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• (1100)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Good morning, everyone.

I call this meeting to order.

Welcome, everyone, to meeting number 135 of the mighty OG-GO.

We have with us today Global Affairs. I understand that Mr. Cousineau will give the opening statement.

Before we start, I will remind everyone, especially our witnesses, to please keep your headphone away from your mic so as to protect the hearing of our very valued interpreters.

We will take a 10-minute break in the middle of the meeting for our witnesses.

Mr. Cousineau, you have the floor for five minutes. Go ahead, please, sir.

[Translation]

Mr. Stéphane Cousineau (Senior Assistant Deputy Minister, People and International Platform, Department of Foreign Affairs, Trade and Development): Good morning, Mr. Chair.

I'd like to begin by thanking the committee for the opportunity to speak to you about Canada's official residence in New York City, which the government recently purchased. I'm pleased to be able to explain the reasons for the purchase, the significant financial savings that this new residence offers, and how it benefits daily activities. The consulate general in New York is one of GAC's most important missions. Not only does it provide essential services to approximately 300,000 Canadians living in the area, and thousands of Canadians who visit there every year, it also plays a key role in protecting and promoting Canada's trade and investment interests. More specifically, the consulate supports our activities in a city that's not only the financial capital of our largest trading partner, but the financial capital of the world. It provides services to Canadians across a vast territory encompassing five states that collectively account for over \$200 billion in bilateral trade annually.

[English]

The official residence in New York City is more than just a place of residence. It is an essential venue for hosting key interlocutors in smaller, more personal settings. Federal, provincial and territorial representatives frequently use this space to engage with partners and advance Canada's interests. While this residence and others like

it are used as living quarters by our heads of mission, their primary function is as government work sites where important diplomatic events and business meetings are conducted. Over the past two years alone, more than 50 official functions have been hosted at the residence, including business and networking events as well as round table discussions, each providing a unique opportunity to engage with local leaders on issues that matter to Canadians.

[Translation]

GAC is the custodian of the Government of Canada's diplomatic and consular real property abroad. As such, we are responsible for acquiring, maintaining and disposing of the office space, official residences and accommodations used by Canadian personnel abroad.

[English]

These acquisitions must comply with Treasury Board policies and Global Affairs' internal guidelines to ensure transparency and value for money.

The replacement of the official residence in New York was carefully planned and executed. It represents up to \$7.4 million in net present value savings for Canadians. An aging asset is being replaced with a well-located, smaller and more cost-effective property, positioning Canada to meet both current and future needs.

The previous residence at 12E-550 Park Avenue was acquired in 1961 and was used extensively. The building is now over 100 years old. Concerns about the condition of the current residence were first raised, actually, in 2014. In 2017 a building condition report indicated that many systems were nearing the end of their life expectancy and foresaw a mid-life refit in the early 2020s at today's cost of up to \$2.6 million.

• (1105)

[Translation]

After conducting a detailed analysis of the options and following a governance review, GAC, with the assistance of a local real estate expert, appraised 21 properties in seven neighbourhoods of New York, one of the most expensive real estate markets in the world. After careful consideration, Global Affairs Canada selected the property located at 111 West 57th Street.

[English]

This recently renovated property is situated in the heritage portion of a building in Midtown, contrary to previous reports suggesting that it was in a skyscraper. It is conveniently located near our office and other international organizations. The apartment is smaller than the previous property, more efficient and cost-effective, and it was purchased at a price that was recently reduced.

Finally, the current official residence is now listed on the market. It was listed at \$3.9 million higher than what was paid for the new residence. We are very proud of this replacement transaction that not only promises a substantial one-time savings for Canadians, but also avoids \$2.6 million in renovation costs and delivers \$115,000 in ongoing annual savings on operational fees—cutting expenses in half—in a real estate market that has consistently shown an annual increase in return on investment.

I look forward to addressing your questions and providing further details on the rationale behind this purchase, the expected benefits for Canadians and the financial considerations involved. Our goal is to ensure transparency and accountability in this matter. We're here today to provide any information you may require.

Thank you, Mr. Chair.

The Chair: Thank you very much.

We'll start our six-minute rounds with Mr. Barrett.

Go ahead, please, sir.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): We're here today in the context of Canada's being in a cost-of-living crisis. We have one in four Canadians saying they're going to be using food banks this fall. We know that rent and mortgage prices have doubled, and the Prime Minister's media buddy—who is making a very healthy salary by any measure compared with Canadian salaries—is getting a \$9-million condominium for his use as a residence. I know you said that its primary purpose was as a workspace, but if it's clocking on average about two business functions per month, and he's sleeping there 30 times per month, it sounds as though its primary purpose is to be a residence.

Who was the most senior person to sign off on the decision, sir? Could I have just the name, please?

Mr. Stéphane Cousineau: Mr. Chair, the transaction was signed by the deputy head of mission, based on a written delegation from the director general responsible for real property planning and stewardship.

Mr. Michael Barrett: Who is the director general?

Mr. Stéphane Cousineau: The director general is part of our real property team and was supported by the governance and the process that was reviewed.

Mr. Michael Barrett: And the DG's name is what?

Mr. Stéphane Cousineau: The DG's name is Franck Hounzangbé.

Mr. Michael Barrett: It was the deputy head of mission who had the delegated authority, and who was the deputy head of mission at the time?

Mr. Stéphane Cousineau: Mr. Chair, I'd like to clarify that the missions actually are not part of the approval process or the decision-making. The deputy head of mission, the DHoM, actually had the authority from headquarters, from the DG, who had the authority to sign that transaction, which is understandable.

Mr. Michael Barrett: What was the name, sir?

Mr. Stéphane Cousineau: It was Rob McCubbing.

Mr. Michael Barrett: That's perfect.

In 2018 the office of the consul general and our the embassy at the United Nations moved into a joint workspace, the primary purpose of which is work, near Grand Central Station in New York City. That facility has an executive dining room, if I understand correctly, and a reception space for up to 150 people. Is that correct? I'm looking for just a yes or no, because I have a substantive question.

Mr. Stéphane Cousineau: Mr. Chair, yes, the environment has an area that can accommodate. Unfortunately, it doesn't have the full kitchen that would be required, which would drive us to have quite high costs to have food provided by a caterer.

• (1110)

Mr. Michael Barrett: Okay, so does Mr. Clark prepare the food himself at his apartment, or is there a caterer or a hired chef who does that?

Mr. Stéphane Cousineau: Mr. Chair, I'd be pleased to answer that question, I'll turn very quickly to the DG—

Mr. Michael Barrett: I think we know that the answer is that there are third party costs associated with the food preparation, irrespective of where it happens.

My substantive question is why the executive space that was purpose-built in 2018 for use by the consul general and by Canada's ambassador to the United Nations was not sufficient, and why do we have to incur millions of dollars of extra expenses from a \$9-million penthouse on Billionaires' Row in New York City for Justin Trudeau's media buddy, which are going to be financed through the taxes of Canadians who are struggling to survive? Why couldn't we use the space that was purpose-built instead of getting this luxurious location, the primary purpose of which is just to be Mr. Clark's lodgings?

Mr. Stéphane Cousineau: Mr. Chair, I welcome this question whereby we can actually articulate the space requirement that we provide and the reason behind it. I'll turn very quickly to the ADM of real property, who can articulate the needs that are actually identified as we provide this kind of space. I'll turn to Mr. Robin Dubeau, who can articulate more details about it.

Mr. Robin Dubeau (Acting Associate Assistant Deputy Minister, Real Property and Infrastructure Solutions, Department of Foreign Affairs, Trade and Development): Thank you very much, Mr. Chair.

As in opening remarks, we said that the official residence serves as a place of living, but also as a platform for representation. We do have representation space at the consulate, which is now amalgamated with the mission to the United Nations. We did that in 2018 to create savings and synergies. There is representational space in the office, but it doesn't allow for the kind of activities and representation that the official residence would. The new official residence has been acquired. It is smaller. It can accommodate smaller—

Mr. Michael Barrett: Thanks very much. We heard all of that information already. It took you a minute to not offer us any new information.

We had previous representatives in the space. I think the now Senator Pamela Wallin occupied the previous residence and identified it as sufficient. The \$1.8-million estimate for renovations of the old residence suddenly became insufficient in 2023, which was right around the time that Mr. Clark became the new head of mission or the new consul general there. What happened that got the ball rolling there? Was it Mr. Clark who initiated the request? If it was not Mr. Clark, who was it?

Mr. Stéphane Cousineau: Mr. Chair, I'll take this question.

I'd like to start by saying that there was no influence from Mr. Clark. He was not involved in the consultation and decision process.

Mr. Michael Barrett: Would you be able to table all correspondence on the subject of the new residence, or the transition to a discussion on a new residence, instead of renovations?

Mr. Stéphane Cousineau: Mr. Chair, as was explained, we have a governance that's actually managed by headquarters and we'd be pleased to actually table what the whole process is and how we got to the—

Mr. Michael Barrett: The correspondence, sir—you'll table the correspondence?

Mr. Stéphane Cousineau: Mr. Chair, I can look at what's available and get back to you on that.

Mr. Michael Barrett: Well, if there was correspondence, you'll table it?

Mr. Stéphane Cousineau: Yes, I'll look into it.

Mr. Michael Barrett: That's perfect. Thank you.

The Chair: Thanks, Mr. Barrett.

We'll go to you, Mr. Jowhari, please, for six minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Welcome to the officials.

This is the time we have been looking forward to since yesterday when 99% of our questions were referred to you, so welcome.

I'm going to really frame my line of questioning over the next three hours around three different things.

Number one is going to be really the imperative for the move and why the move had to take place.

Number two is going to be me trying to get a clearer understanding around whether all the policies and procedures were followed and whether we really got value for our money.

Number three, the last theme, will be to focus on the importance of the mission.

You touched on all three of those, but I'm going to try to break it down for Canadians like me who are Tim Hortons double-double users, so let's start with the imperative first.

My understanding is that aside from the cost imperative and some of the needs, there were some new regulations introduced by the board of the now-previous property that restricted the ability of the mission to perform the duties it needed to provide for us to make sure that we could manage over \$200 billion of trade in one of the most important cities, as you said, which covers a lot.

Can you please talk about the imperative from the point of view that, aside from the cost, really we were dealt a hand to which we had to react?

• (1115)

Mr. Stéphane Cousineau: Thank you, Mr. Chair.

This allows us to actually articulate how much of a smart investment this was and how the process was sound and followed all the policies and was well documented as well.

I'm going to turn to Robin, who can articulate the main reasons we had to move and what had evolved in the last couple of years.

Robin, go ahead.

Mr. Robin Dubeau: Thank you very much. It's a very good question.

The imperative to move was based on several elements. The business case includes, as you mentioned, some restrictions that have been applied by the co-operative board regarding the usage of the official residence. That was one element that was part of the decision.

There was also the fact that the unit was aging, and we had received a report in 2017 that in the early 2020s there would be a need to refurbish or renovate the apartment, and that was the \$2.6-million cost that was reported.

There was also another element reported in the business case, which was that since the introduction of the Accessible Canada Act in 2021, the apartment was not compliant with that act.

All of those elements led to an option analysis. What we do in our investment management framework is to make sure we look at the full life-cycle analysis of all of the options. In 2023 we launched this initiative to look at the three options that were available to us and the cost versus benefit of each of the three.

The three elements would be to renovate the actual unit, which would have cost \$2.6 million, to replace it with a leased asset, or to replace it with a Crown-owned asset. It all came down to cost at the end of the day, because we had the last option, which was “replace to own”, which would be most beneficial, of course, in the long term. The net present value was calculated on the three options, and we picked the third one, which became the favourite option because it was creating \$7.4 million in savings over putting \$2.6 million into a renovation for a unit that was still not meeting all of our requirements.

Mr. Majid Jowhari: Thank you.

That really covers the imperative from three different angles. There were the restrictions to its operations that were presented by the co-operative board, which played an important role. Even if we refurbished it at a cost of \$2.6 million, we'd still have to rely on other venues to be able to execute some of the activities that we do. Also, it looks as though, based on what I'm hearing, due diligence was done.

Now, let's go back and talk about the importance of the mission. One of our colleagues yesterday asked why we wouldn't move it to New Jersey. Let me ask that question: Why wouldn't we move it to New Jersey?

Mr. Stéphane Cousineau: Mr. Chair, thank you for the question.

There's nobody better placed to actually answer that question than my colleague, the DG of North America, who can talk about the operation, so I will turn to him.

Mr. Mark Allen (Director General, North America, Department of Foreign Affairs, Trade and Development): Thank you.

I think that all of the honourable members would appreciate the importance of the United States. There's no country in the world that is more important to Canada's economic and security interests.

Within that country, New York is the economic centre. It's also a global economic centre for global capital markets. The committee will have heard the assistant comptroller general of Canada yesterday say that all real property needs to serve a program need. In the case of the Global Affairs portfolio, those program needs include the trade and investment program, the public affairs program and the program providing consular services to Canadians.

● (1120)

The Chair: Thank you. I'm sorry, Mr. Allen, but that is our time. We'll go to Mrs. Vignola.

Go ahead, please.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Gentlemen, madam, thank you for joining us today.

You mentioned \$7.4 million in savings a few times. Is that in Canadian or U.S. dollars?

Mr. Stéphane Cousineau: Mr. Chair, that would be Canadian dollars.

Mrs. Julie Vignola: Thank you very much.

How long will it take to achieve these savings of \$7.4 million, or \$7.9 million, depending on what is meant? Is that annually, or over the apartment's service life?

Mr. Stéphane Cousineau: I thank the member for her question. It will help us clarify the net present value a little.

First, this appraisal takes account of the difference between the sale price of the current residence and the purchase price of the new residence. The transaction will generate revenues directly. Second, that also includes the renovation costs that were avoided.

You asked a question about annual savings. As I mentioned in my opening remarks, the purchase will generate annual savings of \$115,000. In fact, operating costs will be cut in half.

Mrs. Julie Vignola: If I understand correctly, the owners' association fees for the current residence, the one now on the market, amount to about \$13,000 a month.

Does that include municipal taxes? Also, are we talking about U.S. dollars here?

Mr. Stéphane Cousineau: I thank the member for her question.

For that level of detail, I'm going to let Mr. Dubeau answer, to be sure that we give you the right figures.

Mr. Robin Dubeau: That's a great question. I just want to add something to what Mr. Cousineau said.

