



**HOUSE OF COMMONS
CANADA**

**CHAPTER 7, ACQUISITION OF LEASED OFFICE
SPACE OF THE MAY 2006 REPORT OF THE
AUDITOR GENERAL OF CANADA (PLACE
VICTORIA)**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, MP
Chair**

DECEMBER 2009

40th PARLIAMENT, 2nd SESSION



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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

TWENTY-THIRD REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 7, Acquisition of Leased Office Space of the May 2006 Report of the Auditor General of Canada (Place Victoria) and has agreed to report the following:

INTRODUCTION

In Chapter 7 of her May 2006 Status Report the Office of the Auditor General (OAG) presented the results of a follow-up audit of Public Works and Government Services Canada's (PWGSC, the Department) management of the acquisition of leased office space used to house government departments and agencies. The OAG noted that although client departments and agencies, Treasury Board, and PWGSC share responsibility for the cost of office accommodation (which can create delays and/or additional costs), PWGSC has the ultimate authority to impose accommodation solutions.¹ The OAG asserted, however, that the Department has not always used this authority, occasionally resulting in additional costs to the Crown and Canadian taxpayers.

To illustrate this point, the OAG provided an example in which the Economic Development Agency for the Regions of Québec (the Agency) had rejected the Department's recommended choice for its headquarters accommodation in Montréal, which was selected through competitive tender. With the lease on the Agency's headquarters at 800 Place Victoria due to expire in March 2003, the Department set in motion a process in December 2000 to find new accommodation. A competitive tender was initiated and concluded with the selection of new office space located nearby in Place Bonaventure. Both the Department and the Agency agreed on the choice of new office space and a lease was signed with its owner.

In the exhibit setting forth the details, however, the OAG reported that "the Secretary of State for the Agency sent a letter to the Minister of PWGSC asking him to renew the lease at Place Victoria. The Minister of PWGSC approved the renewal of the lease at Place Victoria."²

The Agency's decision to reject the outcome of the competitive tendering process came approximately two weeks after PWGSC had agreed to sign a new lease with the

¹ Office of the Auditor General of Canada, May 2006 Report, "Chapter 7—Acquisition of Leased Office Space," paragraph 7.16. The Department has the authority to impose solutions under the Treasury Board Real Property Management Framework Policy.

² Ibid, Exhibit 7.2.

owners of Place Bonaventure. The OAG determined that because the Department did not use its authority to impose the result of the tendering process, the Crown incurred an additional cost of \$4.6 million. This case study attracted the Committee's attention because it appeared to represent a disregard for the resulting additional costs to the Department, the Government, and the taxpayers of Canada. Consequently, the Committee decided to examine this incident in greater detail.

On 8 June 2006, the Committee met with witnesses from Public Works and Government Services Canada, Treasury Board Secretariat, and the Office of the Auditor General of Canada to review Chapter 7 of the 2006 Status Report, entitled "Acquisition of Leased Office Space."³ Ronnie Campbell, Assistant Auditor General, and Bruce Sloan, Principal, represented the Office of the Auditor General of Canada. David Marshall, Deputy Minister, and Tim McGrath, Acting Assistant Deputy Minister, Real Property Branch, appeared for Public Works and Government Services Canada. Treasury Board Secretariat was represented by Jim Libby, Executive Director, Financial Systems Acceptance Authority Directorate, and Blair James, Executive Director, Assets and Acquired Services Directorate.

During the 8 June meeting, some Members requested that the Department submit documentation related to two cases raised by the audit, 800 Place Victoria and a property in Hamilton, Ontario. With regard to the former, the Committee asked the Department to table copies of the correspondence between the Ministers of Public Works and Government Services Canada and the Secretary of State for the Economic Development Agency of Canada, as well as documents relating to the tendering process. This documentation was sent to the Committee on 20 July 2006. When the Committee resumed its work in September 2006, it determined that the documentation provided was insufficient; the Committee Chair wrote to the Deputy Minister of PWGSC requesting additional information.

³ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 8.

The Committee subsequently received four more packages of documents and two letters from PWGSC.⁴ The Committee also requested documentation from the Economic Development Agency of Canada for the Regions of Québec; this material was sent on 12 January 2007.

The Committee met with witnesses on 31 January 2007 to review events leading up to the decision to retain office space for the Agency's head office in Place Victoria.⁵ Deputy Minister and Accounting Officer David Marshall appeared on behalf of PWGSC, accompanied by Mr. McGrath, the Acting Assistant Deputy Minister of the Department's Real Property Branch and by Mario Arès, Regional Manager, Assets and Facilities Management. Principal Bruce Sloan represented the Office of the Auditor General. Michelle d' Auray attended in her function as current President of the Economic Development Agency for the Regions of Québec. Carol Beal, formerly with Public Works and Government Services Canada, and now Assistant Deputy Minister, Program Operations Branch, Infrastructure Canada, appeared as an individual.

The Committee met on five subsequent occasions to investigate this issue. On 21 March 2007, it met with André Gladu who was the Deputy Minister in charge of the Agency at the time the leasing decision was made.⁶ Mr. Gladu had retired from the Public Service of Canada and appeared as an individual. The Committee met with Claude Drouin on 13 June 2007, who had been the Minister responsible for the Agency when the leasing decision was made.⁷ On 4 March 2008, the Committee heard from Gary E. Polachek, whose company had owned Place Victoria, and Janice Cochrane, the former Deputy Minister of PWGSC.⁸ On 6 March 2008, the Committee met with Alfonso Gagliano and Ralph Goodale, who had been Ministers of PWGSC.⁹ On 3 April 2008, the Committee met with Jean-Marc Bard, who had been the Chief of Staff to

⁴ The packages were sent on 24 October 2006, 30 November 2006, 19 January 2007, and 7 February 2008. Additional letters were sent on 10 April 2008 and 30 April 2008.

⁵ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 35.

⁶ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 44.

⁷ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 67.

⁸ House of Commons Standing Committee on Public Accounts, 39th Parliament, 2nd Session, Meeting 19.

⁹ House of Commons Standing Committee on Public Accounts, 39th Parliament, 2nd Session, Meeting 20. Mr. Gagliano was the Minister of PWGSC from June 1997 to January 2002. Mr. Goodale was the Minister from May 2002 to December 2003.

