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Chair

The Honourable Diane Marleau

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• (1530)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): I'll call the meeting to order.

[Translation]

We welcome once again the Minister of Public Works and Government Services, Mr. Fortier. This is not his first appearance before this committee.

Mr. Fortier, you are familiar with the committee's proceedings. You have a few minutes to make your presentation, and we will then move on to questions.

We have new members sitting on this committee. Perhaps they do not know the persons who are with you today. If you wish, you may introduce them.

Hon. Michael Fortier (Minister of Public Works and Government Services): Of course.

Thank you, Madam Chair. Thank you for your invitation.

Accompanying me today are Mr. David Marshall, Deputy Minister of the Department of Public Works and Government Services, and Ms. Margaret Kenny,

[English]

who runs the office of greening government operations, which we call OGGO.

Again, thank you very much for inviting me.

[Translation]

To begin, I would like to discuss my department's central role in the greening of government and in military procurement—both areas that I know are of interest to this committee. I would also like to briefly mention some other timely developments.

With its wide range of real property, procurement and information technology activities, my department is uniquely positioned to contribute to real progress in protecting the environment.

PWGSC's Office of Greening Government Operations is overseen by Ms. Kenny, and has a mandate to accelerate the greening of government by working closely with other federal departments.

[English]

An important milestone was reached when the department partnered with Environment Canada and Natural Resources Canada to develop the Government of Canada's policy on green government.

The policy, which came into effect last April, directs that environmental performance considerations be incorporated into all stages of procurement, from planning and requirement definition to purchase, use, and ultimate disposal.

Green procurement itself isn't new. What is new is that rather than being made on a transactional basis by individual procurement officers, environmental performance considerations are now systematically embedded into the procurement processes of all departments and agencies, just as price, performance, availability, and quality are. This represents a fundamental change in how the government determines value for money.

[Translation]

Green procurement meshes well with other environmental initiatives underway in my department. For example, last June I opened a new, energy efficient, environmentally friendly, federal government building on Bel-Air Street in Montreal. This building is named after Normand Maurice, who is considered the father of recycling in Quebec. Built with recycled material from the previous building on this site, it uses geothermics and solar energy for heating and cooling, and rain water for the toilets. Thanks to these and other advances, operational costs will be 35% lower than for conventional buildings, while we expect energy costs to be cut in about half.

I invite committee members who happen to be travelling through Montreal to pay a visit to the Normand-Maurice building on Bel-Air Street.

[English]

I also encourage you to see 401 Burrard in Vancouver, a 19-storey office tower that represents a new generation of commercial office space, not only in terms of sustainability but also in terms of providing a healthier and more productive work environment.

All new federal office buildings must now meet the Canada Green Building Council's LEED gold level, and the LEED gold-level standard is also being sought for new long-term leases.

Although my department is not a significant owner of contaminated sites, it offers project management, as well as technical, procurement, and environmental services to federal departments carrying out cleanup projects across Canada.

The \$400 million cleanup of the Sydney tar ponds and coke ovens that I announced a few weeks ago is a great example of this program in action, with the federal government contributing \$280 million and the province \$120 million. Up to 150 workers will be employed at peak construction times. I understand that the committee is considering a study of the greening of government operations; I would endorse such an initiative.

[Translation]

A second matter I'd like to talk about is military procurement, and the significant role my department plays in equipping Canada's military—everything from aircraft to uniforms.

In fact, the Department of National Defence accounts the more than half the business conducted by PWGSC each year. DND is responsible for identifying its requirements and specifications, while my department is responsible for the procurement. It is no secret that, after many years of negligence, the Canadian Forces requires new and better equipment. Given that our military personnel are operating in demanding and dangerous environments, we must ensure that they have the equipment they need.

Last June, the government announced 17 billion in planned procurements for the Canadian Forces, including the purchase of 2,300 medium-sized logistics trucks; 16 medium- to heavy-lift helicopters; four strategic lift aircraft; 17 tactical lift aircraft; and three supply ships.

Two weeks ago, the Government of Canada awarded a contract to the Boeing Company to procure four C-17 Globemaster III aircraft to provide a strategic capability for the Canadian Forces.

I want to assure this committee that all of our procurements are being managed in a fair, open and transparent fashion—in keeping with our government's commitment to accountability—and that they encourage competition by Canadian suppliers.