When we calculate a project's net present value, avoided costs are calculated first. In this case, they amount to \$2.6 million. Then we calculate the difference between the sale price of the current residence and the purchase price of the new residence. Here, the list price of the current residence was \$3.9 million higher than the amount paid for the new residence. Finally, we update future savings at today's cost. Based on current practice, the calculation covers the next 20 years.

I don't have an exact breakdown—I can give you one if you like—but the monthly costs of the new residence add up to about \$10,000, or \$120,000 annually, whereas the costs of the previous residence amount to \$240,000 annually, which explains the \$115,000 in savings mentioned.

Mrs. Julie Vignola: Thank you.

So the \$7.4 million represents immediate savings, but also savings made over a 20-year period.

For that 20-year period, is there a maintenance plan for the new residence? Over 20 years, maintenance will of course be needed. Cabinet doors can last 30 or 40 years if you're really lucky and they don't get slammed too often, but that's not always the case. It's a bit simplistic, but it's an example.

So, is there a maintenance and restoration plan? If so, are these expenses included in the 20-year estimate of expenditures?

Mr. Stéphane Cousineau: Mr. Chair, once again, I'll answer the question and then hand the floor over to Mr. Dubeau.

Certainly, there's an investment plan for our entire infrastructure portfolio, which is quite complex. Worldwide, it amounts to \$3 billion.

I'll pass your question over to Mr. Dubeau for a more detailed answer.

[English]

Mr. Robin Dubeau: Mr. Chair, it's a good question. Yes, we take into account a percentage for recapitalization.

[Translation]

Excuse me. I'll switch to French.

The calculation for this project's net present value sets annual maintenance costs at 4%, the industry standard, to recapitalize the asset over its useful life.

Mrs. Julie Vignola: Thank you very much.

I'll now turn to the deputy consul general.

Mr. McCubbing, you have no doubt met with Canada's new consul general in New York.

• (1125)

[English]

Mr. Robert McCubbing (Deputy Consul General, The Consulate General of Canada, New York, Department of Foreign Affairs, Trade and Development): Mr. Chair, yes, I'm the deputy consul general in New York.

[Translation]

Mrs. Julie Vignola: Have you met with the new consul general?

[English]

Mr. Robert McCubbing: Yes, I work with the consul general.

[Translation]

Mrs. Julie Vignola: I would like some very general information. I don't know all the journalists, and I don't know everyone's biography.

When referring to Mr. Clark, are we talking about the journalist who moderated the debates at the last Conservative Party leadership race?

[English]

Mr. Robert McCubbing: Mr. Chair, Consul General Clark is a former broadcaster. I'm not 100% familiar with his complete work history, so I'm not sure if he moderated the previous Conservative debate.

The Chair: That is our time, I'm afraid.

Mr. Bachrach, good early morning to you. Over to you, sir, for six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Good morning, and thank you, Mr. Chair.

Thank you very much to our witnesses.

As was remarked earlier, it's great to have folks here from Global Affairs who were more intimately involved in the acquisition we're discussing than some of our witnesses yesterday.

I want to start perhaps at a high level and talk a little bit about why this issue has come before the committee. I think part of it is that the properties that are selected for consular use in cities like New York tend to be expensive. They tend to be in expensive parts of town, and the opulence and the ostentatiousness of those properties make them, rightfully, I think, a target for questions about the appropriateness of those purchases.

At the same time, I think we all want to ensure that our consular staff and our diplomats have appropriate facilities for their important work.

The apartment we're talking about is located in a neighbourhood that's known as Billionaires' Row, and we're having this conversation at a time of historic wealth inequality and an affordability crisis that my colleagues have already mentioned. I think that's one of the reasons we're focusing in on this particular decision. Global Affairs chose to buy an apartment on Billionaires' Row in a neighbourhood that has some of the most expensive real estate in the world.

My first question, probably for Mr. Cousineau, is whether in the decision-making process the optics and the potential implications of buying a property on Billionaires' Row at a time of historic wealth inequality, both in the United States and Canada, came up as a potential risk factor for Global Affairs.

Mr. Stéphane Cousineau: First, I'd like to say that we are looking at a heritage building in the Midtown district.

As I said in my opening remarks, this heritage building is an old building that was recently renovated. We are not in the skyscraper, which might have led to the branding that's being reported in the media. We're not in that building.

Also, I'd like to reiterate that we have a process that actually looks at specific criteria to respond to diplomatic needs, which include location, security and other criteria.

I'd be pleased to turn to my colleague Robin, who is responsible for real property and can articulate how we got to our decision about 111 West 57th Street.

Mr. Robin Dubeau: Thank you, Stéphane. Thanks for the question.

What I will offer to the committee is that we have a set of guidelines and a real property manual that exists that has a chapter on how to select official residences, which lays out basically the characteristics that we're looking at and also what kind of location we would like to acquire.

We picked that residence there, and as I said in my previous intervention, it's a place of work where we hold meetings and it's also a place where the consul general will live, so we have two sets of criteria that we need to apply here. There is the criterion for a good location to be able to deliver the program that we have, the program being the representation functions that we need to exercise abroad. We locate the official residences where contacts are accessible and where other like-minded countries are located, and nearby our office as well for various reasons. We have a set of criteria for the selection of the official residence for the living space.

In this particular case, what happened is we looked with the real estate broker at 21 properties that are located in seven—

• (1130)

Mr. Taylor Bachrach: If I could interrupt you, sir, sometimes the original question gets lost a little bit in the explanation. The original question was whether the optics and the perception that might be associated with purchasing a property in an area colloquially known as Billionaires' Row was ever discussed as a risk factor by Global Affairs during the purchase decision.

Mr. Robin Dubeau: During the process, we applied all of the factors and basically found that place in the seven neighbourhoods that we visited. We saw that it was considerably cheaper or less expensive to be located in Midtown, which is the location where we purchased. The question of Billionaires' Row did not surface at that time, because we were looking at the characteristics, location and functionality of the property.

Mr. Taylor Bachrach: Okay, I appreciate that. Now, here in Canada, certainly my colleagues and I are working very hard to implement policies that promote equality, that create opportunity for working people, that create solid social programs that lift people up and that address some of the gross inequalities that we see in places like the United States, and certainly to some degree in our own country.

Was it ever discussed by Global Affairs that purchasing a consular property in a neighbourhood that was a little less ostentatious might be more consistent with some of those goals that we've been pursuing as a country over the past number of years?

The Chair: I'm going to interrupt there. We're out of time, but perhaps you can get back to that in the next round or provide that to us in writing.

I'm going to Mrs. Block for five minutes, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you, Chair.

I'm going to start off my round of questioning with a couple of requests. Yesterday, in our deliberations with TBS and PSPC, I had asked for a list of the real property that GAC is the custodian of, and the witness advised me that I needed to put that request to you, so I'm asking if you could table that list of real property holdings with this committee.

Mr. Stéphane Cousineau: Mr. Chair, it will be our pleasure to provide that list.

Mrs. Kelly Block: Thank you.

As well, based on the information we received yesterday, could you table with the committee the life-cycle costing for keeping the current residence and repairing it and for the purchase of a new residence, including the sale of the current residence?

Mr. Stéphane Cousineau: Mr. Chair, as explained, part of the process was looking at this option analysis and the financial implications of the three options. We will be pleased to provide the analysis that was done.

Mrs. Kelly Block: Thank you very much.

In your search for a new residence—and I'm probably following up on a similar line of questioning to the previous member—did you consider the purchase of a residence away from Manhattan in a more cost-effective neighbourhood?

Mr. Stéphane Cousineau: There are criteria that we looked at, as mentioned, and as it was pointed out, New York is a very expensive market. I just wanted to refer to some examples of other countries. The U.K., for example, five years ago bought something that's valued today at \$21 million. It is an expensive market in whatever district you are going to be looking at.

Mrs. Kelly Block: I'm sorry, but surely there are more cost-effective neighbourhoods than, as my colleague referenced, Billionaires' Row.

• (1135)

Mr. Stéphane Cousineau: This is bringing me back, Mr. Chair, to the actual criteria that we have to look at when we establish the location and we do this analysis.

I'll turn to Robin, who can articulate what those criteria are and why it is important to be in the right location.

Mr. Robin Dubeau: The question is about the location in Manhattan. The first thing we ask when we select a location or a property is whether the location is able to deliver the program needs. In this case, all of the G7 and G20 countries have either an office or an official residence on Manhattan Island, so it made sense from a program perspective and for proximity to be located in the same area.

On the question about where in Manhattan, of the 21 properties we visited in seven different neighbourhoods, we picked the cheapest, or one of the cheapest, per square meter on the list that was available, and that's the one that was located in Midtown and that we acquired.

Mrs. Kelly Block: Perhaps you could provide for us a more detailed explanation of what program requirements dictated this need. You've mentioned the need to be co-located, but what other program requirements are taken into consideration in order to be located on the south end of Central Park in Manhattan?

Mr. Stéphane Cousineau: We do have a framework that includes all these criteria that we're alluding to. We have a manual that includes those criteria as well.

Mrs. Kelly Block: Can you table that?

Mr. Stéphane Cousineau: Mr. Chair, we would be pleased to share that manual that already exists.

Mrs. Kelly Block: I guess my next question would be this: Do you believe that purchasing a residence in a more cost-effective area would have an impact on Canada-U.S. trade or diplomatic relations?

Mr. Stéphane Cousineau: As mentioned in my opening remarks, the investment that we've made was a long-term value with a net present value of \$7.4 million—and that's after doing the option analysis, looking at multiple properties and going for a space that had been reduced and was offering a very cost-effective solution. We believe that purchase was a very good investment for Canadians.

Mrs. Kelly Block: I guess my question was more along the lines of a comment that was put out on a news broadcast, where it was suggested that if Canada wanted to play in the big leagues, it needed to spend money.

Do you think that if we don't spend this kind of money, we won't be taken seriously by the United States?

The Chair: Give us a very brief answer, please.

Mr. Stéphane Cousineau: As the stewards responsible for the infrastructure around the globe, our main goal is to ensure stewardship and value for money, so we're always looking at that aspect.

Mrs. Kelly Block: Thank you.

The Chair: Thanks very much.

Ms. Atwin, please go ahead.

Mrs. Jenica Atwin (Fredericton, Lib.): Thank you very much, Mr. Chair, and thank you to our witnesses.

I've got questions that are all over the place, but I'll try to keep them coherent.

For the first one, there's a piece about the savings year over year and the reduction of ongoing maintenance costs. Can you speak to what the maintenance costs were for the previous residence in comparison with what we're expecting for the new residence?

Mr. Stéphane Cousineau: I will turn to my colleague Robin, who can talk about this information.

Mr. Robin Dubeau: There are different kinds of costs that emerge from real property that we have. You have the ongoing real property costs, like condo fees and other elements. There's also regular maintenance that needs to be done on the asset, and there's re-capitalization of the asset that comes on a cyclical basis.

We know that the new official residence has just been renovated, so the investment in maintaining it will be minimal. In comparison with the old residence, we're now saving 50%, or \$10,000 a month, on ongoing fees.

That's what I could offer the committee as details.

Mrs. Jenica Atwin: Thank you very much.

How about the property taxes for the current residence? Will they be lower than those for the previous one?

• (1140)

Mr. Robin Dubeau: Yes, all taxes are included in the ongoing costs that we've reported.

Mrs. Jenica Atwin: Okay, perfect.

Mr. Cousineau noted that there was \$2.6 million in estimated renovation costs for the previous residence, and I note that the previous residence is being readied for sale, so it is not yet sold. Are there any concerns around not having done that maintenance for getting the best value for money in the sale of that residence?

Mr. Stéphane Cousineau: In fact, the maintenance has always been done. That's our responsibility. What we are talking about here is systems that are coming to the end of their lives. You could think about your water heater and you could think about electricity, so it's not that maintenance hasn't been done.

We are very confident that the sale will go well. Thank you.

Mrs. Jenica Atwin: Okay, that was my next question. Is there a confidence, in this current market, that we're going to get the asking price that will hopefully balance out this cost-benefit analysis we're trying to portray today?

Mr. Stéphane Cousineau: As was mentioned before, we actually have been working very closely with a real estate agent who knows that market very well.

I'll turn to Robin to speak about what we've learned from that market and what we expect.

Mr. Robin Dubeau: Thank you.

Briefly, I know that we worked with a very experienced real estate broker whom we hired through a competitive process, and we followed the advice of the real estate agent when we put the asset in the firm's hands for the sale. It's being listed at a price that reflects the current condition of the asset, as assessed by our real estate agent according to comparables in the area.

Mrs. Jenica Atwin: Excellent.

One of my questions was going to be about going to a third party appraiser or perhaps even a conversation about a broker.

Can you speak to why it's important to have that kind of expertise on the ground in making some of these decisions?

Mr. Robin Dubeau: Absolutely. It's important to have a third party assessment of our assets. We do it. That asset has been assessed twice. We got an update a couple of weeks ago, just before we put it on the market, to reassure us that we had a good appreciation of the fair value of the asset.

It's also mandated by policy that we do it, but we do it as a matter of course, because it's important for us to know the value of the asset we have in our hands before putting it on the market.

Mrs. Jenica Atwin: Excellent. Thank you.

For anyone who might be curious, was the consul general, Tom Clark, involved in the decision to purchase a new official residence?

Mr. Stéphane Cousineau: As mentioned, this was a smart acquisition. This was actually a process that was sound, policy-compliant, well-documented and exempt from any influence, including from Mr. Clark.

Mrs. Jenica Atwin: Thank you.

How many years do you expect the residence to serve the current consul general, or the office itself?

Mr. Stéphane Cousineau: I'll turn to Robin just to ensure that I have the right number of years.

Mr. Robin Dubeau: The investment is made on a very long term. The last official residence we owned since 1961, and for this one, there's no indication that we're going to be disposing of it anytime soon. I would say it's going to serve for its lifetime, which is estimated to be between 55 and 60 years.

Mrs. Jenica Atwin: Thank you.

The Chair: Thanks very much.

We'll go back to Mrs. Vignola for two and a half minutes, please.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

The New York market can be ferocious. It's cooled off a little in recent years, given the circumstances that we've all faced. Your current asking price for the property in question is over \$10 million U.S., which puts it in the luxury property category. This type of property can sell very quickly, or it can take 198 days, on average, according to estimates, if the listing price has to be changed.

How long do you hope it will take for the property to sell?