Alfonso Gagliano; Don Boudria, who had been a Minister of PWGSC; and Claude Drouin.¹⁰

BACKGROUND

During the Committee's quest to better understand what took place during the process to find leased office space for the Economic Development Agency of Canada for the Regions of Quebec, the Committee received numerous documents from PWGSC and heard from numerous witnesses. The following represents the Committee's understanding of how the Agency decided not to move after the completion of a public tendering process undertaken by PWGSC, and the government ended up leasing space at both Place Bonaventure and Place Victoria.

A. Documentary Evidence

The documentation given to the Committee revealed the following series of events. The ten-year lease for the Montréal headquarters of the Economic Development Agency for the Regions of Québec was set to expire on 31 March 2003. The Agency had occupied space at 800 Place Victoria since April 1972; previous lease renewals had been conducted through negotiations with the building's owners.

In December 2000, PWGSC took the initial first steps in preparation for the 2003 lease expiry. In February 2001, departmental staff met with Agency representatives to identify the Agency's needs and to establish the process that would be used to find accommodation answering those requirements. Staff decided that a market study would be done first to determine the availability of space in downtown Montréal. They agreed that this study would take both class A and class B office space into consideration. The Agency indicated that it would inform the Department of the costs of moving its operations.¹¹ Once a market study had been completed, a call for expressions of interest would be issued followed by a public tender.

¹⁰ House of Commons Standing Committee on Public Accounts, 39th Parliament, 2nd Session, Meeting 24. Mr. Boudria was the Minister of PWGSC from January 2002 to May 2002.

¹¹ Lise Lefort (Client Accommodations Services Advisor, PWGSC, Montréal) to Guy Collin (Economic Development Agency for the Regions of Québec, Montréal), e-mail, 12 February 2001.

On 7 May 2001, the Department's regional Investment Management Board (IMB) for Québec reviewed the proposed lease project and gave formal approval on 5 June 2001. The proposal, incorporating minor changes recommended by the IMB, was then sent to the Department's Real Property Investment Board (RPIB) in Ottawa for acceptance.¹²

On 11 June 2001, Jean-Marc Bard, assistant to then Minister of PWGSC Alfonso Gagliano, requested that the file on the Agency's search for new accommodation be put on hold. However, the Department's Real Property Investment Board (RPIB) had already recommended (on 12 June) proceeding with the leasing project; departmental officials decided to send the approval letter to the Department's Assistant Deputy Minister for Real Property Services for signature along with the IMB's recommendation in order to avoid future delays.

The ADM, Carol Beal, then sent a memo to the Department's Regional Director General for Québec pointing out that her office had been informed "a few hours after" the RPIB's 12 June meeting that the Minister's Office had "an interest" in the project, and had "asked the region to put the project on hold." She wrote that the "understanding is that the region will have to monitor the situation and will be able to go ahead with the project only once the situation has been resolved." Noting that the RPIB had recommended approval of the lease project, she agreed with the Board's recommendation and granted the requested approval.¹³ Later that month, on the 31st, the Department's Deputy Minister, Janice Cochrane, sent a note to the Minister to explain the strategy being followed in "relocating the client [Economic Development Agency for the Regions of Québec] through a public tendering process," adding that the

¹² The Real Property Investment Board is a PWGSC committee that reviews upcoming investment decisions. Most of these decisions involve upcoming lease investments, capital refurbishment, and new acquisitions. The Board makes recommendations to the Associate Deputy Minister. The Board also reviews cases that exceed departmental expenditure authority (\$30 million and more); such cases are sent to Treasury Board for approval. Regional Investment Boards review and recommend cases up to a delegated limit of \$10 million; cases that exceed this limit must be sent to the RPIB for review after first being considered by the region.

¹³ Memo from Assistant Deputy Minister to Regional Director Québec Region, received by PWGSC Québec Region 11 July 2001.

“financial analyses indicate that the recommended solution is more economical than renewal through direct negotiation.” She concluded her note to the Minister by indicating that “if appropriate, a proposal submitted by that owner [of Place Victoria] in a public tendering process will be evaluated at its fair value.”¹⁴

In January 2002, Mr. Gagliano ceased to be Minister of Public Works and Government Services Canada. From June 2001 until Minister Gagliano’s departure, departmental officials continued work on the leasing project in spite of instructions issued by the Minister’s assistant. No documentary evidence was presented by the Department to indicate that the Minister’s office had lifted the hold on the leasing project and had authorized the Department to proceed.

In late August and early September 2001, PWGSC issued a call for expressions of interest in leasing accommodation for the Agency. Thirteen letters of interest suggesting 16 buildings were received on 10 September 2001. Following assessments, five buildings were rejected. Nine proposals involving 11 properties were accepted. On October 3 and 4, 2001, representatives of the Agency and the Department visited sites that had been selected to identify points of concern and to see if certain criteria (such as accessibility for disabled individuals) were fully satisfied. Place Bonaventure was among the buildings selected and visited. Following additional analysis, four proponents offering six properties were invited to submit lease proposals by 23 January 2002.¹⁵ The owners of Place Victoria and Place Bonaventure were among those invited to participate.

On 24 September 2001, the Agency informed the Department that it no longer wished to co-locate its local Montréal office with its headquarters. The Department responded in October, noting that it had already sought expressions of interest for 5,790 square metres and that the decision to locate the local offices elsewhere would reduce

¹⁴ PWGSC Deputy Minister Janice Cochrane, Note to the Minister, 31 July 2001.

¹⁵ Consulting and Audit Canada (CAC), *End of Project Report*, 19 April 2002. The Department asked CAC to provide an independent fairness monitor to observe the leasing project and report on the fairness and transparency of the process.

the requirement by 618 square meters; it indicated that it would try to find another tenant for the surplus space.¹⁶ The Agency in turn wrote back on 21 November, indicating that the space at headquarters which was originally requested for the Island of Montreal offices should be held “in reserve to cope with expected additional growth of 20 to 25 new positions of the life [ten years] of the new lease.”¹⁷

Bids for the leasing project were opened on 23 January 2002 and analysis of the bids was completed on 12 March 2002. On 13 March, the Department informed the Agency that the bid submitted by WPBI Property Management Inc. for space located in Place Bonaventure had been selected as the most economically viable proposal for the Crown. The Department’s analysis ranked the Place Bonaventure proposal first; the proposal submitted for the Agency’s existing office space at Place Victoria was ranked fourth. PWGSC Deputy Minister, Janice Cochrane, then sought approval from her Minister (Don Boudria) on 22 March 2002 to sign a lease with WPBI. On 28 March, Mario Arès, the Department’s Regional Manager for Assets and Facilities Management, drafted a letter to WPBI accepting its lease proposal for Place Bonaventure. This letter was sent on 2 April.