• (1535)

[English]

At the same time, our military's needs deserve to be met in a timely manner. The Department of National Defence has told us it takes, on average, about 15 years to move a major military procurement from the time a need is identified to full deployment in the field. That, you will agree with me, is unacceptable.

The Prime Minister has asked a group of ministers, including me, to review the situation and recommend how the process can be streamlined. In the meantime, we have been clear and open with Canadians about our acquisition priorities, our procurement methods, and the status of major projects. Uppermost in our minds are the needs of the men and women who every day put their lives on the line for Canadians; we make no apologies for that.

I'd like to turn quickly to something discussed during my last appearance. That is the department's new office of small and medium enterprises, set up to ensure that firms have fair opportunities to compete regardless of their size or location.

I am pleased to report that the response to this new initiative has been very gratifying. The office is already fielding more than 500 inquiries a month across Canada. Since April, when I launched the

offices, 800 new firms per month have registered to do business with us, and a majority of these firms, I'm happy to report, are SMEs.

Our performance in terms of the value of contracts being won by SMEs exceeds that of the U.S., which has an explicit set-aside program for SMEs. While one-quarter of the value of U.S. contracts goes to SMEs, in Canada the proportion has grown higher.

[Translation]

We are also taking steps to address the challenges we are facing in managing the government's real estate. This is another area suffering from years of neglect. Many of our properties are aging and in dire need of work. In fact, our recapitalization needs are an estimated \$4 billion.

PWGSC has hired experts from the private sector to study samples of its real property portfolio and to recommend how to meet these challenges more effectively. These firms will help us devise innovative strategies to allow PWGSC to meet accommodation requirements, generate savings, and ensure that these assets are properly maintained.

[English]

Madame Chair, the last area I'd like to mention is the development of a code of conduct for procurement. This code is another step forward in implementing the Federal Accountability Act and the action plan that goes with it. It will consolidate existing legal, regulatory, and policy requirements into a concise and transparent statement of the expectations government has of its employees and suppliers. The draft code can be found online and through MERX, and we invite the public to comment any time before March 7, 2007.

[Translation]

Madam Chair, there are many other developments I could talk about, but I'm sure that I will have the opportunity to do so during questions.

The Chair: I am certain of that as well. Thank you.

Mr. Rodriguez, the floor is yours.

You have seven minutes.

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Madam Chair.

Minister, I'm very pleased to see you. We don't often have the opportunity to see you at the House of Commons. I will take advantage of your being here to talk about a variety of subjects. The first concerns procurement, which you have touched upon briefly. There is an impression that the bidding rules in the C-17 aircraft contracts were changed to benefit one single bidder, Boeing. It's quite obvious.

However, that is not what my question is about, it is about ITAR, the International Traffic in Arms Regulations, that is forcing Canadian companies that obtain defence-related contracts from the American government to comply with certain rules. These Canadian companies are subject to highly rigid constraints. One restriction prevents the company from deciding who it wishes to hire. There is a list of countries, and if an employee comes from one of those countries listed, their services cannot be used. This is what I call discrimination based on birth place, which to my mind is in clear violation of the Canadian Charter of Rights and Freedoms, and undermines Canadian sovereignty as well.

I'm wondering how you can accept such a situation.

• (1540)

Hon. Michael Fortier: Firstly, allow me to respond to the first point you raised. I would ask you to revisit the premise upon which you say that procurement was not carried out fairly or transparently, because it was.

Mr. Rodriguez, the awarding of the contract that was ultimately given to Boeing was preceded by several meetings with suppliers working in the aeronautics industry. Once it was agreed upon that there was only one single supplier that satisfied all criteria, after having received word from other suppliers who also thought they could meet the requirements, a committee concluded that Boeing was the only company that could supply these aircraft. We then entered into discussions with Boeing.

Contrary to what you were saying and what others are alleging, I believe that the process was very transparent.

With respect to ITAR, I agree with you completely. When a private Canadian company deals with an American company, and in this case is forced to transfer an employee in order to keep the contract with the U.S. company and be in compliance with American legislation, the law is being applied extraterritorially, something that the Prime Minister of Canada and my colleague, the Minister of Foreign Affairs have objected to and rejected. They have indicated to their U.S. counterparts that we do not agree with the extraterritorial reach of ITAR.

Fortunately, Mr. Rodriguez, these cases are still isolated incidents. But one case is one case too many. Canada continues—and will continue—to remind the Americans that we will not allow private Canadian companies working in Canada to be forced to hire only persons designated by Americans, or by U.S. legislation, because this is what is deemed to be acceptable in their eyes. We reject this premise, and will continue to reject this premise.