Mr. Stéphane Cousineau: I thank the member for her question.

I wouldn't want to speculate on how long the property will take to sell. Obviously, it depends on the market. However, I can say that we worked very closely with the real estate agent, who's an expert in the field, on setting a competitive price. You're also aware that we used the services of PSPC to assess the residence and its price. Since this information is confidential, suffice it to say that the two assessments line up.

I'll turn the floor over to Mr. Dubeau in case he wants to add anything.

• (1145)

Mr. Robin Dubeau: That's a good question. As my colleague said, we don't really have any control over how soon the apartment will sell. However, the New York market is very dynamic, as you said. The realtor has looked at the comparable properties, that means recent sales in the area. He's very motivated and hopeful that the property will sell fairly quickly. Once again, however, it's out of our hands.

Mrs. Julie Vignola: Repairs are one of the reasons given for the decision to change apartments. Repairs to the old apartment amounted to \$2.6 million in 2021, and apparently they couldn't get done because of the pandemic. However, the apartment recently purchased is located in a new building finished in 2021. I don't see why the apartment couldn't be renovated if apartments were being built at the same time. If you can build, you should be able to renovate.

In 2021, the pandemic was winding down and restrictions were being eased. Are there any reasons besides the pandemic that explain why the apartment couldn't be renovated? Were there other reasons that these major renovations could have been put on the shelf?

[*English*]

The Chair: I'm afraid you have not left time for a response.

[*Translation*]

Mrs. Julie Vignola: You can send it in writing.

[*English*]

The Chair: Perhaps, Mr. Cousineau, you can commit to putting that in writing for us, or we can get back to it in the next two hours.

Mr. Bachrach, go ahead, please, for two and a half minutes.

Mr. Taylor Bachrach: Mr. Chair, I think that's an excellent question. Perhaps, on behalf of my colleague Mrs. Vignola, I'll ask why those renovations weren't completed in 2021.

Mr. Stéphane Cousineau: Indeed, there was an analysis, and the inflation that was happening increased the cost of those renovations. As you recall, there was something particular happening in those times, which was COVID.

I will quickly turn to Robin to articulate what changed and what the challenges were with this renovation that we wanted to do, essentially.

Mr. Robin Dubeau: Thank you for the opportunity.

There were two elements at play in that file that delayed it. The pandemic, of course, had a tremendous impact on all of our projects abroad. That was one thing. Also, our ability to secure the permits from the various authorities, co-ops and municipalities was taking time, and this led to the delay that brought us to reassessing the renovation and finding out that the costs were escalating, which triggered the full options analysis.

Mr. Taylor Bachrach: That's what led to the decision to purchase the new apartment at a different address. Is that correct?

Mr. Robin Dubeau: Yes.

Mr. Taylor Bachrach: Okay.

Going up a level to a more general question, I think most Canadians would want us to have representation in New York that is at least on par with our peer countries, given that the United States is our most important trade relationship and shares the longest undefended border in the world.

Could you talk a little bit about how Canada compares with other G7 countries in terms of consular properties in New York? Where do we stack up among that group of countries with regard specifically to the value and location of real estate?

The Chair: Give us a brief answer, please.

Mr. Stéphane Cousineau: I've shared one example, which was the U.K., which bought something five years ago, when it hit the media, for \$21.5 million.

We've also looked at a couple of other countries to compare with. I would say that we have one of the lowest, if not the lowest, costs of purchase when we compare those relative to other countries. I have New Zealand at \$11 million, 11 years ago, so we can imagine the cost today; Italy at \$35 million; and even Denmark, which is not a G7 country, at \$9 million.

The Chair: Thank you, sir.

Mr. Brock, go ahead, please, for five minutes.

Mr. Larry Brock (Brantford—Brant, CPC): The acquisition of this extravagant condo on Billionaires' Row has garnered a lot of attention across this country, including from the media. I'm curious as to the consultations that the four of you have had, prior to today's appearance, with Minister Joly.

• (1150)

Mr. Stéphane Cousineau: Mr. Chair, we have followed the governance and process according to our delegation of authority—

Mr. Larry Brock: That's not the question, sir. I have limited time.

I'm interested in your discussions with Minister Joly in relation to your appearance. Did they happen?

Mr. Stéphane Cousineau: Mr. Chair, no, there was no interaction with Minister Joly.

Mr. Larry Brock: Did you receive any emails from Minister Joly with respect to your appearance?

Mr. Stéphane Cousineau: No, we haven't received any emails—

Mr. Larry Brock: Has she weighed in on the controversy surrounding the acquisition of this property?

Mr. Stéphane Cousineau: The minister was not involved in this process.

Mr. Larry Brock: Thank you.

Was she briefed by you?

Mr. Stéphane Cousineau: We actually have briefs as per normal process with the minister's office.

Mr. Larry Brock: Was she briefed on the acquisition of this property?

Mr. Stéphane Cousineau: She was informed.... The chief of staff was informed in June 2024.

Mr. Larry Brock: I'm going to push back on some of the narrative that has been circulated among Canadians. Your department is quoted as follows:

Considering the high renovation costs for the current residence and the value of the property, [GAC has] recommended a relocation to a new, smaller, more suitable, and more economical apartment.

In addition of representing a saving opportunity of [more than \$2 million]...it will also reduce ongoing maintenance costs and property taxes, supports future program needs, and meets representational requirements.

At first blush, this may give the impression to Canadians that you're actually downsizing. When Canadians think of the term "downsizing", they think of perhaps raising a family, having an empty nest and moving from a four- to five-bedroom home to a small one-bedroom or two-bedroom condo, but that's the furthest

from the truth in relation to the acquisition of this property on Billionaires' Row. In fact, the old property on Park Avenue was roughly 3,800 square feet, and you downsized—wait for it—to a whopping 3,600 square feet. The rooms have actually increased. The old property had 12 rooms, and the new property has 14 rooms. You're not giving Canadians the full truth here. You're not being honest with them in terms of the actual blueprint.

I also want to talk about the operating costs. You keep talking about these savings, and that you're saving Canadians up to \$115,000 per year. I've got the listings from both of these properties from a website called StreetEasy. The old monthly maintenance cost, which includes the common fees and the taxes, is \$13,147 U.S. per month. The new property is not a savings at all: Taxes and common charges are actually \$15,213, so it's \$2,000 U.S. per month more for this new property that's supposed to be saving Canadians money.

You're misrepresenting the facts. You're not telling the truth to Canadians. I want you to be aware of this, and I want you to comment on it, because you talk in broad strokes about these savings, but when you dig down into this, there's no savings at all.

Let's talk about the utility costs. What currently are the utility costs on Park Avenue versus utility costs on 57th Street? Is there a savings?

Mr. Stéphane Cousineau: Chair, I welcome the chance to clarify the costs. I will turn to my colleague Robin—

Mr. Larry Brock: I didn't need that, sir. That's a waste of time. If anyone knows the answer, please, Mr. Dubeau, answer the question.

Mr. Robin Dubeau: I don't have the cost of the utilities at the new place. We have not occupied it yet, but I have the total amount that is forecasted to be spent on an ongoing basis per month.

Mr. Larry Brock: Okay. Is that a saving over Park Avenue, or is it the same, or is it more?

Mr. Robin Dubeau: It's a saving.

Mr. Larry Brock: It's a saving. You'll table that for us.

Mr. Robin Dubeau: We could.

Mr. Larry Brock: You'll table the monthly utility costs for Park Avenue and the monthly utility costs for West 57th Street, okay?

Mr. Robin Dubeau: [*Inaudible—Editor*]

Mr. Larry Brock: What else about the property—

The Chair: I'm sorry, Mr. Brock, but that is our time.

Mr. Bains, please go ahead, sir.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair, and thank you to our guests for joining us today.

Has GAC dealt with any cases similar to this case where a residence or other real property was bought to replace one that was being sold?

• (1155)

Mr. Stéphane Cousineau: We do have a lot of official residences around the globe and hundreds of projects.

Mr. Parm Bains: How many?

Mr. Stéphane Cousineau: I will turn to Robin, who might have more specific information about that.

Mr. Robin Dubeau: That's a good question.

As my colleague Mr. Cousineau was explaining, we basically report in the federal real property directory that we're the custodians of 2,300 properties, and we do transactions on a regular basis every year. We transact for staff quarters and for official residences.

Mr. Parm Bains: I'm sorry to interrupt, but do you look at your criteria to ensure that these are located in the right areas? How do you determine which areas? I know that it's a lengthy analysis that you do, but typically one of the key pieces is that they should be located in areas where diplomatic relations occur. Is that correct?

Mr. Robin Dubeau: The requirements change depending on whether they're residential spaces for staff quarters, official residences for representation purposes or chanceries that are office space. We basically look at a set of criteria as you described there to select those locations.

Mr. Parm Bains: How many did you say there were? Did you say over 1,000?

Mr. Robin Dubeau: We have 2,300 assets abroad.

Mr. Parm Bains: In how many different countries?

Mr. Stéphane Cousineau: If I might intervene, we have 182 missions in 112 countries.

Mr. Parm Bains: With respect to this specific property, who else...? I think one of your colleagues began to touch on the importance of diplomatic relations and being in an area where, considering the difficult times that we are seeing now, security and safety are, of course, paramount in some of these decisions.

Not only that, but we are also in a time when we need to continue to grow, whether it's economically or by increasing our defence efforts and all of these things, so how important were those things with regard to the decision that was being made in New York?

Mr. Stéphane Cousineau: Indeed, all those criteria that were mentioned are very important parts of our process.

I will turn to Mark Allen, who can speak to the value that it brings for us.

Mr. Mark Allen: Thank you.

The trade and investment driven by the consulate are directly linked to the economic security of Canadians. I think people are aware of the critical minerals market right now, which is a very important one. A number of investments in critical minerals can directly be traced back to events that were held at the consulate. This

includes an investment of \$1.5 billion in the Nemaska Lithium mine in Quebec.

I also mentioned that New York is the centre of global financial markets. Two Japanese banks located there have invested \$39 million in other Canadian nickel and lithium projects—again, as a result of events that have been held in the residence.

Thank you.

Mr. Parm Bains: Can you continue to list more, please, if there's anything else that you can add?

Mr. Mark Allen: Those are some examples of high-impact investments. There have been 50 events, as has been noted, in the last two years, like a range of conferences, lunches and other events very frequently driving the trade program, as well as the public affairs program.

Another important function of the consulate is networking with political representatives in the United States, with governors' offices and with New York assembly persons.

The Chair: Thanks, Mr. Allen, but we're out of time.

We're now going to Mr. Genuis, please.

Go ahead, sir.

• (1200)

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Following Mr. Brock's line of questioning, and just to put a fine point on it, can you please provide to this committee in writing a detailed breakdown of all monthly costs associated with both locations, including any taxes, any condo fees, any co-op fees and any utilities—a clear breakdown for both locations, with all of the information you have? Will you be able to provide that to the committee within the usual timeline?

Mr. Stéphane Cousineau: Mr. Chair, as already mentioned, we can provide the options analysis, which actually includes the net present value. It should include all of that information. I would also like to clarify that—

Mr. Garnett Genuis: No, no, no—it's my time. You're going to provide all the information I requested in writing. Thank you.

My next question is—

Mr. Lloyd Longfield (Guelph, Lib.): On a point of order, Mr. Chair, I thought there was going to be a statement that was going to clarify what Mr. Genuis was asking, and I would like to hear it.

Mr. Garnett Genuis: Well, you can just—

The Chair: Mr. Longfield, you can hear it during your time, but this is Mr. Genuis' time. Thank you.

Mr. Garnett Genuis: People who have been here for a long time have complete ignorance of the rules.

Chair, how much time do I have left?

The Chair: You have four minutes.

Mr. Lloyd Longfield: On a point of order, I don't appreciate the comment Mr. Genuis just made to an honourable member.

The Chair: Excuse me, Mr. Longfield. That's not a point of order. I appreciate it, but we understand the sentiment.

Mr. Genuis, continue with your time, please.

Mr. Garnett Genuis: Thank you.

Just to the witnesses, I do want to say I think it's pretty disingenuous to project cost savings based on a comparison of purchase price in one case with asking price in another. That's clearly an apples-to-orange comparison, or maybe more precisely an apples-to-magic apples comparison.

You've set an asking price for the old property at 550 Park Avenue, but that asking price is not the same as the appraised value. We heard that yesterday.

My research team looked at other properties being sold at 550 Park Avenue. All of them have sold substantially below asking price, if they were sold at all. In many cases, the price was reduced and then they were taken off the market and not sold. Just for your reference, we looked at units number 10, 2W, 17E, 11W, 12A, 16A, 16E and 6W. In all cases they were reduced in price and not sold or they sold at a price substantially reduced from the asking price, so your fake math of comparing the asking price to the purchase price is pretty thin.

If you wanted to show that this was a good transaction and that there were savings, I'd like to know why in the world you didn't just sell the existing property first before purchasing the new property. That would have given you a sense of what your actual comparison was in terms of numbers. Why did you wait to even list the old property until you purchased the new one?

Mr. Stéphane Cousineau: Chair, I welcome the question.

Let's remember that the residence is a place of work. It's not just like a pure residence, so we actually needed business continuity. If we had sold the actual residence, we would have actually had to lease another location so that we could ensure business continuity, which is why we didn't—

Mr. Garnett Genuis: Sir, you have multiple different locations at which you can hold events.

For an interim period of a few months, you could have used many other spaces in New York, such as the consulate itself, a space that's available to the UN ambassador. You could have hosted other events in other locations. In fact, most of the hospitality expenses for Mr. Clark involve restaurants. You frequently host events in restaurants, so that excuse isn't going to fool anyone either, sir.

Why could you not at least secure a buyer for the old location before moving to the new location, instead of coming to committee with this fake comparison of apples and oranges?

Mr. Stéphane Cousineau: Mr. Chair, I will go back to the criteria that we talked about earlier about when we select a location. It's about not only location but also meeting the criteria with respect to security—

Mr. Garnett Genuis: The question is why didn't you sell first?

Mr. Stéphane Cousineau: —and business continuity.

Mr. Garnett Genuis: But there are so many other locations in New York where you could have events.

I have another question in the same vein. Is your analysis of numbers predicated on the Park Avenue property's selling within a certain time frame? You told us about certain potential alleged savings. Are those savings predicated on its selling within a certain time frame?