On 2 April, the Department’s Montréal office informed ADM Beal that the Agency’s Deputy Minister, André Gladu, had confirmed his agreement on 28 March to move to Place Bonaventure. In the e-mail, officials noted that Mr. Gladu had advised them that the move “has been cleared up with Mr. Drouin”, Secretary of State (Minister) for the Agency. The email noted that Minister Boudria had not yet given his authorization to proceed, and sought advice regarding when to move ahead with the project.¹⁸ The same day, 2 April 2002, Ms. Beal asked her officials for a review of the leasing options for the Agency’s headquarters; she received the review the following day. The review outlined the Agency’s requirements and set forth five options. It noted

¹⁶ Letter from Mario Arès, Regional Director, PWGSC to Pierre Bordeleau, Director General, Economic Development Agency for the Regions of Québec, 30 October 2001.

¹⁷ Letter to Mario Arès, Regional Director, Client Services Unit, PWGSC from Pierre Bordeleau, Director General, Resource Management, Economic Development Agency for the Regions of Québec, 21 November 2001.

¹⁸ Email from Rachel Morneau, on behalf of Normand Couture (PWGSC Regional Director General, Montreal) to ADM Carol Beal, 2 April 2002.

that the Agency currently occupied 4996.1 square metres in Place Victoria but would need an additional 1150 square metres (for a total of 5790 square metres) to accommodate new staff. Prior to outlining the options, PWGSC officials informed the ADM that:

It is important to realize that, if CED stays at Place Victoria, this client will see its operations split up over a number of locations for the next 10 years, in addition to staying in poorly developed, non functional spaces.¹⁹

The first option considered in the analysis that followed would have the Agency remaining at Place Victoria. Officials noted that this option would not include a refit of the space and would require PWGSC to “negotiate a new lease directly with the owner,” which would “run counter to PWGSC internal directives for direct lease negotiations.” Furthermore, they pointed out that the Crown “has no power to negotiate with this owner, who is well aware of the impossibility of relocating [the Agency] elsewhere in case the negotiations fall through.” The analysis concluded by observing that the accommodations occupied by the Agency in Place Victoria “lack the necessary surface area to meet current operational requirements, let alone any future expansion.”²⁰

Officials next considered two options based on staying in Place Victoria; one would involve a refit, the other the use of regional office space on the Island of Montreal to partly address expansion needs. A summary of the first three options concluded that they offered “no advantage for the Crown” because they would have to be renegotiated at a “non-competitive high rate” to which there would “have to be added the partly unproductive lease at Place Bonaventure.” These options would add up to “between \$23 M [million] and \$26.5 M.” Officials added that “[i]t must be said that no client other than [the Agency] has been identified as a short- or medium-term tenant to occupy the Place Bonaventure space.”

The fourth option looked at moving the Agency to Place Bonaventure, indicating that this option “was the subject of a public tender call at a highly advantageous rate to

¹⁹ Public Works and Government Services Canada, *Canada Economic Development Montréal, Quebec – Tender Call No. EF950-010036/A*, 3 April, 2002, p. 1.

²⁰ *Ibid*, p. 2.

the Crown (\$236 per square metre) with the result that the “Crown makes major gains,” making this option “the most economical.” A fifth option consisted of moving the Agency to Place Bonaventure and moving its Montreal Island office to East Montreal. The analysis concluded with a recommendation that the fifth option be chosen because it offered “a highly attractive cost for the Crown and meets all current and most future [Agency] requirements.”²¹

On 2 April 2002, PWGSC officials in Montréal approved the lease for accommodation at Place Bonaventure.

On 4 April 2002, two days after approval of the Place Bonaventure lease and one day after submission of the options analysis and recommendation, ADM Beal instructed the Department’s Regional Director General for Québec, to take steps to renew the lease at Place Victoria and offered to send someone from the Department’s Ottawa office to help with the negotiations. Mr. Couture accepted this request the following day.²²

On 15 April 2002 – approximately two weeks after a lease agreement had been signed with the owner of Place Bonaventure, and ten days after negotiations had been initiated with the owners of Place Victoria -- Secretary of State Drouin wrote to Mr. Boudria informing the Minister that it was “essential to find a building offering adequate office space and a prestige address” for the Agency. He went on:

In my opinion, Place Victoria fully meets these criteria. You can rest assured that the Agency’s administrative needs are fully met and additional office space will not be necessary in the short term. Consequently, I would ask you to sign a new lease with Place Victoria, if possible.²³

²¹ Ibid, p. 3.

²² Normand Couture, PWGSC Regional Director General Quebec, email to Carol Beal, 5 April 2002.

²³ Secretary of State, Economic Development Agency for the Regions of Québec, Claude Drouin to the Minister of Public Works and Government Services Canada, Don Boudria, Letter, 15 April 2002.

Negotiations with the owners of Place Victoria took place on 24 April 2002. The building's owners offered a new rate of \$308.00 per square metre.²⁴ PWGSC provided the Committee with a table that it says is an analysis indicating that given the client's changed requirements (less space and no refit) and the new rate, it would be of economic advantage to the Crown for the Agency to stay in Place Victoria. There is no date on this analysis, and it was not provided to the OAG during the audit.

On 1 May 2002 Mr. Couture wrote to the Agency's Deputy Minister (Mr. André Gladu) to let him know that "at your Department's request" PWGSC had initiated negotiations with the owners of Place Victoria for a five-year lease without renovations for 5,340 square metres of office space and 38.1 square metres of storage space. Mr. Couture informed Mr. Gladu that "the price offered to extend your lease ..., is within the price range for this prestige building as identified and requested specifically by the Secretary of State, Claude Drouin." Mr. Couture added that "a few modifications related to accessibility" would be made.²⁵

Two days later, Mario Arès, PWGSC Regional Director, Client Services Unit, Montréal, sent an internal departmental e-mail objecting to the lease renewal at Place Victoria. It is worth citing this e-mail in its entirety:

It is not my intention to write a memorandum to the minister on this matter. Ever since we approved the lease at Place Victoria on April 2, 2002, for 5,790 square metres, the decisions on this file have been taken at the corporate level and are in opposition to our regional recommendations. The following points support my position:

I am not familiar with the current state of the discussions/negotiations between the leasing officers and Place Victoria; these officers report to the Minister's Office. I therefore conclude that our minister knows more about the situation than I do.