Mr. Pablo Rodriguez: Today, can you give us a formal commitment that this contract will not be subject to ITAR and that no individual, no Canadian citizen, will be the object of discrimination? Can you make such a formal statement?

Hon. Michael Fortier: Your question was more general in nature: you were asking me what I thought of ITAR.

With respect to the purchase of the Boeing aircraft, the good news is that we are buying already manufactured planes. Therefore, the acquisition of these aircraft will not be subject to the ITAR provisions. We will take delivery of these planes and then pay the agreed-upon amount. Since the plane has already been built, this

contract is very different from past examples which involved Canadian companies that had contracts with large American companies and were left out of the procurement process.

Mr. Pablo Rodriguez: I understand that the aircraft have already been manufactured, but as regards their maintenance or any other type of upkeep, I want to know whether or not Canada's sovereignty will be fully respected. Will our charters, laws, values, and societal choices be fully complied with?

As for the C-17 contract, even if the aircraft are built elsewhere, can you state that the ITAR will not be applied in any way, shape or form, and that we as Canadians, as well as our societal choices, will be respected?

Hon. Michael Fortier: Earlier, I talked to you about our choices as a society. I agree with that statement, and I repeat it again. We will continue to condemn the extraterritorial scope of ITAR.

Mr. Pablo Rodriguez: Pardon me for interrupting you, but I also condemn it. I want to know whether or not the ITAR provisions will apply in any manner, whether it be to aircraft maintenance or other services, or whether ITAR will not be applied here at all.

What I am seeking from you is a formal commitment. Otherwise, I am—and we are—left with the impression that we are subject to ITAR, that it is being applied extraterritorially, and is in violation of our charters.

Hon. Michael Fortier: What I am telling you is that the acquisition of these aircraft is not subject to ITAR.

As for aircraft maintenance, this will be done in two stages. As you know, we signed a contract to have the American Air Force do the maintenance of the C-17 aircraft. The U.S. Air Force is in fact a subcontractor for Boeing and already is responsible for one aspect of the upkeep. These aircraft have been in existence for some time now, and there are service points throughout the world, including in a few places in the U.S.

When the maintenance of these aircraft is done in the United States, the work will be done by people living in the U.S., and hired by the American Air Force.

• (1545)

Mr. Pablo Rodriguez: I understand, Minister.

I want a formal answer from you. I'm going to ask you the question again. Is it possible that some people run the risk of not being hired by certain companies in Canada, because their work is somehow related to these aircraft?

Hon. Michael Fortier: As we speak, I am unaware of any circumstances in Canada under which a Canadian could not be involved or associated with the aircraft we have just purchased. I believe I am being clear enough.

Mr. Pablo Rodriguez: You say "as we speak", but it still remains a possibility.

Hon. Michael Fortier: At this point in time, as we speak, I am unaware of any situation in which a Canadian could not work in connection with this aircraft.

The Chair: Thank you. Your seven minutes are up.

Ms. Thibault.

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

Mr. Fortier, Ms. Kenny, Mr. Marshall, thank you for appearing before us once again. You will be meeting with us again, as we will have the opportunity to invite you once again.

Minister, in your statement, you raised several issues that are of interest to members of this committee. These issues warrant our attention and the questioning of government representatives: this would be you, as it happens. The matter of contracting practices is one issue. Your department's intentions concerning the sale of government buildings and greening are another two issues. If I have enough time, I also want to talk about accrual accounting.

With respect to the Boeing contract, I will continue along the same lines as my Liberal colleague. Does the government also have the intention of making sure that the foreign companies we do business with are not engaging in practices that violate Canadian values? For example, some companies use child labour, or methods or materials that we disapprove of, reasons which should discourage us from dealing with them.

As Minister of Public Works and Government Services, are you not concerned by the fact that we could potentially encourage a foreign company which engages in practices that fly in the face of our values?

Hon. Michael Fortier: I believe that is an entirely hypothetical question. I believe I already answered that question the last time I appeared. Obviously, we have just finished talking about the C-17 aircraft, but if we exclude military goods and material, which are exceptional goods, the very large majority of goods that the state purchases are bought from Canadian suppliers, Canadian companies operating here.

Ms. Louise Thibault: Even if my question is hypothetical, is this issue of concern to you?

Hon. Michael Fortier: You are raising a very interesting point. I am willing to consider it, but I prefer to focus on the real issues.