• (1205)

Mr. Stéphane Cousineau: Mr. Chair, I welcome the question. The savings we are presenting in our net present value are not tied to a specific sale of the current condo. Thank you.

Mr. Garnett Genuis: Well, that doesn't make any sense then, because you have ongoing carrying costs associated with both properties for as long as you own them.

Now, in the context of selling one property and purchasing another in New York, the Government of Canada may have had to pay but may have been exempt from the following: capital gains tax, the U.S. Foreign Investment in Real Property Tax Act, state and city transfer taxes and New York's mansion tax.

Which of these taxes or costs did you have to pay, and which, if any, were you exempt from?

The Chair: I'm afraid no time has been left for an answer, so we'll get back to it again, or perhaps you can commit to putting that in writing to us.

Mr. Longfield, welcome to OGGO. Now it's your turn. Go ahead, sir.

Mr. Lloyd Longfield: Thank you, Mr. Chair. and I think it's okay that we've just cut to the next speaker since the witness wasn't being allowed to answer questions in the first place.

Maybe I could go to the statement earlier about the life cycle of the building itself, looking at 55 to 60 years. To put that into context, I've visited many consular offices in my role as member of Parliament.

One of them was the consular office of India, which was next door to the house of the Leader of the Opposition, who was Andrew Scheer at the time. The consul general was Vikas Swarup, who was working with me and the University of Guelph to facilitate the setting up of a centre for Indian studies at the University of Guelph. The University of Guelph subsequently started that centre and has appointed an interim chair for Indian studies, who is visiting from India.

So the important work that goes on in a consular office is not strictly entertainment. There is some socializing, and it's a different venue. We talked about jazz that night as well, but we were really focused on creating a centre for Indian studies at the University of Guelph.

Since then, we've had a change in the Leader of the Opposition, and we've had a change in the consul general from India.

What's a normal time for a consul general to occupy one of the residences that their government provides?

Mr. Stéphane Cousineau: Chair, I welcome the question. I will actually turn to my colleague Mark Allen, who is DG for North America and who can talk about these operations.

Mr. Mark Allen: We've recently established set time frames for diplomatic postings. In the United States it is four years.

Mr. Lloyd Longfield: That's terrific.

Part of the arguments the Conservatives are making is that this is a house that the Prime Minister is giving to one of his buddies, one who was also a moderator at the Conservative leadership convention, which kind of disconnects.

Is any staff involved, including the acting government lead at the consular office, in the selection of properties?

Mr. Stéphane Cousineau: Mr. Chair, once again, I welcome the question. The process, the decision-making, is all managed at HQ, and there's no influence from any staff other than the people responsible for the stewardship of the real property.

Mr. Lloyd Longfield: That's great. Thank you.

I know we will be getting some of this in writing, as was requested, but on the cost savings that have been determined by the independent body—not a political organization that's giving the Liberal government any money—for a smaller location versus the location that we have been occupying since the 1960s, could you maybe comment just in general? I know we will be getting details.

Mr. Stéphane Cousineau: Mr. Chair, thank you very much for the question. I will turn to my colleague Robin, because indeed we have downsized, and there are going to be definite savings tied to this.

Mr. Robin Dubeau: Thank you, Mr. Chair.

The question is about the cost savings, and of course when you look at the cost of renovating an aging property, this is a cost that you're not really going to be recouping because you're only bringing an asset back to where it should have been, in this case by investing or putting down \$2.6 million.

That saving alone is quite significant, but if you look at the difference in prices as well, we're anticipating quite a substantial profit out of the transaction. So those are the two elements for savings in addition to the ongoing savings that you mentioned.

• (12:10)

Mr. Lloyd Longfield: Thank you.

I have one quick question on the “Future of Diplomacy”, the report that was tabled in the House about a year ago. How does this

transaction match up with the study that was approved by the Senate as well as by the House of Commons committee?

Mr. Stéphane Cousineau: Mr. Chair, thank you very much for the question.

This investment is actually very much aligned with the “Future of Diplomacy”, not only with respect to what we are going towards in terms of investments but also in terms of how and the introduction of agility, effectiveness, cost-effectiveness and, again, value for money.

The Chair: Thanks very much. That is your time, sir.

Mrs. Vignola, go ahead, please.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

My take-away from your presentation, Mr. Cousineau, is that one problem with the current location is that it's a co-operative, and that using the residence for work-related events seemed to somewhat disturb—though it's not entirely clear—co-operative members. The board of directors must have changed a lot in the last 60 years for it to become a problem, wouldn't you say?

Mr. Stéphane Cousineau: I thank the member for her question.

You're right, the board members have changed. We noticed that the rules became stricter in recent years and things were more difficult.

Combined with the cost and the other factors I mentioned, that was one of the factors that forced us to reach the decision we made.

Mrs. Julie Vignola: Okay.

Of course, a representative of Canada also had to be a member of that board of directors. Did he have no influence?

Mr. Stéphane Cousineau: Mr. Chair, I'll rely on Mr. Dubeau, since I'm not exactly familiar with this board of directors and its operations. However, we are part of it, yes, and we have voting rights. It's a large building.

Mrs. Julie Vignola: Thank you very much.

Generally speaking, there are three types of properties in New York, especially in Manhattan: duplexes, condominiums and co-operatives. Each has a unique operating approach. I see that none of the 21 properties visited were duplexes. Is there a reason for that? Is it a problem for a country to own a duplex, in whole or in part?

Mr. Stéphane Cousineau: That's a great question. One of the things we have to consider is the whole security issue.

I'll call on my colleague Mr. Dubeau to give you more information about these criteria.

Mr. Robin Dubeau: That's a good question.

Although we haven't ruled out the possibility of buying a duplex, they have two special characteristics. They're often more expensive, because the owner has a private address and is also responsible for maintaining the outside, not just the interior. So a duplex is often very expensive.

Furthermore, since they're often located at ground level, the many security-related renovations we would have to complete would be quite costly. That's why buying a duplex is not very attractive.

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thanks very much.

Mr. Bachrach, go ahead, please, sir.

Mr. Taylor Bachrach: Thank you very much, Chair.

You know, we've heard in previous testimony that Steinway Hall, which I believe is the heritage building that the new apartment is located in, is somewhat different from Steinway Tower, but they're connected and associated. I guess my first question is whether they share the same residential address.

Mr. Stéphane Cousineau: Mr. Chair, the answer is simple: Yes. Actually, the annex, which is a skyscraper, is the new annex that was added later on, and it is at the same address.

Mr. Taylor Bachrach: Steinway Tower, Mr. Cousineau, has been a somewhat controversial building. I was reading in one report that according to the Manhattan district attorney, the construction company that built Steinway Tower, Parkside Construction and its affiliates, stole more than \$1.7 million in wages over three years from about 520 workers at the tower and seven other high-rise buildings. The company also hid nearly \$42 million in wages from state insurance officials to avoid paying millions in workers' compensation premiums.

Was Global Affairs aware of this controversy during the evaluation process? Was the controversy around the construction of Steinway Tower considered as a risk factor when it came to the perception and brand image that would come with locating Global Affairs' operations at that address?

• (1215)

Mr. Stéphane Cousineau: Mr. Chair, thank you very much for the question.

Once again, as was pointed out, there is the Steinway Tower, and there is the Steinway Hall. We're not staying in the Steinway Tower, and personally I was not aware of this information.

Mr. Taylor Bachrach: Okay, so I can assume that it didn't... It feels a little bit like splitting hairs to distinguish between the tower and the hall, given that they're connected and they share the same residential address. I guess the question is whether it came up during discussions as a potential risk factor, particularly the message that it sends to working people that Global Affairs was willing to locate in a building with such a controversial history. I take from your comments that it didn't come up in the discussions around the purchase.

The Chair: Could we have a brief answer, please?

Mr. Stéphane Cousineau: Mr. Chair, again, our focus is on stewardship and value for money. We've looked at Steinway Hall, but I can't speak about the information that's being shared today. I was not aware.

The Chair: Thank you very much.

Mr. Barrett, please, go ahead.

Mr. Michael Barrett: Was the minister informed about the purchase before or after it?

Mr. Stéphane Cousineau: The minister's office was actually informed before the purchase.

Mr. Michael Barrett: Who in the minister's office was informed?

Mr. Stéphane Cousineau: Mr. Chair, following the delegation of authority, we communicated as per normal protocol, and we informed the minister's office. More precisely, we informed the chief of staff.

Mr. Michael Barrett: Okay. On what date was the minister's chief of staff informed, and on what date was the sale finalized?

Mr. Stéphane Cousineau: Mr. Chair, I'd have to go back to the chronology, but if my memory plays well, for the actual purchase, we informed them of—bear with me—the intent to purchase and sell in early June 2024.

Mr. Michael Barrett: That's when you informed the minister. Okay.

What's the total cost—just the number—to make any fit-ups for the new residence?

Mr. Stéphane Cousineau: Mr. Chair, in terms of fit-up costs, we don't have the precise detailed financial information, but what I can say is that it's probably around \$100,000 to \$150,000.

Mr. Michael Barrett: It's \$150,000.

Moving to the shared space with the UN embassy, how much was spent on that in 2018? I referenced it earlier. It's the meeting space.

Mr. Stéphane Cousineau: Mr. Chair, I don't have that information on hand, but I would be pleased to provide that information back—

Mr. Michael Barrett: That space was acquired in 2018. Is it rented or owned?

Mr. Stéphane Cousineau: Mr. Chair, I will turn to my colleague Mr. Dubeau.

Mr. Michael Barrett: Mr. Dubeau, is it rented or owned?

Mr. Robin Dubeau: I would have to confirm that. I don't have that information.

Mr. Michael Barrett: You don't know. It seems relevant to this, because the rationale for purchasing the \$9-million condo on Billionaires' Row for Justin Trudeau's buddy is predicated on not having a kitchen at the facility, which Global Affairs Canada, under the Trudeau government, acquired in 2018. Now here we are in 2024 and we have to buy a \$9 million condo because someone—Global Affairs Canada under Justin Trudeau—forgot to put in a kitchen.

I'm looking at the kitchen on the listing for the \$9-million condo, and I'm quite curious about the square footage of this, because it doesn't look like a commercial kitchen. I'm just curious—answer yes or no—if it is your contention that all food prep for events hosted at the official residence will be done on site and not in a commercial kitchen?

Will it be done on site or in a commercial kitchen?

Mr. Robin Dubeau: It's not a question I can answer with a yes or a no. My understanding is that the head of mission—

Mr. Michael Barrett: Is it done on site, or is it done in a commercial kitchen?

Mr. Robin Dubeau: The head of mission can decide on whatever way he wants to deliver the functions.

Mr. Lloyd Longfield: On a point of order, the translation is on the wrong channel.

The Chair: I'm just going to interrupt you for a second. We have translation problems.

An hon. member: Yes. I'm on the English channel, and French is coming through.

The Chair: Can we test this? Is it working now?

An hon. member: I hear only English now.

We have just over two minutes, Mr. Barrett.

• (1220)

Mr. Michael Barrett: The head of mission can decide. It seems foolish then to buy a \$9-million condo because it has a kitchen that can accommodate these functions, when the office you acquired in 2018.... Apparently, you forgot to include a kitchen, but he still might have a commercial kitchen prepare the food, and host any number of events at restaurants.

Could you table for the committee, please, Mr. Cousineau, the number of functions that Mr. Clark has expensed at restaurants since his time as CG? Can you table that for the committee?

Mr. Stéphane Cousineau: Mr. Chair, I can certainly look at the information that's available in that context and table it.

Mr. Michael Barrett: Okay. That's great.

How many official functions has Ambassador Rae hosted at his residence?

Mr. Stéphane Cousineau: Mr. Chair, I'm going to turn to Mark Allen, who's responsible for the operation—

Mr. Michael Barrett: Mr. Allen, give me just the number, please. How many events?

Mr. Mark Allen: I'm afraid I don't have the number for Mr. Rae.

Mr. Michael Barrett: Can you table it with the committee, please?

Mr. Mark Allen: We certainly will.

Mr. Michael Barrett: It's pretty remarkable.

Mr. Allen, I want to ask you a quick question. Is it your contention that had those meetings that occurred at the official residence of Mr. Clark happened at the office of the consul general, and not in his residence, Canada would not have succeeded in those trade negotiations or in those acquisitions? Is that what your statement is?

Mr. Mark Allen: I can't speak about those specific events. I think the intimacy and the personal nature of an official residence for a head of a Canadian mission adds to their general tool kit.

Mr. Michael Barrett: If that were the case, wouldn't it make sense then in 2018 to have acquired a joint space that achieved that for both our UN representative and for the CG instead of buying separate facilities for that purpose?

Mr. Mark Allen: Again, I think having multiple options for different types of events is very important.

Mr. Michael Barrett: When you're playing with other people's money, I guess you can have as many options as you need.

The Chair: That is our time. We're going to go to Mr. Kusmierczyk, and then we will take a short suspension.

Mr. Kusmierczyk from sunny Windsor, go ahead, sir.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you so much, Mr. Chair.

Mr. Cousineau, I'm going to ask you a series of questions. I just want to have quick responses so I can get through them.

All procedures for procurement were followed, so this was done by the book. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, we absolutely followed all the policies from Treasury Board and all the internal guidelines from GAC, so all the processes were followed.

Mr. Irek Kusmierczyk: Thank you. You did an 88-page analysis of the decision on this property. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, I can't speak about the number of pages of that analysis, but there was an analysis.

Mr. Irek Kusmierczyk: A deep analysis was done. Is that correct?

Mr. Stéphane Cousineau: It was an analysis. I can't qualify the analysis, but definitely there was an analysis that actually met all the criteria and the process.

Mr. Irek Kusmierczyk: That's perfect.

You visited 21 properties, and the value of those properties ranged from \$8 million to \$21 million. Is that correct, roughly speaking? You looked at 21 properties.

Mr. Stéphane Cousineau: Yes. We worked with real estate agents to actually visit 21 properties, absolutely.

Mr. Irek Kusmierczyk: You selected the property that had close to the lowest cost. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, it was among the lowest costs, exactly.

Mr. Irek Kusmierczyk: You saved taxpayers roughly \$3 million in renovations of the old property. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, we did indeed. Actually purchasing a new residence will prevent our having to invest in the renovations that were required.

Mr. Irek Kusmierczyk: You're saving taxpayers 50% in monthly costs with the new property. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, absolutely, that is correct, and I want to clarify that it's cheaper because we will be tax-exempt, thanks to the Vienna Convention.