²⁴ Email from Claude Séguin (PWGSC Director of Leasing, Ottawa) to Tim McGrath (PWGSC Director General, Accommodation and Portfolio Management, Ottawa), 26 April 2002.

²⁵ Letter from Normand Couture, (PWGSC Regional Director General, Québec Region) to André Gladu (Deputy Minister, Economic Development Agency for the Regions of Québec), 1 May 2002.

The e-mail from Claude Séguin to Tim McGrath (April 26) contains false information: our IAR [Investment Analysis Report?] clearly states that direct negotiations with Place Victoria are inconsistent with the six principles²⁶ of renewing this lease on-site, so I do not know why he is saying the opposite. CED [the Agency] never asked for or insisted on accommodation in a Class A or Prestige building (even though this is everybody's wish).

It seems clear enough that the insistence on staying at Place Victoria in this case serves interests other than the sound management of public funds. I cannot agree to cover, in an administrative manner, a decision that is difficult to justify financially, because it is costly (the client, ..., had agreed to move to Place Bonaventure, or as a last resort, we could have signed a lease with the second-lowest bidder – [the Agency] agreed --, which would have been more beneficial to the Crown).

Place Victoria never complied with our accessibility requirements for disabled persons and never showed any interest in doing so; and this won't change, which goes against our internal compliance policies.

Who will sign to approve the exception this time?

This partly explains why it is preferable that I not write a memorandum to the minister on this matter because it would not say what certain interest groups would want it to say.²⁷

On 25 May 2002, Mr. Boudria ceased to be Minister of Public Works and Government Services Canada and Ralph Goodale took his place.

On 30 May 2002, an article appeared in the Montréal daily *La Presse* announcing that the Agency would be relocating its offices to Place Bonaventure.²⁸ To deal with a potentially embarrassing situation, the Department and the Agency prepared background speaking notes in case there were media enquiries. The notes included anticipated questions along with suggested replies. One of the anticipated questions

²⁶ See appendix I of this Report.

²⁷ Email from Mario Arès to Suzanne Cloutier, 3 May 2002. The same day, the email was forwarded to Mr. Couture, the Regional Director General.

²⁸ *La Presse*, 30 April 2002. Clipping supplied by the Economic Development Agency for the Regions of Québec.

asked what advantage would be gained for the Crown by having the Agency remain at Place Victoria, in a prestigious building. The suggested reply: “This decision has nothing to do with the fact that this is a prestigious building.”²⁹

A memorandum to the minister of PWGSC date stamped 31 May 2002 sought “authorization to negotiate a leasing arrangement” with the owners of Place Victoria. The memo’s author noted that “over a year ago” the Agency had anticipated that it would need more floor space to accommodate expansion, but that the need for additional space was “no longer the case.”³⁰ The memo came from the Department’s Deputy Minister and listed the names of ADM Carol Beal, Regional Director General Normand Couture, and Mario Arès. While recommending that the Minister give his approval, the memo noted that “a few potential tenants” had been identified to fill the space that had been rented in Place Bonaventure, but that it was “too soon to determine possible occupancy for April 1, 2003.”³¹ The memo indicated that the “result of negotiations indicate that the offered price of \$308 per square metre to extend the lease for a period of five years is within the price range for that building, *considered to be of a prestigious nature by the client.*” By the end of the memo, its initial purpose of obtaining permission to negotiate changed; it now concluded that departmental officials were “seeking your authorization *to award a lease*” to the owners of Place Victoria.³²

On 18 June 2002, the Minister signed this agreement. Four days later, on 22 July 2002, Minister Goodale replied to the Secretary of State’s request, informing him that PWGSC would be finalizing a contract for a new lease at Place Victoria.

In summary, according to the documents provided to the Committee, a lease for new accommodation in Place Bonaventure was signed following a tendering process in which the Agency was closely involved. Agency representatives had visited the premises, an analysis by the Department dated 4 April 2002 concluded that it was the

²⁹ Questions/Answers for the Media, 5 July 2002.

³⁰ Public Works and Government Services Canada, *Memorandum to Minister*, 31 May 2002.

³¹ *Ibid.*

³² *Ibid.*, emphasis added.

best option, and the Agency's Deputy Minister had agreed to the move. At approximately the same time, however, the Department instructed its officials to negotiate a new lease with the owners of Place Victoria and less than two weeks after this process had begun, the Agency's Minister (Mr. Drouin) wrote to the Minister of Public Works and Government Services Canada asking him to "sign a new lease with Place Victoria, if possible." At that stage, negotiations were already underway.

B. Oral Evidence

In testimony before the Committee, witnesses confirmed events described in the documentation, and filled in some of the gaps. However, there were some notable departures from what had been reported by the Office of the Auditor General and from the information contained in the documents reviewed by the Committee. Some of these discrepancies are of great concern. Lastly, the Committee was relying upon its witnesses to clarify ambiguities and to provide information that was missing from the documentation. This effort produced mixed results.

There was general agreement among the witnesses with regard to the events leading up to the selection of Place Bonaventure as the winning bid in a transparent, competitive tendering process. This consensus, however, broke down when it came to providing an explanation of how and why the decision to relocate the Agency was reversed.

