government, with our federal assets.

I'm very interested in what you're saying about this issue of covenant and title. I would actually ask that information on how the sale of these buildings was done be brought forward so we can see if the covenant is on title. Does it need to be? These would be recommendations that we would certainly be able to bring forward. I think it's incumbent upon us to bring them forward.

I'm going to ask you just a simple question, because I think you've been very clear in what needs to be done and clear in your recommendations.

In terms of the government's need to ensure the development and protection of heritage sites, we did have a program—did we not?—that encouraged private sector companies to actually renovate and maintain buildings rather than turning them into landfill. These were not necessarily federal buildings. These were buildings like Barrington Street, in Halifax, and the old Gooderham and Worts in Toronto, places that otherwise would have gone under the wrecking ball. It was actually an innovative tax incentive program that allowed the private sector to decide that it's worth saving these buildings and it's worth making them usable in the 21st century. That program was cancelled recently.

Can you explain what you think would need to be done in order to encourage that these heritage buildings not hit the landfill?

• (1050)

Mrs. Natalie Bull: I'd be happy to. There was a program, the commercial heritage properties incentive fund, modelled on the U.S. federal tax incentive I mentioned earlier, that was an excellent way to encourage private sector owners to go the extra mile and invest in a building that might otherwise be easier to demolish and push into landfill. It provided 20% of the cost of rehabilitation. It was a contribution program. The pilot was wound up early.

In the heritage sector, we're all waiting with bated breath for the introduction of the tax incentive this program was designed to pilot. We'll be looking for it in the federal 2008 budget.

Even the federal buildings that are proposed to be sold into the private sector could benefit from that kind of program. With a tax-based incentive program, an owner could invest in doing restoration work that might otherwise be economically challenging. It certainly revolutionized the way developers look at buildings in the United States.

Mr. Charlie Angus: Thank you.

[Translation]

The Chair: Ms. Faille.

Ms. Meili Faille: Thank you. I would like to thank you for your presentation.

My question concerns the designation of new Canadian Heritage buildings. There is a program. In my riding, we've been trying for a number of years to have certain buildings recognized as heritage buildings. From what I understand, there's a kind of moratorium; no more funding is available to add new heritage buildings.

Is that correct?

Mrs. Natalie Bull: That depends. The designation can be made at a number of levels, local or federal. The Historic Sites and Monuments Board of Canada studies the buildings and makes designations. This isn't actual protection, but an honorary commemoration. No cost is associated with it.

Ms. Meili Faille: We've filed grant applications with Parks Canada to help us determine how to keep those buildings in good condition. We still haven't received any answers to those funding requests.

Are you aware of that program? Is funding inadequate, or is there simply no more funding?

Mrs. Natalie Bull: At the time, funding could be obtained to restore national historic sites, but there's no more funding in that program. There's virtually no more funding for historic buildings at the federal level.

Ms. Meili Faille: So no more money has been invested in this fund in the past two years.

Since when?

Mrs. Natalie Bull: There's been no more money in the fund for a long time, at least five years. We can send you the details.

Ms. Meili Faille: Please.

Mrs. Natalie Bull: We analyzed the existing historic buildings preservation programs, and it's a fairly sad story.

Ms. Meili Faille: I know. In my riding, we were led to believe we might be able to obtain funding from the program. According to the information we had, the funding had been exhausted.

Mrs. Natalie Bull: Perhaps we could talk later on about the details of the buildings you referred to.

Ms. Meili Faille: Yes, please.

If we summarize your recommendations, we should evaluate a building's symbolic value before selling it.

Mrs. Natalie Bull: Yes. We should try to keep these buildings in the federal inventory.

Ms. Meili Faille: All right. As my colleague Mr. Angus said, if we decided to restore the fund, in the event it would cost less to demolish a building than to rebuild it, could we allocate 20%, for example, based on the cultural value of that asset? However, there's still no act.

Do you have any recommendations for the purpose of developing a bill?

Mrs. Natalie Bull: There's a draft bill at Parks Canada.

•(1055)

Ms. Meili Faille: At Parks Canada.

Mrs. Natalie Bull: It's there, but it still has to be developed.

Ms. Meili Faille: Did you cooperate in developing that legislation?

Mrs. Natalie Bull: Pardon me?

Ms. Meili Faille: Did you or your association cooperate in developing that draft legislation?

Mrs. Natalie Bull: We're in favour of that legislation, but we weren't invited to take part in developing it.

Ms. Meili Faille: All right. But that legislation exists in draft form.

Mrs. Natalie Bull: That's correct.

Ms. Meili Faille: Thank you.

[English]

The Chair: *Merci.*

We'll end with Mr. Albrecht.

Mr. Harold Albrecht: Thank you. I just wanted to comment before I get to my last question. I'm glad to hear that Mr. Angus is considering recognizing the value of private enterprise and working along with the heritage people to preserve their assets.

Personally, I would say I would be more than willing to look at a proposal for some way of studying how we could develop some type of partnership. I think the primary player in this one would have to be municipal or provincial government, but I would certainly be willing to look at a proposal that would incorporate those three levels of government, whether it be a tax break on property taxes, as you suggested, or whatever other kinds of initiatives we could pursue.

I did come back to my third question, and the reason I couldn't find it was that it related to your second recommendation, statutory protection.

Now, I just picked up on a bit of the conversation about a draft bill. Is that the draft bill you were referring to when you answered the previous question, or was that a different issue you were speaking to?

Mrs. Natalie Bull: I've forgotten the previous question, but —

Mr. Harold Albrecht: It's related to Parks Canada.

Mrs. Natalie Bull: The Canada historic places act.

Mr. Harold Albrecht: Is that what you were referring to in recommendation two?

Mrs. Natalie Bull: Yes, that's right.

Mr. Harold Albrecht: Do you have a copy of that or would you have a copy of the draft? I would be interested in looking at it, at least, and seeing where it is.

Mrs. Natalie Bull: Well, I am a former Public Works employee, so I was involved in reviewing the draft bill as an employee, but in my current role I don't have access to it.

Mr. Harold Albrecht: When was that? How long ago? What kind of timeline are we looking at?

Mrs. Natalie Bull: It was about three years ago.

Mr. Harold Albrecht: And as far as you're aware, there's been no action on that in the past three years?

Mrs. Natalie Bull: That's my understanding.

Mr. Harold Albrecht: I think that's worth pursuing, and if there were some way I could get a copy of the original work, I'd be happy to look at that.

That's all I have. Thank you.

The Chair: Thank you very much.

Thank you very much for coming forward and speaking with us. You've given us some very valuable information.

Mrs. Natalie Bull: Thank you.

The Chair: Thank you.

Our next meeting is February 26 in the morning, and we will be hearing from witnesses on the light rail issue.

The meeting is adjourned.

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