Mr. Irek Kusmierczyk: You won't be paying taxes on this new property but you were paying taxes on the old one, so that's saving money for the taxpayer.

In terms of the life-cycle costs, you mentioned about \$115,000 in savings annually, which over, let's say, 50 years of owning this building is going to be about \$5 million in just monthly cost savings to Canadian taxpayers. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, absolutely. It is \$115,000, which is half of the expenditure we had annually for the previous apartment.

Mr. Irek Kusmierczyk: Thank you.

So over the life cycle, that right there is about \$5 million in savings for the Canadian taxpayer. Now, after selling the old apartment, the Canadian taxpayer is actually going to be about \$4 million ahead in terms of costs on this. Is that correct?

• (1225)

Mr. Stéphane Cousineau: Mr. Chair, absolutely. If we look at the sale of the current condominium compared with the cost of the new one, we'll be presenting roughly \$4 million in savings.

Mr. Irek Kusmierczyk: That's perfect.

The new apartment is accessible, whereas the old apartment was not accessible. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, there are a lot of new things that are positive in this new condo, and accessibility is one of them.

Mr. Irek Kusmierczyk: That's wonderful.

In addition to all of these things, there's a value added. You're going to actually be able to host meetings at this new apartment, and you host about 50 meetings per year. You're going to be able to host at this new apartment, which you were not able to do at the old apartment. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, this is correct.

Mr. Irek Kusmierczyk: Okay. What we have here is a better apartment. We have an upgraded apartment. We have more functionality. It is cheaper and it saves Canadian taxpayers.

The Conservative plan costs more, is less accessible, has less functionality and is less effective, which basically describes the Conservative Party in a nutshell right there. This is *incredible* to me.

You're talking about a trillion-dollar trade partnership between Canada and the United States. One-third of that trade goes through my community, so I care about making sure that we have the best consul general and we have the best folks in place and we have the best resources in place. The Conservatives are talking about downgrading the Canada-U.S. partnership and our ability to play hardball, and hardball is what we're playing, because it's a trillion-dollar investment.

I look at what the Liberal government has done to negotiate a NAFTA trade agreement that was for our benefit, that helped our steel industry, that helped our auto industry. You're darn right that we want to upgrade our resources there, not downgrade our resources, which is what the Conservatives have done. That's exactly their playbook, what they did to the Canadian military as well when they were in government. They downgraded investment in our military. Now they want to downgrade investment in our most important trade relationship with our U.S. partnership. That's a shame. Again—

The Chair: That is our time, Mr. Kusmierczyk.

We are going to take a short break. Please be ready at 25 minutes to the hour.

Thank you.

• (1227) _____ (Pause) _____

• (1238)

• (1235)

The Chair: I call the meeting back to order. We are back in session.

We are going to five minutes with Mrs. Block, please. Go ahead.

Mrs. Kelly Block: Thank you, Chair.

Mr. Cousineau, just before the break, you actually lied to committee, and you did it for partisan purposes. You did it so that Justin Trudeau and his buddy Tom Clark would look good.

Mr. Majid Jowhari: On a point of order, Mr. Chair, we just had this conversation.

Mrs. Kelly Block: Your department—

Mr. Larry Brock: It's not a point of order.

Mr. Majid Jowhari: It is a point of order.

The Chair: I'm sorry. It's not.

Can you continue, Mrs. Block?

Mrs. Kelly Block: Yes. Your department—

Mr. Lloyd Longfield: The language being used, Mr. Chair, is not respectful of our witness.

The Chair: You do not have the floor, Mr. Longfield. You've been an MP long enough to know that if you wish to interrupt, you call a point of order.

Mr. Lloyd Longfield: On a point of order, Chair, you've been an MP long enough to know what a point of order is.

Mrs. Kelly Block: Oh my goodness.

The Chair: You should follow committee rules. If you continue like that, I will not recognize you, Mr. Longfield. I take your point, but that is not a valid point of order.

Please allow Mrs. Block to continue. I'm sure she'll get to her point.

Mrs. Kelly Block: Rarely do I cut to the chase, as I have just done, but your department sent this committee a letter, which stated that 50 events were held at the consul general's residence over the past two years. It wasn't 50 events in one year. That's one event every two weeks.

As a result of the information you've given us, I would like you to table with this committee a list of those events, together with their purpose and the number of attendees. Now, because of this contrary information you've provided us today, I would also like the dates of all of those events included.

• (1240)

Mr. Stéphane Cousineau: Mr. Chair, I'd like to clarify that in the opening remarks that were provided, it was indeed two years. I might have misunderstood what was mentioned during the fast-paced talking that was going on. It is truly two years.

I'd like to add that as the public service, we're here to represent the great work we're doing, and I take exception when we're being accused of being liars. We're here—

Mr. Michael Barrett: Then tell the truth.

Mr. Stéphane Cousineau: —for value for money, to do good stewardship and to provide Canadians with what's best for them.

Thank you.

Mrs. Kelly Block: Thank you, Mr. Cousineau. I accept your explanation that you were caught off guard like the rest of us were in the midst of the rant prior to the break.

Mr. Kusmierczyk also accused the Conservatives of wanting to downsize when, in fact, this is the argument that you and the officials have made as one of the reasons for why this is such an acceptable place for the consul general to be moving to. Which is it? What's the official government line?

Is it because it's a smaller residence and you want to downsize that you're pursuing this residence, or is it something else?

Mr. Stéphane Cousineau: Mr. Chair, as it was mentioned—

Mr. Irek Kusmierczyk: On a point of order, Mr. Chair, I just want to clarify—

Mr. Garnett Genuis: That's not a point of order.

Mr. Irek Kusmierczyk: —that I said the Conservative Party wanted to downgrade. The word is "downgrade". That's what I said.

Some hon. members: [*Inaudible—Editor*].

The Chair: Colleagues, please. Let's have one person at a time. Allow Mr. Kusmierczyk to make his point of order, and I will decide.

Could you start again, Mr. Kusmierczyk?

Mr. Irek Kusmierczyk: Yes. Respectfully, Mr. Chair, I said I used the word "downgrade". I said the Conservatives wanted to downgrade.

The Chair: That is not a point of order. We will continue.

Go ahead, Mrs. Block.

Mrs. Kelly Block: Can you just reiterate for us whether, in fact, one of the reasons this is a more acceptable location is that it's a smaller residence than the one the consul general is currently residing in?

Mr. Stéphane Cousineau: Mr. Chair, I'm going to go back to my opening remarks. We made the decision based on multiple factors. One of them was the net present value it was bringing. The second was meeting all of the future needs and value for money for Canadians. While we are downsizing, it was not the main factor.

Mrs. Kelly Block: All right. Thank you very much.

In the letter we received from Ms. McCardell, she cited that there were other issues raised about the suitability of the current residence. These issues included “lack of proper division of family and representational spaces, and restrictions on events imposed by the cooperative board.”

What are the rules for the new condo? Did you ensure that you would be allowed to bring in large groups of strangers for events at this exclusive condo building?

Mr. Stéphane Cousineau: Mr. Chair, I welcome the question.

As you can imagine, with the co-op model that exists, there were a lot of restrictions that we had to face, which was very challenging. We know that in the new location we're going to, there will be more flexibility, making us more agile for those representations.

Mrs. Kelly Block: Did you confirm whether there were any rules with regard to the types of events you hope to hold in the new residence?

Mr. Stéphane Cousineau: Mr. Chair, I would respond by saying that the current situation with the co-op and the restrictions we have will not apply to the co-op environment in the new condo. We're expecting more flexibility, for sure.

Mrs. Kelly Block: Are there any rules that you are aware of?

Mr. Stéphane Cousineau: Mr. Chair, I would turn to my colleague, whom I've been working very closely with on the purchase of the condo, about the specific rules, because I don't have those details.

Mrs. Kelly Block: Who would that be?

Mr. Robin Dubeau: That would be me. Thank you.

We took into account the ability to perform the duties or the requirements of the program before purchasing the unit. I haven't read the condominium convention that exists for the building myself, but I know the unit was selected because it will be possible and convenient to organize events according to the program needs.

• (1245)

Mrs. Kelly Block: You're not aware of what it might state in that convention.

Mr. Robin Dubeau: I'm not aware of any restrictions that may exist in the new condo. Typically, there are restrictions on security and access, but other than that, I'm not aware of any other restrictions.

Mrs. Kelly Block: Thank you.

The Chair: Thank you.

Mrs. Atwin, please go ahead.

Mrs. Jenica Atwin: Thank you, Mr. Chair. I thought it was Mr. Jowhari first, but I can certainly go.

The Chair: It is. Go ahead, Mr. Jowhari.

Mr. Majid Jowhari: Thank you, Mr. Chair.

I'll make a brief comment before I continue on the line of questioning.

Colleagues, Canadians, we are here with a fiduciary responsibility to ensure that we hold any type expenditure...we need better [*Inaudible—Editor*] and accountability. It is fair to ask tough questions. It is fair to ask clarification questions. It is fair to challenge the premise of a decision that was made by officials, but I strongly recommend that we ensure we honour the true meaning of being a member of Parliament who represents Canadians, and stop labelling our officials, who are working hard. These officials may be working with other parties—hopefully, not for a long time—but these officials need respect, because they are working very hard to represent Canada and Canada's interests.

Thank you.

On Canada and Canada's interests, I want to go to, I believe, Mr. Mark Allen.

I talked before about framing our conversation with three themes. One is imperative. I think we have it. I think our closing of the last round was around policies that were followed, values and getting value for money. A lot of documents are going to come, and we're going to have an opportunity to look at those calculations and valuations and decide whether it is value for money.

I really want to talk about the third theme, which is importance. We've talked about it a number of times, and we've come at it from an angle, saying, "You know what? We probably could have served it somewhere else."

Can you give me a sense of how big this mission is, from a dollar value point of view, for trade? We're debating whether it's two meetings that are being held or it's one meeting every two weeks, but how important are these meetings? I hear \$200 billion. I hear about representing six or seven jurisdictions.

Can you break down for us how important the work we are doing in this area is?

Mr. Mark Allen: Thank you.

Yes, this is one of twelve consulates general in the United States. This has a territory of five states—New York, New Jersey, Connecticut, Delaware and Pennsylvania—and the \$200 billion is the two-way trade between Canada and the entire consular territory.

The eastern seaboard is a very influential part of the United States. We mentioned that it's the economic capital of the United States and a centre for global financial markets. The GDP of that entire area is \$6 trillion. As we said, the two-way trade between Canada and the territory is in the neighbourhood of \$200 billion.

Mr. Majid Jowhari: For Canadians, we are talking about \$200 billion of a \$6-trillion opportunity. Can you give me Canada's GDP perspective?

Mr. Mark Allen: I can tell you that the entire trade between Canada and the United States is in the neighbourhood of \$3 billion each and every day. Reference has also been made to our G7 collaborators. I would say that it's not just because we're the United States' friend and neighbour that they trade with us; we're actually economic competitors of many of those G7 countries, such as the U.K., France and Germany. We need to constantly maintain these relationships. Our presence and our network are very much about being constantly in the orbit of U.S. decision-makers in order to maintain our share of that important global trade.

• (1250)

Mr. Majid Jowhari: Thanks a lot.

With 20 seconds to go, I'll ask a final question. Do you think an investment of \$9 million with a net savings of \$7.4 million over 50 years is justified to be able to facilitate—and I won't use any other word than "facilitate"—the trade and the \$200-billion opportunity in a \$6-trillion market?

The Chair: Mr. Jowhari has left you enough time for a yes-or-no answer—not even that.

Mr. Mark Allen: It's not about my personal opinion; it's about value for money. I hope to have demonstrated the importance of this market to Canadians.

Mr. Majid Jowhari: Thank you, Mr. Chair, for your—

The Chair: Thanks, Mr. Allen.

Mrs. Vignola, go ahead, please, for two and a half minutes.

[Translation]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

There was some mention of the incongruity involved in renting an apartment for the consul general. I'd like to know how your leasing operations work. GAC has properties in New York City, but it also leases housing. They have a lot of leases.

How does that work? Does the department give diplomats a stipend and tell them to figure it out, or does the diplomat bill the department for their rent?

Mr. Stéphane Cousineau: I thank the member for her question.

Unfortunately, my expertise is limited to real estate. Mr. Dubeau may have some information, given his experience.

Mr. Robin Dubeau: That's a good question.

Housing abroad is governed by different regimes. Different approaches are used to provide staff with housing. A dwelling can be owned, and assigned to the diplomat; a dwelling can be rented for a diplomat's use; or, particularly in the United States, a diplomat can be asked to find a home and sign a lease for it as a private individual, and the department will reimburse the monthly cost.

So there are three ways of doing it.

Mrs. Julie Vignola: What option is the most cost-effective for Canada?

Mr. Robin Dubeau: It depends a lot on local factors.

In the United States, and in some parts of Europe, we prefer private rentals, because the conditions are more conducive. In places where different security conditions or other major issues come into play, we prefer to own our accommodations because of the expensive security improvements we make. This way, we see a return on our investment.

So I would say that it depends on the conditions in a given country.

Mrs. Julie Vignola: In New York, and Manhattan especially, how many units do we rent, and how much do they cost on a monthly basis?

Mr. Robin Dubeau: I'll have to look into that and get back to you with an answer, because I don't have that information.

Mrs. Julie Vignola: Thank you.

[English]

The Chair: Thank you, Mrs. Vignola.

Mr. Bachrach, go ahead, please, sir.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I'm curious about accessibility. It was mentioned as one of the justifications for the purchase of the new property. The old property didn't meet the requirements of the Accessible Canada Act.

My question is whether the new property meets those requirements, specifically what the shortcomings at the old property were, and if the new property doesn't meet the requirements of the Accessible Canada Act, what the estimate is to ensure that the new property is brought up to spec and meets the requirements of the act.

Mr. Stéphane Cousineau: This is an excellent question. Indeed, the current residence doesn't meet the accessibility act.

I will turn to my colleague Robin Dubeau, who can speak about the new residence and information about accessibility.

Mr. Robin Dubeau: You have several questions. One is about the shortcomings of the existing official residence. There were two categories of shortcomings that were identified in that residence. One of them was associated with the unit per se. To be more accurate, an accessible bathroom was not available in the unit. I know there were also base building conditions that prevented full accessibility.

Those issues are not found in the same way in the new residence, and we can now say that this new residence we've acquired is accessible.