Mr. Marshall told the Committee that on 4 April 2002, two days after an agreement was reached with Place Bonaventure, ADM Beal

was advised that the client had changed its mind. The additional space was no longer needed, and they wished to stay in premises more suitable to their program. She was told a letter from the minister would follow.³³

Although PWGSC staff considered that this request came "very late" in the process, Mr. Marshall said that it was not unusual for a client to change its mind. At the

³³ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session Meeting 35, 1535.

time, rent increases were expected for commercial properties in downtown Montréal and “other clients ... needed new space.” The Department was able to negotiate “a good rate” with Place Victoria, “30 percent lower” than what the owners had quoted in their original bid.³⁴ Once moving costs were taken into account, the cost of allowing the Agency to stay in Place Victoria was “economically viable.”³⁵ But the Department was not able to find enough clients requiring enough space in Place Bonaventure as quickly as it had hoped, resulting in a “cost of unproductive rent” to the taxpayer.³⁶

Although documents confirmed Mr. Marshall’s assertion that the Department began to explore the possibility of negotiating a new lease with Place Victoria before Mr. Drouin wrote to Minister Boudria, the Agency’s DM at the time of the Committee’s study, Ms. d’Auray, testified that “until we [the Agency] received the correspondence from the Secretary of State, the department [the Agency] always referred to a move.”³⁷ This was confirmed by the then DM, Mr. Gladu, who told the Committee that he was “quite comfortable with the idea of moving to Place Bonaventure,”³⁸ and even “would have preferred to move because it would have given [the Agency] more flexibility in terms of office space.”³⁹ He testified that until he received a copy of Mr. Drouin’s letter, he was unaware that the Agency would be remaining at Place Victoria:

Until the Secretary of State, Mr. Claude Drouin, forwarded a letter, I was perfectly in agreement with the idea of moving to Place Bonaventure. Indeed, I had confirmed that in writing to my colleague from the Department of Public Works and Government Services in Montreal, Mr. Normand Couture.

The April 15 letter from Mr. Claude Drouin came as a complete surprise. I did not know he had intended to send this kind of letter to his counterpart at Public Works and Government Services. I was only made aware that his letter had been sent a few days later.⁴⁰

³⁴ Ibid.

³⁵ Ibid, 1540.

³⁶ Ibid.

³⁷ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 35, 1540.

³⁸ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 44, 1535.

³⁹ Ibid, 1540.

⁴⁰ Ibid, 1555.

He added that he had told Mr. Drouin later that his actions had been inappropriate:

I met him [Mr. Drouin] at a regular meeting. I told him that, in my opinion, it was a mistake to have sent that letter, because this was an administrative matter and he simply should not have got involved.⁴¹

Mr. Drouin, the Secretary of State responsible for the Agency at the time, had a somewhat different version of events. Noting that he had assumed his position in January 2002,⁴² he testified that Mr. Gladu had raised the subject of a move to Place Bonaventure in the course of a weekly meeting. When he was told that the move was the result of a competitive tendering process, Mr. Drouin testified that he told his Deputy Minister that “we would move, that we would respect the process and go to Place Bonaventure.”⁴³ But then, according to Mr. Drouin, his Deputy Minister began to list potential difficulties regarding the move. According to Mr. Drouin, Mr. Gladu told him that Place Bonaventure was

A concrete building through which trains passed, whereas Place Victoria had windows and was a better work environment for employees who had been there for about 30 years already.⁴⁴

Mr. Gladu also told him that the move would cost “about \$1 million.” Although he told Mr. Gladu that the Agency had to move, on his own he “decided to do something,” and that he did so “in a very transparent manner” by writing to the Minister of Public Works and Government Services Canada,

Asking him to see whether it was possible to reduce the costs – I was told that the move would cost \$1 million – and, so in the interest of the well-being of employees, whether it was possible to move elsewhere while respecting the rules.⁴⁵

⁴¹ Ibid.

⁴² Mr. Drouin was appointed Secretary of State responsible for the Agency on 15 January 2002.

⁴³ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 67, 1535.

⁴⁴ Ibid.

⁴⁵ Ibid.

In response to questioning, Mr. Drouin elaborated on the reasons for requesting that the Agency not move to Place Bonaventure:

Based on the information I had at the time, no one wanted to move... I was told that there would also be a loss of productivity, because no work would be done during the move. I was told that employees would be on stand-by for at least one week. I was also told that some files could be lost, and other such things.⁴⁶

At several points in his testimony, Mr. Drouin insisted that he had not asked the PWGSC Minister that the Agency remain where it was. Instead, “[a]ll I asked for was that the situation be studied.”⁴⁷ His biggest concern, he argued, was to avoid the \$1 million moving costs because he “wanted to use the money to help companies create jobs and generate economic growth.”⁴⁸ He repeated a similar assertion later on, stating that he “did not reverse the decision, I asked for a verification ... I asked whether it would be possible to save the million dollars the move would have cost.”⁴⁹ Contrary to Mr. Gladu’s own testimony, Mr. Drouin asserted that “[a]ccording to what Mr. Gladu told me, the deputy minister did not want to move. He was happy where he was at the time.”⁵⁰ Asked why he had waited until after a lease agreement had been reached with the owners of Place Bonaventure before making his request to the Minister, Mr. Drouin replied that he “could not have acted earlier: I had just taken up my duties as minister.”⁵¹

The email written by Mr. Arès on 3 May 2002 in which he expressed his reluctance to write a memo to the minister of PWGSC supporting the decision to keep the Agency in Place Victoria attracted the Committee’s attention. Mr. Arès explained that he was unaware, at the time of writing that the Department had managed to negotiate a lower rent for Place Victoria. Thinking that the rent would be \$430 per square metre, Mr. Arès believed that it would “not be economically viable” for the

⁴⁶ Ibid.

⁴⁷ Ibid, 1540.

⁴⁸ Ibid.

⁴⁹ Ibid, 1555.

⁵⁰ Ibid, 1610.

⁵¹ Ibid, 1630.

Agency to remain at Place Victoria.⁵² However, by mid-May, he had learned that the rent would actually be \$308 per square metre and this would be an “economically viable solution or at least a solution equal to the decision to move.”⁵³ Mr. Marshall testified that Mr. Arès subsequently did write a memorandum to the Minister recommending that a five-year lease be signed with the owners of Place Victoria.⁵⁴

Witnesses also disagreed with the size of the loss incurred by the Crown as reported by the Office of the Auditor General. According to the audit:

Renewing the lease cost \$2.5 million more than the winning bid in the tendering process, and PWGSC paid \$2.1 million in unproductive rent to that bidder while trying to locate tenants for the additional space. Some space in the building is still unoccupied.

The Agency’s request not to move, combined with the lack of adherence to established guidelines, has cost taxpayers an additional \$4.6 million.⁵⁵

Nothing was said to challenge this assessment during the Committee’s first meeting to review the Office of the Auditor General’s audit on 8 June 2006. However, when the Committee met again to look at this case study in closer detail on 29 January 2007, Mr. Marshall asserted, in answer to a question, that the Department did not agree with the Office of the Auditor General’s assessment. Instead, the Department

Looked at the difference in rate between Place Bonaventure and Place Victoria over a five-year lease, and ... looked at the cost of fit-up that was being avoided, and the cost of moving that was being avoided, and .. concluded that it would be cheaper to leave the agency in Place Victoria if they didn’t need more space. ... The real cost to the Crown is the time it took ... to backfill the Place Bonaventure space, and in that case we consider that to be about \$2.1 million. That’s our sense of what it cost the taxpayer.⁵⁶

⁵² House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 35, 1610.

⁵³ Ibid, 1615.

⁵⁴ Ibid, 1710.

⁵⁵ Office of the Auditor General of Canada, Report May 2006, Chapter 7, Exhibit 7.2.

⁵⁶ House of Commons Standing Committee on Public Accounts, 39th Parliament, 1st Session, Meeting 35, 1555.

Ms. Cochrane even went as far as to say, “I think it’s fair to say that the net benefit, had other tenants moved into that space as quickly as we had thought they would in 2002, would have probably been in favour of the crown.”⁵⁷

Mr. Marshall testified that, at the time the audit was being conducted, his officials had “extensive discussions” with the auditors concerning the size of the loss to the Crown.⁵⁸ The auditors were not persuaded by the Department’s arguments and stuck to their initial assessment, which appeared in the Report. Principal Bruce Sloan told the Committee that when his team concluded the audit:

We looked at the financial analysis that was on the file at the time. It indicated that \$2.5 million related to staying in place at Place Victoria was in excess of what it would cost to move to Place Bonaventure, and it indicated there would also be \$2.1 million in unproductive rent as a result of that.

We made inquiries in both the regional office and headquarters for financial analysis, and that is the analysis we had. The \$4.6 million we stand by.⁵⁹

C. Update

In response to a Committee request, the Deputy Minister of PWGSC provided the Committee with an update on 30 June 2009 of actions the Department had taken with respect to the Place Victoria transaction. In its letter, the Department noted that the lease for office space for the Agency was retendered and as of 1 April 2008 the Agency has been relocated to the Dominion Square Building. The Deputy Minister states that the Department selected the lowest bid and that the project was completed on time and below budget.

⁵⁷ House of Commons Standing Committee on Public Accounts, 39th Parliament, 2nd Session, Meeting 19, 1145.

⁵⁸ Ibid, 1620.

⁵⁹ Ibid, 1630.

The letter also indicates that the Department has undertaken a number of initiatives to improve its approach to the acquisition of leased office space. According to the Department, it has:

- Developed an enhanced requirements checklist to determine the general accommodation requirements of clients;
- Managed requests for exceptions to the space and fit-up standards through the national Accommodation Standards Committee;
- Improved efforts concerning the Planned Lease Action Report and the associated directives and documentation, in order to ensure that lease renewals are timely and well documented;
- Issued an updated version of the Investment Analysis Report guide, which outlines enhanced treatment of risks and contingencies; and
- Conducted a functional review of the lease renewal process.

OBSERVATIONS

A. Rationale for Staying at Place Victoria

Based on the documentary evidence and Mr. Marshall's testimony, Public Works and Government Services Canada was asked to explore the possibility of negotiating a new lease with the owners of Place Victoria on 4 April 2002, 11 days before former Secretary of State Drouin wrote to the PWGSC Minister regarding the location of the Agency's headquarters. Mr. Gladu's testimony strongly suggested that prior to Mr. Drouin writing to the Minister, the Agency was on track for a move and that it was Mr. Drouin's letter that set in motion a change of plans.

Mr. Drouin stated several times in testimony that he decided to write to the Public Works Minister out of the following considerations:

- The move, at \$1 million, was too costly; the money could be better spent on the Agency's programs;
- There would be a potential loss of productivity and documents were the Agency to move; and

- Employees, at least some of whom had been working at the Place Victoria location for thirty years, would suffer a loss of morale.

Mr. Drouin also insisted that he only asked that the situation be reviewed, not that the move be cancelled or that the Agency remain where it was. Two points arise from this testimony.

None of the reasons listed by Mr. Drouin for wanting to re-assess the decision to re-locate to Place Victoria were mentioned in the documentation provided to the Committee. Representatives from the Agency made use of an opportunity to inspect the premises that had been offered in response to the initial request for proposals: if there were concerns about the suitability of Place Bonaventure, they were not mentioned in the documentation. If concerns were mentioned, but not documented, they did not affect the outcome of the selection process that produced invitations to submit tenders, nor did they have any affect over the final outcome of the competitive tender. Contrary to what Mr. Drouin told the Committee, both documentary evidence and testimony by Mr. Gladu clearly indicated that the deputy minister was not only prepared to move, but preferred to do so because it would have offered his Agency “more flexibility in terms of office space.”

Secondly, the letter from Mr. Drouin to the Minister made no mention of concerns about the cost of a move, potential loss of productivity or documents, nor was there any mention of possible negative impacts on employee morale. Instead, Mr. Drouin wrote that the Agency needed suitable office space in a prestigious building and that these needs were met by Place Victoria; administrative requirements were fully met and additional office space would not be necessary in the short term. In his letter he made no request to review the situation – instead he asked the PWGSC Minister “to sign a new lease with Place Victoria, if possible.”

In the absence of evidence corroborating the reasons given by Mr. Drouin, the Committee is compelled to take the letter at face value, that Mr. Drouin wanted the

agency to remain at Place Victoria because it is a “prestige address for the Agency and the Government of Canada in Montreal’s business district.” Indeed, Mr. Drouin testified, “The work environment [at Place Victoria] was very good, there were many windows, whereas on the other side [at Place Bonaventure], there was cement, the train went in front of the building and the restaurant was lacking.”⁶⁰ However, not liking the new building because it is not prestigious or as nice are not valid reasons to overturn the competitive tendering process.

B. The Tendering Process

The Real Property Branch of PWGSC provides a mandatory service—the provision of office space—to client departments. As outlined earlier, PWGSC went through a lengthy and extensive competitive tendering process to find office space for the Economic Development Agency of Canada for the Regions of Quebec. This took place in consultation and cooperation with the Agency. Place Bonaventure submitted the best proposal for that accommodation and was informed that it had won the process and would be awarded a lease. It was determined to be a fair process by the PWGSC fairness monitor.