● (1255)

Mr. Taylor Bachrach: Does the new residence meet the requirements of the Accessible Canada Act, since the act was referenced in the shortcomings of the old residence?

Mr. Robin Dubeau: That's my understanding.

Mr. Taylor Bachrach: Okay.

Thank you, Mr. Chair.

The Chair: Mr. Brock, go ahead.

Mr. Larry Brock: I want to circle back on Minister Mélanie Joly's involvement in this latest Justin Trudeau scandal.

We heard through you, Mr. Cousineau, that you notified her chief of staff some time in June. You're going to give us the exact date. What I didn't hear is the actual date of the closing on the new unit. Presumably, real estate closes at the end of the month. Is it safe to say this occurred at the end of June 2024?

Mr. Stéphane Cousineau: Mr. Chair, if you'll bear with me, I just want to make sure that I have the information right in front of my eyes. The transaction approval... Yes, the payment and the transaction were toward the end of June 2024.

Mr. Larry Brock: Mélanie Joly's office was notified much earlier than the actual sale. Is that correct?

Mr. Stéphane Cousineau: Mr. Chair, as part of our process and communication, yes, we communicated at the end—

Mr. Larry Brock: To your knowledge, you communicated only with the chief of staff. I'd like you to table the correspondence you sent to the chief of staff. Will you do that, sir?

Mr. Stéphane Cousineau: Mr. Chair, I'm not sure there's correspondence.

Mr. Larry Brock: Did you pick up the phone and say, “Hey, by the way, we just purchased a \$9-million condo on Billionaires’ Row? Is that what you did?”

Surely, there must be something that’s official.

Mr. Stéphane Cousineau: Mr. Chair, I want to reiterate that we follow our delegation of authority, supported by expertise and a team—

Mr. Larry Brock: How did you communicate, sir? It’s a simple question.

Mr. Stéphane Cousineau: Our team has been communicating with the minister’s office.

Mr. Larry Brock: How did you communicate? Was it snail mail, email or a telephone call? What did you do?

Mr. Stéphane Cousineau: Mr. Chair, I can confirm and verify how the communication was done with—

Mr. Larry Brock: Fine. It’s absolutely ridiculous that you can’t tell me how you communicate with your own ministry. It’s absolutely ludicrous.

I think Canadians want to know why there’s been such a deafening silence from the minister herself. Knowing that we have a housing crisis and an affordability crisis, and we’ve had nine years of Justin Trudeau’s spendthrift and irresponsible government.... There have been crickets from the minister with respect to a \$9-million condo for Justin Trudeau’s buddy, who once asked him, “What kind of shampoo do you use?”

Why hasn’t she communicated to the public about this particular purchase?

Mr. Stéphane Cousineau: Mr. Chair, we follow the delegation of authority. I wouldn’t want to speak on behalf of the minister. I think that question would be more appropriate for the minister herself.

Thank you.

Mr. Larry Brock: Okay. Let’s talk about the property.

The listing reads, “An elegant entry foyer offers white macauba stone floors, and the stunning powder room is finished in jewel onyx.” There are custom smoked gray floors. There’s Italian white Venato marble in one of the bathrooms, “a free-standing copper soaking tub handcrafted by William Holland, and custom bronze fixtures by P.E. Guerin.” We talk about a kitchen equipped with “a wet bar...Cristallo Gold quartzite countertops...custom hand-crafted cabinetry, and full suite of Gaggenau appliances.” Gaggenau is the most expensive appliance maker in the world. A Gaggenau oven costs \$19,000. I guess shopping at our local Leon’s or The Brick wasn’t an option for the Canadian taxpayers.

I’m wondering why you had to have all of these features. I’m referencing your statement when you talked about the old unit: “Last refurbished in 1982, the apartment does not meet new building codes nor (GAC) standards.”

Are what I just described to you as luxurious pieces GAC standards or, more frankly, are they Tom Clark’s standards? Can you answer that question, sir?

Mr. Stéphane Cousineau: Mr. Chair, I’d like to just reiterate that Mr. Clark didn’t have any influence in the selection and approval of this new condo. The features that were just described are not part of what I would call space requirements. We don’t look at those kinds of feature. We look at the value of the property, and we felt that the value proposition and the value for money were there for Canadians.

• (1300)

Mr. Larry Brock: The oven is \$19,000. The refrigerator is \$13,000. The coffee maker is \$4,600. The freezer is \$11,000. The dishwasher is \$6,000. How on earth is that value for the Canadian taxpayer?

Mr. Stéphane Cousineau: Mr. Chair, once again—

The Chair: Could we have a very brief answer, please?

Mr. Stéphane Cousineau: Once again, Mr. Chair, that’s not part of the space requirements that we look at when we do the actual evaluation of a new property. I’ll leave it at that.

The Chair: Thanks.

We’re now going to go over to you, Ms. Atwin. Please go ahead for five minutes.

Mrs. Jenica Atwin: Thank you, Mr. Chair.

I’m going to begin my questions this round by saying that the way we present ourselves as parliamentarians should be front of mind. Canadians are watching this. I think the public servants who have come before us today to share what they know have been open, transparent and honest with us, so I really take offence at the characterization of anyone who’s come before us today as not being as truthful as they possibly can be. I just think we need to be really careful about how we conduct our meetings. There’s been a bit of a trend here, unfortunately, to rake our public servants over the coals. As we know, in the past, this has actually led to threats being made against them or social media campaigns, so I really would caution all of us to be careful that this doesn’t happen again.

I do have a question.

Mr. Cousineau, you mentioned the consul serving 300,000 Canadians in the area. What kinds of services do citizens actually receive at the residence?

Mr. Stéphane Cousineau: Mr. Chair, thank you very much for the question. It’s an excellent one. I can tell you that the consulate is one of our busiest missions in the world. I’ll turn to my dear colleague Mark Allen to respond on the operation.

Mr. Mark Allen: With respect to services the consulate provides directly to citizens, the committee will be aware of a number of incidents that have happened in New York’s territory over the last year. There was a tour bus crash in upstate New York involving Canadians. A plane went down. People will remember the explosion at the Rainbow Bridge last November.

When these things happen, it's very important that the consulate have very close ties with local authorities. In this case that was for the governor's office, for example, with respect to the explosion at the Rainbow Bridge. Those ties are, as I said earlier, maintained and advanced through the work of the consulate, including through events at the official residence.

Mrs. Jenica Atwin: Thank you very much. More generally, considering all the testimony we've heard today and yesterday—and any of our witnesses can weigh in on this—have you personally dealt with any cases similar to this one, in which a residence or other real property was bought to replace one that was being sold? Is this something you've experienced before?

Mr. Stéphane Cousineau: Thank you very much, Mr. Chair, for that question. As I mentioned at the beginning, we have quite a complex infrastructure around the globe with 182 missions in 112 countries, so we do have regular transactions, hundreds of projects. I can't speak to whether there have been any recent transactions similar to this one. I am looking to my colleague Mr. Dubeau.

Mr. Robin Dubeau: Thank you for the opportunity.

As Mr. Cousineau was saying, with the number of properties we have abroad, we have experience in transactions involving either selling or purchasing or replacing assets, whether those be chanceries, official residences or staff quarters. Of course, we don't replace official residences as often as staff quarters, but we have had experience over the past few years with those transactions.

Mrs. Jenica Atwin: Do you remember similar committee studies or can you think of previous inquiries of this nature?

Mr. Stéphane Cousineau: I don't recall any study such as this one.

Mrs. Jenica Atwin: Okay. In general, again, as far as anything you know with regard to this purchase and to the decisions that were made goes, was all policy followed?

Mr. Stéphane Cousineau: I'm going to reiterate that all the policies were followed. It was a smart acquisition, and it was well documented and exempt from any influence. Thank you.

• (1305)

Mrs. Jenica Atwin: Do you have any concerns at all about how this process unfolded or anything that has transpired with regards to this conversation?

Mr. Stéphane Cousineau: Indeed, I'm very proud of the work that has been done by our people, the recommendations that they provided and the due diligence they've followed in providing value for money for Canadians as we move forward with this initiative. Thank you.

Mrs. Jenica Atwin: Thank you.

With my remaining couple of seconds here, I'd just like to ask, in general, again...I know you've been interrupted a bit. There has been some time taken away from your responses. If there's anything at all you'd like to add, please do so.

Mr. Stéphane Cousineau: Once again, I think this is a very smart investment. We're very proud of the work that has been done on this new acquisition that we've made. When we look at other countries such as Denmark, which is not even part of the G7, they

are in Manhattan and they paid like \$9 million. If we compare it with the G7, I think we're well positioned. Thank you very much.

The Chair: Thanks, Mr. Cousineau.

Mr. Genuis, back to you, please, sir.

Mr. Garnett Genuis: Thank you, Chair.

I think one thing that has come clearly through the Liberal line here is that they believe that investing in Canada means investing in luxury for a few well-connected officials. This underlines that Liberals can't tell the difference between investing in Canada and investing in themselves, and this was very clear in Mr. Kusmierczyk's comments.

Of course Conservatives recognize the importance of our presence in New York. We also recognize the cost of living crisis and that events can be held in various places. We don't need an infinite number of possible places to host events.

I want to drill down into the government's argument here that this is fundamentally about hosting. The Government of Canada purchased a glitzy \$9-million residence on Billionaires' Row with all kinds of incredibly luxurious features. It's much nicer than the kind of property that most Canadians or most New Yorkers would have. The claim that the government has made is this allows them to host events. Ironically, though, this glitzier property is a much nicer place for the occupant, but has much less hosting space.

The Chair: Let me interrupt you. There's a point of order, Mr. Genuis.

Mr. Michael Barrett: I'm just wondering if you could check through the clerk if we're having any challenges with our interpretation.

The Chair: I'm hearing the French okay.

To the interpreter, can you hear Mr. Genuis okay?

We're fine. Perfect.

Sorry, Mr. Genuis. Go ahead.

Mr. Garnett Genuis: No problem.

In terms of the potential for hosting in this new location, do you have a copy of the condo rules associated with hosting events in the new location?

Mr. Stéphane Cousineau: Once again, when it comes to the new location that we have purchased, it is more efficient and cost effective, as we said.

Mr. Garnett Genuis: That's not my question, sir. Do you have the condo rules?

Mr. Stéphane Cousineau: In terms of the condo and the condo rules, I would have to get back to you. I don't have that information with me right now.

Mr. Garnett Genuis: Sir, the primary justification you've used is that you want to be hosting events in the new location. You think it's more appropriate for hosting them. There are rules associated with hosting events. You must surely know what those rules are in order to make the case that this is a more appropriate or preferential location in some way or that you can host events at all in the new location, and yet you don't know what those rules are. Is that correct?

Mr. Stéphane Cousineau: The condo we're actually purchasing has a more suitable and private setting for our high-level things, as was mentioned.

Mr. Garnett Genuis: Sir, the condo rules—

Mr. Stéphane Cousineau: When it comes to rules, I will turn to my colleague Mr. Dubeau, who can speak to the details of those rules.

Mr. Garnett Genuis: Does somebody—anybody—have the condo rules?

Mr. Robin Dubeau: Yes, somebody has the condo rules, but I don't have them with me. I know that there are two options for the head of mission there in that building. Basically, he can use his own unit to entertain for smaller, more personal events.

Mr. Garnett Genuis: Sir, do you have the specific condo rules? Does somebody in the Government of Canada have those specific condo rules? You understand how important this is, right? The whole justification for this luxury condo is that we can host events. There are rules that govern the building in terms of what events can be hosted, so somebody in the Government of Canada should have those rules and should be able to provide those quickly to this committee.

Can you undertake to ensure that we are able to see those rules within, say, 48 hours?

• (1310)

Mr. Robin Dubeau: I know those rules exist, and I know somebody has them. I can undertake to go back and find them. I would rather have a longer period of time to deliver, if the chair agrees with me.

Mr. Garnett Genuis: We need to have them prior to next week's meeting with Mr. Clark. Will you get them to us by Monday at noon?

Mr. Robin Dubeau: Yes. I can go back and inquire and see if I can get them to the committee by Monday.

Mr. Garnett Genuis: That's by Monday at noon. They'll need to be translated as well.

The Chair: Did you mention the translation?

Mr. Garnett Genuis: Yes. I assume this isn't part of my time.

The Chair: Would you, perhaps, advise the clerk at the end of the day or tomorrow morning about an update on when you'll be able to provide those rules to us? We'll get back to the committee then.

Mr. Robin Dubeau: Thank you for the flexibility, Mr. Chair, because the document must be in only one official language.

The Chair: Oh, I know, but just get back to the clerk today or tomorrow morning about how long or when you'll be able to deliver that to us so we can get it translated.

You have a short bit of time left, Mr. Genuis.

Mr. Garnett Genuis: I have a follow-up question on that. Can those existing rules be changed by a simple majority of people in the building? How can those rules be changed? What are the chances that the hosting rules would change once we moved in?

Mr. Robin Dubeau: There's always an annual meeting with the condo building owner, and the rules can certainly be amended.

Mr. Garnett Genuis: You don't know the rules, and the rules, even if they are more favourable, could be changed by a vote of those in the building. The whole justification for this luxury condo is hosting events. You can't tell me the rules for hosting events, and those rules are subject to change by a vote of those in the building.

Allegedly many of our potential investments depend on the ability to hold events in the private home of a consulate general. Do you see the obvious absurdity of this, sir, how your lack of knowledge of those rules doesn't square with the claims that have been made today?

Mr. Stéphane Cousineau: Mr. Chair, I'd like to reiterate that I think Mr. Dubeau has clearly explained that we know those rules. They're part of what the team is looking at. We will be pleased to get back to you in terms of when we could provide those rules.

I think the question was about whether those rules could be changed. Yes, they could be changed. That's typical in a condo. They will have their annual meeting.

Mr. Garnett Genuis: You don't have the rules to present to us today, so we'll look forward to looking at them in the future, I suppose.

The Chair: Thanks, Mr. Genuis.

We're going back to the west coast.

Mr. Bains, go ahead, please.

Mr. Parm Bains: Thank you, Mr. Chair.

You know, it's funny being hung up on just the events. I think we should go back to the importance of the justification of its being situated in an area where diplomatic relations can occur in a favourable manner.