PWGSC was then informed that the Agency wished to stay at Place Victoria and received a letter asking PWGSC “to sign a new lease with Place Victoria, if possible.” In response, officials from the head office of PWGSC renegotiated a lower lease rate with Place Victoria at reduced space requirements and without the need for a fit-up, or refurbishment. PWGSC says it conducted an analysis that showed that staying at Place Victoria with the new requirements and the new rate was of economic benefit to the Crown and thus permissible under PWGSC leasing principles.

Ms. Cochrane, the former DM of PWGSC, told the Committee that there were two separate processes: the first competitive tendering process and the lease renewal. However, the goal of both was the same, to find office accommodation for the Agency.

⁶⁰ House of Commons Standing Committee on Public Accounts, 39th Parliament, 2nd Session, Meeting 24, 1210.

By not following a competitive tendering process for the new requirements of the Agency, PWGSC subverted the process and did not allow the other bidders an opportunity to bid on the revised requirements. It is not sufficient to argue that the new rate for Place Victoria fell within the market range for that type of accommodation. If a competitive tendering process is begun, then PWGSC has an obligation to continue with that process and not offer favourable treatment to a particular landlord on the basis of a request from a client department.

The only reason PWGSC re-opened the process and renegotiated the lease at Place Victoria was a letter from the Minister responsible for the Agency. However, this should not have been sufficient. As the process had already been completed and a winning bidder determined, PWGSC should have simply denied this request. At the very least, it should have attempted to determine a valid rationale for changing the accommodation requirements and staying in place, besides the prestigious nature of the location.

Under the Treasury Board's *Real Property Management Framework Policy* the Real Property Branch of PWGSC has the authority to impose accommodation solutions. Consequently, PWGSC must share responsibility for subverting the competitive tendering process, resulting in a significant loss to the Crown. PWGSC has standards for space and fit-up requirements, but many client departments prefer more costly alternatives, as was with the case with the Agency. Clearly, PWGSC must exercise its authority more rigorously. The update provided to the Committee, and discussed earlier, mentions a number of efforts PWGSC has taken to improve its processes, but it does not address the key issue arising from the Place Victoria experience—that PWGSC allowed a client department to subvert the competitive tendering process. The update does not explain whether or how PWGSC will prevent this from occurring in the future. Consequently, the Committee recommends:

RECOMMENDATION 1

That Public Works and Government Services Canada use its authority to impose accommodation solutions when appropriate with the objective of enforcing the government's accommodation standards and obtaining the best value.

C. Cost to taxpayers

The objective of the text-box in the OAG's report was to provide an example of how PWGSC's failure to impose an accommodation solution could lead to additional costs. The OAG wrote that, "The Agency's request to move, combined with the lack of adherence to established guidelines, has cost taxpayers an additional \$4.6 million." This is based on \$2.1 million in unproductive rent at Place Bonaventure for unoccupied space and \$2.5 million for the renewed lease at Place Victoria.

As noted earlier, PWGSC contests the amount of the loss. PWGSC agrees with the \$2.1 million in unproductive rent. However, it does not agree that the lease renewal resulted in an additional \$2.5 million cost.

The OAG based its \$2.5 million amount on an options analysis prepared by PWGSC in April 2002 before the lease rate with Place Victoria was renegotiated. According to the analysis, the cost of the Agency staying at Place Victoria in the premises it then occupied would have been approximately \$23 million for a 10-year lease. The cost of moving the Agency's headquarters to Place Bonaventure and moving the Agency's Montreal Island office to East Montreal would have been approximately \$20.5 million. The difference between these two options is \$2.5 million.

PWGSC objects to this calculation because the analysis is based on the old lease rate and not the renegotiated lease rate. Instead, PWGSC provided the Committee with a table comparing the actual lease renewal offer with Place Victoria to the actual lease with Place Bonaventure. The OAG pointed out that these numbers may not be comparable because they are based on different lease terms, fewer square meters, and different levels of fit-up.

Regardless, the Committee does not appreciate being put in the position of arbitrating a factual disagreement between the OAG and a department. This should have been worked out long before the audit report came before the Committee. The Committee notes that no mention of this disagreement appears in the OAG's report. Departments and agencies subject to audit are given an opportunity to review the OAG's draft reports to verify the fundamental information they contain. If a dispute arises, and no compromise can be found, departments and agencies are given an opportunity to convey their disagreement in the reports that are tabled in Parliament. The OAG is responsible for the accuracy of information contained in its reports, but departments also have a responsibility to challenge any incorrect information and to provide appropriate documentation to substantiate their position.

Nonetheless, the Committee notes that the analysis used by the OAG to determine its figure of \$2.5 million is based upon an outdated piece of information, the lease rate. Additionally, the analysis provided by PWGSC inappropriately compares amounts that are based on different lease requirements. Consequently, the Committee can only conclude that the amount of \$2.5 million is not correct, but it cannot determine the actual loss to the taxpayer or accept PWGSC's assertion that staying at Place Victoria was of benefit to the Crown. It may not be possible at this point to resolve this issue conclusively, but the Committee expects that in the future, departments and agencies will attempt to resolve factual disputes with the OAG prior to the presentation of audit reports to the House of Commons.

D. Documentation

Throughout its investigation, the Committee was repeatedly frustrated by the lack of crucial documentation and tardy efforts by the Department to supply it. Even when the Committee was at last in possession with what it must assume was a complete documentary record of decision-making on this file, enormous gaps remain. In particular, the Committee notes that it was provided with no documentation indicating who, at the Agency, first informed PWGSC that the Agency did not wish to move to a

new location. As Mr. Marshall testified, on 4 April 2002, ADM Beal was “advised that the client had changed its mind,” without mentioning by whom, and without providing a document containing this request.

Mr. Drouin’s letter to the Minister of PWGSC was dated eleven days later. It also provided no information or analysis to substantiate the rationale for his request that the Agency remain where it was. Since steps to initiate negotiations between PWGSC and the owners of Place Victoria were already underway, the Committee has no choice but to conclude that rather than trigger a series of events leading to the renewal of the existing lease, the letter merely confirmed a request made earlier.

PWGSC eventually provided the Committee with a table that the Department says is an analysis which justifies the economic benefit to the Crown of staying in Place Victoria. However, this analysis was not provided to the Office of the Auditor General during the audit.

In such circumstances, the immediate temptation is to fill gaps with speculation; this the Committee will not do. But it serves as an illustration of the vulnerability that a department or agency of government creates when it neglects to document decisions, particularly in instances (and leasing decisions are one such instance) in which significant amounts of money are involved. A failure to document properly when taxpayers’ money is at stake is deplorable and represents lack of due diligence.

It is noteworthy that the 2002 audit that the 2006 follow-up was based upon also called on the Department’s Real Property Branch to better manage its documentation and recommended that it be improved. The Department agreed. It is time that this agreement be fulfilled.

The Committee also reminds departments and agencies that they are required by Treasury Board policies to maintain adequate documentation. For example, section

6.1.2 of the Board's Policy on Information Management states that deputy ministers (who are also accounting officers for their departments) are responsible for

...ensuring that decisions and decision-making processes are documented to account for and support the continuity of departmental operations, permit the reconstruction of the evolution of policies and programs, and allow for independent evaluation, audit, and review.

Although it states the obvious, and although departments and agencies should not need to be told this, the Committee recommends:

RECOMMENDATION 2

That Public Works and Government Services follow the Treasury Board Policy on Information Management by documenting and archiving all management decisions related to leased accommodation for government departments and agencies.

E. Role of the Minister

While not all decisions were documented during this process, there are a number of things that are clear. There was a competitive tendering process for new office space to accommodate the Agency. The winner of that process was Place Bonaventure and Place Victoria finished fourth. A lease was signed with the owner of Place Bonaventure. Shortly after the lease was signed, the Minister responsible for the Agency, Mr. Drouin, wrote a letter to the Minister of Public Works requesting that a new lease be signed with Place Victoria. Public Works did sign a new lease with Place Victoria, at a better rate than what was offered in the bidding process. The Agency remained at Place Victoria and Public Works had to find new clients to fill the space rented at Place Bonaventure. This resulted in a significant financial loss to the Crown.

From these facts it can be concluded that the public servants followed the appropriate procedures and sought to achieve best value for the Crown. By requesting to stay at Place Victoria, the Minister sought to overrule the public servants and the process that was in place to ensure fairness and best value. Contrary to his assertion,

the letter was not simply a request to review the situation, and the public servants dutifully tried their best to meet the request to stay in place. However, one of the public servants involved wrote an e-mail expressing his displeasure with the process, saying that “the insistence on staying at Place Victoria in this case serves interests other than the sound management of public funds.”

The Minister tried to provide a number of explanations for the request to stay in place, but his explanations were not corroborated by other witnesses or evidence available to the Committee. Also, even if these explanations were accepted, they do not justify the additional costs. Mr. Drouin said his mistake was that he wrote the letter instead of the Deputy Minister, who should have been involved in administrative matters, but the Deputy Minister said he was fine with the move. The Minister, then, must bear responsibility for the loss to the Crown.

CONCLUSION

The Committee spent considerable time studying the Place Victoria issue because it was frustrated by an inability to obtain simple and clear answers about how, why, and by whom decisions were made. A thorough review of the documentation provided to the Committee and evidence given by witnesses during hearings demonstrates that the results of a lengthy tendering process – costly in itself and designed to achieve best value for the Crown—were set aside; the tendering process itself was abandoned and replaced by direct negotiations with the owners of Place Victoria. This series of events contravened government policies, resulted in a significant financial loss to the Crown and hence Canadian taxpayers, achieved no tangible benefit, and crucial last-minute decisions were made without any documented justification or reasonable cause.

As with any other decision regarding expenditure, government departments and agencies and their ministers must take a broader set of considerations into account that go beyond their own immediate requirements. Achieving value for the Crown and the taxpayers of Canada must occupy a privileged position among those considerations.

Furthermore, departments and agencies must be able to demonstrate that these considerations have been fully satisfied by maintaining appropriate records that document the decision-making process and the supporting rationale. These documents serve as proof that due diligence has been achieved and that taxpayers' interests respected. They also provide an audit trail and are essential to ensuring full accountability.

The Committee is deeply disappointed that regardless of the magnitude of the loss (be it \$2.1 million as the Department insists, or \$4.6 million as the Office of the Auditor General reports) the Department in 2002 ultimately did not assign sufficient weight to the interests of taxpayers. The Committee fully expects that this will be the last instance in which such disregard will occur.

APPENDIX I - PRINCIPLES FOR SOLE-SOURCE RENEGOTIATIONS

To ensure prudence and honesty, the following principles are to be used by PWC in considering proposals received from an existing landlord for a lease renewal:

1. PWC must determine that there is a demonstrable financial advantage to the Crown.
2. This financial advantage must be supported by market analysis.
3. The space meets or will meet by a specified date, at no extra cost to the Crown, all the required accommodation standards and tenant requirements.
4. There is a continuing program need for the amount of space under question.
5. The landlord has met all obligations under the existing lease.
6. Any negotiations must be within the context of an agreed-to schedule which allows for PWC to implement alternatives such as relocation with minimum or, preferably, no overhold implications if negotiations fail.

Offers which meet these criteria may not necessarily be accepted and are subject to all necessary governmental approvals.

Source: Public Works and Government Services Canada.

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<u>39th Parliament, 2nd Session</u>		
As Individuals	2008/03/04	19
Janice Cochrane		
Gary E. Polachek		
As Individuals	2008/03/06	20
Hon. Alfonso L. Gagliano		
Hon. Ralph Goodale		
As Individuals	2008/04/03	24
Jean-Marc Bard		
Hon. Don Boudria		
Hon. Claude Drouin		
<u>39th Parliament, 1st Session</u>		
Canada Economic Development	2007/01/31	35
Michelle d'Auray, President		
Department of Public Works and Government Services		
Mario Arès, Regional Manager, Assets and Facilities Management		
David Marshall, Deputy Minister		
Tim McGrath, Acting Assistant Deputy Minister, Real Property Branch		
Infrastructure Canada		
Carol Beal, Assistant Deputy Minister, Program Operations Branch		
Office of the Auditor General of Canada		
Bruce Sloan, Principal		
As an individual	2007/03/21	44
André Gladu		
As an individual	2007/06/13	67
Hon. Claude Drouin		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (40th Parliament, 2nd Session: [Meeting No. 42](#); 39th Parliament, 2nd Session: [Meetings Nos. 2, 19, 20, 24, 35, 38, 39 and 41](#); 39th Parliament, 1st Session: [Meetings Nos. 35, 44 and 67](#)) is tabled.

Respectfully submitted,

Hon. Shawn Murphy, MP

Chair