Maybe I'll go back to Mr. Allen or Mr. McCubbing on this. I think you mentioned that we are competing. This is a financial sector and sort of the headquarters of the world when it comes to global trade and some of these missions. Looking at the importance of being situated, if we look at Vancouver, for example, many of the consular offices and residences are located in and around areas where there's access to, as you mentioned, critical minerals—and that strategy is important for Canada. We have over 1,500 mining headquarters located in the Vancouver area.

Even in my office specifically, if you look at the minister's regional office and the proximity of access to consul generals and organizing and setting up meetings, I had the opportunity to welcome consul generals not only from the United States but also from Chile to the largest commercial fishing harbour in Canada, which is located in Steveston Village in my city of Richmond, British Columbia. It's a place where over 100 million pounds of seafood is off-loaded annually, which directly results in over \$200 million in revenue for the region. Those things are important for many of these consular offices to consider, so maybe you could speak a little bit more about that.

We recently had Australian representatives visit the Seaspan shipyard, where we just announced and launched the largest oceanographic vessel that has been built recently. We have a joint supply ship that will be ready to be announced later this fall, so there's a lot going on.

Much of our science and our innovation in Canadian technology and things that we have to offer and share need to be not only translated through meetings but also through the proximity of people being in an area where we can have consecutive, back-to-back meetings and not have to travel for lengths of time.

New York City is not the easiest place to get around, so maybe you can speak to all of those things that matter. We talked about the trillions that are at stake here, and we need that money to provide the services and supports that Canadians need on a regular basis here for the people who are the most vulnerable.

Could you speak to the importance of the proximity of the location?

• (1315)

Mr. Mark Allen: I'd be pleased to.

As I think we said earlier, there's an incredible concentration in New York City of people, of capital and of institutions. It's a very large city. It can be difficult to navigate, so that centrality is, I think, incredibly important for us as well as for like-minded nations who, as I said, are also our economic competitors.

When we organize events, one of the success factors is the uptake and attendance: how many people we invite and how many people actually attend. When events are central and when they're held at a residence, the ratio of uptake is higher among the people whose help we need to advance our interests.

Thank you.

The Chair: Thank you very much.

Mrs. Vignola, go ahead, please, for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

I don't know if the witnesses can answer my next question. If not, they can send us an answer in writing.

Before 2022, purchases amounting to more than \$4 million required an authorization. In 2022, that limit increased to \$10 million.

In five years, from 2017 to 2022, how many times did GAC have to request authorization to purchase or build a home with a value exceeding that limit?

Mr. Stéphane Cousineau: I thank the member for her question.

I will defer to my colleague Ms. Carruthers, who is responsible for finances.

[*English*]

Ms. Shirley Carruthers (Assistant Deputy Minister and Chief Financial Officer, Corporate Planning, Finance and Information Technology, Department of Foreign Affairs, Trade and Development): Thank you Mr. Chair.

What I can tell you is that between 2016 and 2021 the department actually had to go to Treasury Board Secretariat a total of 44 times to get transaction authorities to go forward with different transactions, such as entering into a lease transaction and/or purchasing a building. Thank you.

[*Translation*]

Mrs. Julie Vignola: Okay.

If I understand correctly, it happened 44 times between 2016 and 2021. Is that number higher than it used to be, compared to the period from 2011 to 2016, for example? Is one period similar to another?

• (1320)

[*English*]

Ms. Shirley Carruthers: Mr. Chair, I'm sorry, but I don't have that information with me, and I was unable to locate it prior to coming to this committee. However, I can go back to the department and see if I can locate that information.

[*Translation*]

Mrs. Julie Vignola: Thank you.

[*English*]

The Chair: Mr. Bachrach, go ahead, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I'm interested in Global Affairs' evaluation of risk surrounding this transaction. Perhaps our witnesses could describe what Global Affairs saw as the greatest risk involved in this particular transaction, the purchase of the new apartment, and more generally the various risks that were evaluated as part of the decision-making process.

Mr. Stéphane Cousineau: Thank you very much for this question.

Indeed risk is an important element that we consider as we look at our process and what's included in our framework, as I said before. When it comes to risks and the details of those risks, I will turn to my colleague Mr. Dubeau to talk about those.

Mr. Robin Dubeau: Thank you.

The business case we build for such purchases covers multiple angles, and one of them is absolutely the risks associated with the transaction.

There are different transactions and there are different risks associated with those transactions. Of course there's the risk associated with the timing of it. There's also risk with the assumption that we make when we do the financial evaluation. As the transaction progresses, we know more information, more than estimation, so that makes it a bit more secure. There's also the assessment of the asset condition that is a risk when we do this kind of transaction. There's a financial risk with currency fluctuation as well because we're paying in U.S. dollars, so we want to take that into consideration. There's market availability, so that would be part of the risks in the option analysis and the business case we've put together.

Mr. Taylor Bachrach: Does the risk have to do with the future value of the real estate? I know in this particular building and in Steinway Tower in particular we've seen really significant decreases in the asking price for units. More than 20% of the units in the building have never sold. The vacancy rate is estimated to be around 50%, and the project's lender has written off debt due to not being able to secure returns.

I'm just wondering what the evaluation of risk is when it comes to the future value of the property, in the opinion of Global Affairs.

The Chair: I'm afraid there's no time left for an answer but, Mr. Bachrach, you'll have one more round after this, so perhaps we'll be able to get to it then.

Mr. Barrett, go ahead, please, for five minutes.

Mr. Michael Barrett: Okay, my question is for the deputy consul general, Mr. McCubbing.

You signed off on the purchase of this property on Billionaires' Row for Justin Trudeau's media buddy Tom Clark. Is that correct?

Mr. Robert McCubbing: Thank you, Mr. Chair.

Yes, I was the delegated authority from the property bureau at headquarters to provide the wet signature on the transaction.

Mr. Michael Barrett: Are you aware, in relation to this transaction, its approval and your subsequent signature, of any correspondence with the Prime Minister's Office, the Privy Council Office or the Minister for Global Affairs' office?

Mr. Robert McCubbing: I'm not aware of any communication between any of those agencies and our office.

Mr. Michael Barrett: You weren't given any visibility on communications with the minister's chief of staff in the form of a heads-up on this.

Mr. Robert McCubbing: No. I was not involved in that communication.

Mr. Michael Barrett: How did you know that you were to sign it?

Mr. Robert McCubbing: I was provided an email with a delegated letter authorizing me to sign the contract.

Mr. Michael Barrett: Who was the email from?

Mr. Robert McCubbing: It was from my colleagues in the property bureau. It was the director general in charge of real property.

Mr. Michael Barrett: Was Mr. Clark informed that a decision had been taken to pivot from a renovation to a property purchase?

• (1325)

Mr. Robert McCubbing: Mr. Clark was aware that there was a process ongoing to find a new official residence.

Mr. Michael Barrett: Did Mr. Clark ever opine on, or are you aware of him ever offering any opinion on the suitability of the residence that's to be disposed of?

Mr. Robert McCubbing: Mr. Chair, Mr. Clark never opined to me about the disposal of the current residence.

Mr. Michael Barrett: Further to my question, did he ever speak about the suitability of or his comfort with the residence that's being sold?

Mr. Robert McCubbing: Mr. Chair, Mr. Clark never shared with me his thoughts on the suitability of the current residence.

Mr. Michael Barrett: Are you aware of him expressing any opinion on it?

Mr. Robert McCubbing: I am not personally aware of Mr. Clark having shared any opinion on the current residence.

Mr. Michael Barrett: Was he read in on any of the options for the now purchased residence or during that process?

Mr. Robert McCubbing: No. Mr. Clark was not aware of any of the options and was not part of the process to look at them.

Mr. Michael Barrett: Are you familiar with the space that's shared by your office and the ambassador to the United Nations?

Mr. Robert McCubbing: Yes, I'm familiar with the chancery building and the shared space.

Mr. Michael Barrett: Is it your opinion that it's a suitable place to hold meetings with trade officials and dignitaries?

Mr. Robert McCubbing: Thank you, Mr. Chair.

Yes, we host many different types of meetings in the shared space at the chancery.

Mr. Michael Barrett: What's the highest level of dignitary or the highest individual in the order of precedence who has been party to a meeting in that space?

Mr. Robert McCubbing: We have had meetings with ministers—not as part of the consulate work—and the Prime Minister has had meetings in this office.

Mr. Michael Barrett: Have you had any ambassadors there?

Mr. Robert McCubbing: Not on the consul general side, so I couldn't speak to that, but I understand that we have on the United Nations side.

Mr. Michael Barrett: Are you aware of there being any ambassadors participating in meetings in the shared space?

Mr. Robert McCubbing: In the shared space, I understand that ambassadors on the United Nations side participate in meetings.

Mr. Michael Barrett: I just find it very interesting.

About the value—we're going to run short on time here—I'd really like to know about the added value for Canadians who are working in Victoria-by-the-Sea, Prince Edward Island, in Victoria, British Columbia, or in Windsor, Toronto, Sudbury or Sault Ste. Marie, who are struggling to pay their bills. What added value do they get for this?

When we have a meeting space.... We're told that we need this new \$9-million residence for Tom Clark, Justin Trudeau's buddy, on Billionaires' Row because the meeting space was insufficient, but the space you have has hosted prime ministers, ambassadors and all order of people.

What's the added value for Canadians who can't pay their rent and for the one in four Canadians who are going to food banks?

The Chair: I'm afraid there's no time for a response.

Mr. Longfield, we'll go over to you, please, for five minutes.

Mr. Lloyd Longfield: Thank you, Chair, and thank you to the witnesses for providing such detailed information to us and for helping us with our responsibilities as members of Parliament.

As a member of Parliament, I've used a few consular offices in Ottawa, but many Canadians won't know the purpose of consular offices. I could speak to what may be part of my experience with consular offices, and then maybe Mr. Allen can help fill in how this could benefit Canadians.

Previous to being a member of Parliament, I was managing director of a United Kingdom company in Canada, and when I was elected, I went to the U.K. consul to meet with him at the residence, with other MPs, to talk about the trade relationship between Canada and the U.K., one of our most important trading partners.

I've been to the consular office for the Netherlands, where they have expertise in clean technology; Guelph is quite involved with climate change initiatives and clean technology companies, and we know that we have a route to the Netherlands through Ottawa and the consular office that's on the ground here.

I'm also picturing the American elected officials using consular offices in the same way to have a route into potential trade partners for their constituents.

Mr. Allen, could you talk about how elected officials in the United States might benefit from this New York location? Given the NAFTA negotiations that we've just gone through and will be going through again soon, changes in government and changes in political climate, and trying to add to business stability with face-to-face communications, could you comment on the significant strategic importance of having on-the-ground consular services for elected officials to use?

• (1330)

Mr. Mark Allen: Absolutely.

Our network of missions abroad really represents the totality of Canadian interests in each of the cities and regions where they're located. We've talked about the trade and investment side of that, the public affairs side of that and the consular services side of that.

Also importantly, they build our brand around the world and show.... You've used examples like clean tech, which also apply to Canada, and I mentioned critical minerals, so I think we're lucky as a country to have a very positive brand abroad, but it takes work, as I say, to continue to promote that.

In representing the totality of our interests, they also provide an important meeting place for international interlocutors from the commercial world, as we say, and from institutions, and really, I think, despite the networked world that we are increasingly living in, there's absolutely no substitute for that face-to-face communication, which is really the business of diplomacy. Thank you.

Mr. Lloyd Longfield: Thank you.

Social media is what it is, and email communications and even me attending not in person creates a distance between me and the people I'm talking to. It's second best to face to face.

I'm looking at Canada's exports of goods and services. Our exports increased 4.4% in June, and imports rose 1.8% in June, so our balance of trade did quite well in June, and I think we've shown over the past several months an increase in our exports to international partners.

I'm working with the small businesses in Guelph. Last week I was at a wheelchair manufacturer in Guelph, and I asked, "Have you considered our trade services and using the Canada Business app so that you could get in touch with our trade services? You could export these goods, and not just serve our local and Canadian community; you've got world-class products here."

Small businesses need those connections, either through the Canada Business app or the face-to-face opportunities our offices can provide.

Could you comment on any of the face-to-face opportunities you've witnessed at this office in New York?

Mr. Mark Allen: Absolutely.

Our trade commissioner service, which is based in our overseas platform, including in New York, is directly responsible for opening doors on behalf of Canadian exporters and providing critical market intelligence to help them really seal deals in economies all around the world, including in New York. I also mentioned the investment attraction kind of—

The Chair: I apologize, Mr. Allen, but you were not left much time to answer. You're more than welcome to perhaps finish it in writing to the committee. I think it would be appreciated.

Mrs. Vignola, please go ahead.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Cousineau, we usually receive written statements from witnesses, but I haven't seen yours this morning. Maybe my iPhone wasn't working properly. Anything's possible.

Could you please send a written copy of the speech you gave earlier?

Mr. Stéphane Cousineau: Mr. Chair, I believe my remarks have been sent to the committee. You should get them shortly.

Mrs. Julie Vignola: Thank you very much. That's very good news.

[*English*]

The Chair: We received them at the very last minute.

[*Translation*]

Mrs. Julie Vignola: Okay, thank you very much.

Mr. Genuis talked about co-ownership rules. Is Canada part of the committee that makes decisions on rules within the Steinway Tower?

• (1335)

Mr. Stéphane Cousineau: Mr. Chair, Canada is indeed represented on this committee, because we have a presence in this building.

Mrs. Julie Vignola: Okay.

That's it for now. Thank you.

[*English*]

The Chair: Thank you, Mrs. Vignola.

Mr. Bachrach, go ahead, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I'll pick up where I left off in the last round with the question around risk associated with the future value of the property and whether Global Affairs took note of some of the challenges the developers had selling units in the associated building that the annex is attached to and just what their evaluation was of risk associated with future valuation of the property.

Mr. Stéphane Cousineau: Thank you very much for the question.

As mentioned in the beginning, we got a professional appraisal on this from PSPC, which was part of the process. Also we leveraged the private sector real estate agent who had actually been helping us to identify what the market was all about and the current state of that market based on which the price was established.

We believe that with these two elements we have mitigated the risk as we move forward.

Thank you.

Mr. Taylor Bachrach: Okay. Was the risk assessed as being low in terms of future value of the property? I understand that information is in the very lengthy appraisal the committee has been provided, but in brief does Global Affairs feel, from an investment perspective, that this is a solid investment that's going to appreciate over time or are there risks that Canadians should be concerned about?

Mr. Stéphane Cousineau: Mr. Chair, thank you very much for the question. Given the value for money we're looking for, it's a really important one, and I'll turn to Mr. Dubeau to respond to it.

Mr. Robin Dubeau: Thank you, Mr. Chair.

One of the risks always associated is with the financials; for example, if one of the variables we have identified in the business process in the development of the business case does not materialize the way we anticipated it would. Our cost estimators are really prudent in not assuming that the market appreciation would be too high on that unit.

However, the fact is there are two things. We know that on the old properties we're selling, the market has given us a significant return on investment over the years—about 10% or more. We anticipate that in the long run, the Manhattan market will give us a good investment moving forward, and that's supported by our real estate broker's opinion.

The Chair: Thanks very much, Mr. Bachrach.

We'll finish up with Mr. Brock and then Mr. Kusmierczyk.

Mr. Larry Brock: Thank you.

I have a number of odds-and-ends questions, some loose ends based on what we've discussed over the last almost three hours.

I want to clarify that very early on in the first hour, my colleague Mr. Barrett asked for details and the tabling of any and all correspondence in relation to the sale and the acquisition of both condos. I appreciate that you said a number of times that Mr. Clark did not influence the decision to sell and the decision to purchase, but we still want any and all correspondence between Tom Clark and Global Affairs in relation to both properties. Will you table that, sir?

Mr. Stéphane Cousineau: Mr. Chair, as I mentioned, I will be pleased to look into it and see what's available, and then get back to this table.

Mr. Larry Brock: Okay.

The 57th Street property was on the market for 235 days. That's just shy of eight months. It sold for \$6.63 million U.S.

Did you pay the full listing price, or did you negotiate the price down to \$6.63 million U.S.?

Mr. Stéphane Cousineau: Mr. Chair, we're always looking for value for money. Once again, I will turn to Robin to talk about the process of the negotiations on this one, which were done, as I mentioned, with the real property—

Mr. Larry Brock: I just want the the question answered. I don't need an explanation.

Did you pay the full listing price, or did you negotiate?

Mr. Robin Dubeau: There were negotiations that took place, and we paid less than the listed price.

Mr. Larry Brock: How much less?

Mr. Robin Dubeau: I think it's in the document that was shared with you. It's \$6.5 million U.S.

• (1340)

Mr. Larry Brock: Right, but how much is it from the listing price to the selling price? What was the difference?

Mr. Robin Dubeau: It was listed at.... I don't remember it exactly, but I think it was \$6.89 million.

Mr. Larry Brock: It was \$6.89 million, and you bought it for \$6.63 million.

Mr. Robin Dubeau: We paid \$6.5 million U.S.

Mr. Larry Brock: Was it roughly \$300,000 or \$400,000 less?

Mr. Robin Dubeau: Yes.

Mr. Larry Brock: Okay.

With respect to the renovation costs on Park Avenue, how many bids did you receive at Global Affairs?

Mr. Robin Dubeau: The renovation was assessed by our quantity surveyors, who are the professionals who basically assess the work that needs to be done based on plans done by architects. We never went to market for those renovations because we worked with those numbers.

Mr. Larry Brock: Why wouldn't you go to market to get the best value?

Mr. Robin Dubeau: When we got the information that it was up to \$2.6 million, we wanted to change the approach and look at all of the options.

Mr. Larry Brock: That's based on your internal numbers, though. Why would you not go to market to see whether or not it would be a more feasible option to try to find the best renovation cost possible, again, to further save the taxpayer money? Why wasn't that an option?

Mr. Robin Dubeau: The quantity surveyors are very good at assessing the cost of a project. When we saw that the costs were escalating—

Mr. Larry Brock: Is that what you do for all of your official residences in terms of renovation costs? Do you not look for best value?

Mr. Robin Dubeau: We look for best value. We use quantity surveyors first to get an appreciation of how much money it's going to cost.

Mr. Larry Brock: Okay. Let's move on.

You talked about the old property not being accessible. Can you explain that? I think you did. One of the washrooms had to be accessible. I truly understand that. Those are Canadian codes.

What was done specifically with the new property to make it accessible?

Mr. Robin Dubeau: I understand that the floor plan was looked at, and then it was determined that the options exist there for an accessible bathroom to be....

Mr. Larry Brock: Is that being installed as we speak?

Mr. Clark is not in that residence right now. Is that correct?

Mr. Robin Dubeau: No, he's not there.

I don't think we need to renovate. I think the bathroom is readily available and accessible as it is.

Mr. Larry Brock: Okay, so you don't need to put any additional devices on the walls to make it even more accessible. It's just the ability to use a wheelchair to get into the washroom. Is that what you mean by accessible?

Mr. Robin Dubeau: Yes.

Mr. Larry Brock: The width of the door was more accessible at the new location versus at the old location.

Mr. Robin Dubeau: Yes.

Mr. Larry Brock: Couldn't you renovate the existing entrance-way to a washroom? There were seven washrooms in the old location. Couldn't you tear out the door and make it accessible? Was that discussed?

Mr. Robin Dubeau: I'm sorry. Are we talking about the old...?

Mr. Larry Brock: It's the old property at Park Avenue.

Mr. Robin Dubeau: That was part of the renovation project that we looked at. It was to make it accessible.

Mr. Larry Brock: You also mentioned that—

The Chair: Be really brief, Mr. Brock.

Mr. Larry Brock: I asked you questions about monthly property taxes, and I explained to you that you are lying to Canadians when you say the new property has fewer carrying costs than the old one.

Mr. Lloyd Longfield: I have a point of order on the language.

Mr. Larry Brock: I pointed that out to you.

I also heard, when a Liberal colleague was asking you questions, that you are tax-exempt pursuant to the Vienna Convention. Can you explain that, please?

The Chair: We're out of time, but can you provide a very brief answer?

Mr. Stéphane Cousineau: Absolutely. Very quickly, the new property is definitely cheaper because of that. We will be tax-exempt on the new condo because of that Vienna convention. Absolutely.

The Chair: Mr. Kusmierczyk, go ahead, please.

There we go. We can hear you now.

Mr. Garnett Genuis: Chair, I have just a quick point of order.

The Chair: Hold on one moment, Mr. Kusmierczyk.

Go ahead, Mr. Genuis.

Mr. Garnett Genuis: Thank you, Chair.

At the end of my first round, I asked a number of specific questions, which you said the witness could follow up on in writing. I don't know that it was clarified, but I do just want to clarify, since we're getting towards the end here, that I would like a response in writing to my questions regarding various transfer taxes, mansion tax, etc., whether they apply and what the amounts would be. I just want to clarify that I do want the response to that to be provided in writing to the committee, as you had suggested.

Thanks.

The Chair: Thank you, Mr. Genuis.

Mr. Kusmierczyk, I'm starting the clock. Please go ahead sir.

Mr. Irek Kusmierczyk: [*Technical difficulty—Editor*]

The Chair: Sir, we cannot hear you. I'm afraid we still have no volume, Mr. Kusmierczyk.

• (1345)

Mr. Irek Kusmierczyk: Can you hear me now?

The Chair: There you go.

That's perfect. Go ahead, sir. We'll start your five minutes.

Mr. Irek Kusmierczyk: Thank you, Chair.

Mr. Cousineau, for how long have you been in the federal public service?

Mr. Stéphane Cousineau: Mr. Chair, thank you for the question. I think my grey hair reflects that I've been in the public service for 30 years.

Mr. Irek Kusmierczyk: For 30 years, so for pretty much your entire adult life you've been in the federal public service serving this country. Is that correct, sir?

Mr. Stéphane Cousineau: Give or take, yes, that's correct, absolutely.

Mr. Irek Kusmierczyk: Sir, I want to say thank you for your service to this country. I want to say thank you to all the public servants who serve our country with commitment and dedication and integrity and grace. I say that, sir, because I did not appreciate some of the comments by my Conservative colleagues that impugned your integrity and I want to just simply go on record to say that I thought that some of the comments by my Conservative colleagues were beneath this committee. They were disrespectful and they were undignified. I want to tell you, sir, that we appreciate, I appreciate, your decades of service to this country and I thank you for that.

You mentioned that this process was free of any political involvement. All procedures for procurement were followed by the book. You said this process was well documented. Indeed, as I understand it, an 80-page analysis was made on this decision. All the angles were looked at to make sure that Canadians got the best value for money.

You used the word “diligent”. You visited 21 properties. You revisited and looked at them. They were valued at anywhere between \$8 million and \$21 million, and you made sure that when you did make that decision, it was for a property on the lower end of that scale, close to the lowest, if not the lowest in terms of the cost.

You used the word “smart” for this investment and, indeed it was. You are saving taxpayers \$3 million on renovations for the old property, saving taxpayers 50% in monthly costs, actually getting a return on investment for that property, because you'll be able to sell the old property for more money, so you'll actually put \$4 million back in the bank of Canadian taxpayers. That's smart.

The new apartment is also more accessible than the old apartment was, and it is more functional. There's value added. You're go-

ing to be able to host more meetings, important meetings, in that space, meetings that are incredibly vital, especially to border communities like mine. Of the one trillion dollars in trade, one-third goes through my border in Windsor—Tecumseh.

Ninety per cent, sir, of what we manufacture is exported to the United States. Ninety per cent of what we grow, what the farmers in my community grow, gets exported to the United States. Therefore, I value the vital mission, the head of mission and the consulate in New York. It's an important part of our prosperity. The work you do is important to the prosperity of my community and border communities like mine in Windsor-Tecumseh.

I just want to say thank you, sir, for your decades of service to this country. I thank you for your integrity. I thank you for coming here, answering our questions, providing us insight into how the real property procurement process is managed. I thank you for the good work, for the smart investment. I do wish you good luck in the next round of negotiations with our American friends and partners when we do renegotiate important trade agreements like NAF-TA. We know how important it is in Windsor-Tecumseh. We know that it set the table for \$50 billion of investment in manufacturing in southwestern Ontario. We were able to revive manufacturing in southwestern Ontario. Billions were invested in Windsor, billions in the battery plant in St. Thomas, billions in Alliston, billions across the board, and that was because of the good work we were able to do in large part because of our trade missions.

There was complete revitalization and revival of the manufacturing and automotive sectors in southwestern Ontario. The work you do, sir, is important. It's vital. We appreciate it. We want to make sure you have all the resources you need to compete and to be able to deliver for Canadians not only good value but also good jobs and good investments.

I thank you, sir, for being here today.

• (1350)

The Chair: That's almost perfect timing, Mr. Kusmierczyk. Thanks very much.

Witnesses, just very quickly, we passed a motion in this committee that any documents requested, unless a date is set, are required within 21 calendar days, so I'd appreciate if you could follow that.

I just have a couple quick questions, if you don't mind.

The issue of the accessibility has come up several times, and I know it was in the notes as one of the justifications to purchase a new apartment. It also came up in commentary on several hundred buildings or residences we own around the world. Would you provide back in writing, within 21 days, how many other offices or residences are being sold or renovated because of the accessibility rules you've stated as justification for the New York purchase?

Ms. Carruthers, you didn't get much of a chance to talk today, so I'm going to give you an opportunity. In vote 5 from this year's main estimates, there was \$182.5 million for capital. Was the purchase of this property in that \$182.5 million? Was it part of the main estimates?

Ms. Shirley Carruthers: Thank you for the question, Mr. Chair.

In part of our \$182 million in the budget in vote 5, we have our regular budget, which consists of about \$69 million. That funding is allocated to our real property colleagues. As part of our departmental—

The Chair: Was there a specific...? Because you have to justify that in your Treasury Board submission, was there a specific set-aside for the New York purchase? That's what I'm asking.

Ms. Shirley Carruthers: Yes, the funding for the New York purchase was part of that funding. That's correct.

The Chair: Perfect.

Will the sale go back into general revenues and then be requested to be repurposed for other things?

Ms. Shirley Carruthers: That's correct. When the residence is sold, that funding will go back into the fiscal framework, and our department will have the opportunity to access it through the main estimates.

The Chair: Is there an intent to access that through the next supplementary estimates?

Ms. Shirley Carruthers: We currently have about \$215 million available within our proceeds of sale within the fiscal framework, so once the funding we currently have in the fiscal framework is depleted, we will go back and request further funding.

The Chair: For this year's mains, would you provide to the committee...? You mentioned that there was a request, so there was a Treasury Board submission for the money for the New York purchase.

Would you provide to us the other submissions that make up that \$182.5 million from vote 5?

Ms. Shirley Carruthers: What we would be able to do is provide you with our departmental plans, which list how we project spending that funding.

The Chair: I've read the departmental plans. The information's not in there. Can you provide the justification that you would have presented to the Treasury Board for vote 5?

Ms. Shirley Carruthers: We didn't provide a specific justification to the Treasury Board for that funding.

The Chair: It is just a random lump sum?

Ms. Shirley Carruthers: It would be part of our overall planning at the beginning of the fiscal year.

The Chair: Okay. Why don't we settle on any of the documents you might have, or any of the numbers you have to justify the \$182.5 million?

Ms. Shirley Carruthers: We can certainly do that.

The Chair: I'd appreciate that.

I have just one last request. I'm sure you watched yesterday's meeting. We were asking for the appraisal and we got bogged down. Could you let us know, perhaps in writing, how many people have access to that appraisal within and outside of the government? PSPC mentioned real estate agents and a few others who may have access to that appraisal. I'd just like to figure out who has access to it.

Ms. Block.

Mrs. Kelly Block: Just quickly, I have a point of order, Chair. I just want to ensure, because of some of the conversation that went on after I asked to have tabled with the committee the list of the events, together with the purpose of the events, the number of attendees, and the dates, that the request was agreed to.

The Chair: I saw nods when it was requested. Is it clear what we're looking for?

• (1355)

Mr. Stéphane Cousineau: We've already given all of the information that we can provide for the period you've asked about.

The Chair: Witnesses here today, thank you very much.

Mr. McCubbing from New York, thanks very much for joining us.

We are adjourned. We'll see everyone—

Mr. Majid Jowhari: We have to go through the budget.

The Chair: Oh. I apologize. Thank you, Vice-Chair.

Everyone received a copy of the budget for these three meetings. Can we just have...? As usual, we won't spend all of that, but we have to put in a total. Are we in agreement?

(Motion agreed to)

The Chair: Mr. Jowhari, thank you very much for reminding me. I got carried away with the estimates. What a surprise.

Mr. Majid Jowhari: I know. I noticed that.

The Chair: We are adjourned.

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