Ms. Louise Thibault: In that case, we'll make sure to give you concrete examples, if there are any, since this topic is of interest to you.

As regards the Boeing contract, at another standing committee, we heard Mr. O'Connor reply to colleagues that the transaction had to be done quickly in order to equip our armed forces, so on and so forth.

Did the expeditious nature of the transaction influence our negotiating power? Was our negotiating power at all compromised? We did not have 25 options, there was only one single one, and that was Boeing and the C-17 aircraft. How could we have any negotiating power with only one single option in play?

Hon. Michael Fortier: In any negotiation, there is a gradual narrowing of possibilities. Regardless of the number of those who bid on a contract, whether there are 4 or 25, Public Works chooses one potential supplier and begins negotiations with it. With respect to the C-17s, I can reassure you, in that the total amount paid for the four aircraft was 8% lower than the calculations made by PWGSC experts. We even compared prices—those we managed to obtain, obviously—with those paid by other countries who purchased the

same aircraft. If I'm not mistaken, we are one of the countries that paid the lowest price.

I believe that Canadian taxpayers emerge as winners in this deal.

• (1550)

Ms. Louise Thibault: Therefore, you think that this is a good thing for taxpayers.

Hon. Michael Fortier: Yes, this is a good thing.

Ms. Louise Thibault: But you still have the power to make decisions.

You obviously know that the topic of economic spinoffs has been much talked about. I come back to this issue, because for myself, as well as for many other colleagues, and the people living in Quebec and Canada, economic spinoffs are important.

For what reason did you not require that there be economic benefits throughout Canada, and in particular in Quebec? I was under the impression that this issue was very important to you, since you are currently the minister who answers to Conservatives in the region of Montreal.

Does this mean that in all future contracts, regardless of their nature, the current Conservative minority government will no longer ensure that the regions benefit fully from the economic spinoffs of these transactions?

Hon. Michael Fortier: That is correct. That responsibility lies with the Minister of Industry. However, I can tell you that this is the first time in the recent history of Canada that a government has insisted so systematically with a foreign supplier that the spinoffs for Canada go to a particular industry. Over the years, we have seen some laxness on the part of previous governments, which, to some extent, let foreign manufacturers invest as they chose.

As we have often said, when we are talking about spending so many billions of dollars abroad, because we are purchasing goods that unfortunately are not manufactured in Canada, it is important that the same amount of money come back to the country and come back to this particular industry. We are not going to move an inch on this.

With respect to regional spinoffs, Boeing or the other countries that get contracts will negotiate contracts privately with Canadian suppliers. We want to create an even stronger industry, and we are very hopeful that ultimately, the industry will be even more dynamic.

Ms. Louise Thibault: So you are not taking into account the existing regional configuration. In this particular case, Quebec counted for one of the highest percentages in this industry. In the case of the automobile or garment industry, this may be true of a different region. But you have no desire to make this demand.

I had thought that as the minister, you had started doing that, and that your approach had been changed. I can tell you that regional economic spinoffs are essential for Quebec and for the others, because we are talking about jobs. When I am told that the market will regulate itself, I do not find that satisfactory in any way whatsoever.

Do I have any time left, Madam Chair?

The Chair: Your time is up.

The witness may answer the question later.

Mr. Moore.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): The minister may answer the question during my time.

Hon. Michael Fortier: As far as spinoffs go, it is not up to the Government of Canada to play the role of a police officer and to control all these investments.

However, when the Government of Canada itself takes concrete action... You were talking about Montreal, and I am pleased to remind you that in December I announced, on behalf of the government, the largest investment under the TPC program in the history of the country: \$350 million to Pratt & Whitney, in Montreal. In that case, the government decided to invest in a particular industry in a particular location. So, we have made some choices, and we are acting accordingly.

With respect to economic spinoffs and the amounts that Boeing or others will have to invest in Canada, I would say that they already have their networks of suppliers. They already know where the centres of excellence are located. I am quite hopeful that the industry will become more dynamic as a result of this exercise throughout the country.

Mr. James Moore: My question is about military equipment and the contract for the Boeing C-17. I heard Mr. Coderre, the member for Bourassa and the Liberal Party defence critic, say on the Mike Duffy show a few weeks ago that if his party could, it would tear up that contract and start over again.

What would the consequences of such an action be for our system? How much would that cost taxpayers?

• (1555)

Hon. Michael Fortier: It would cost a great deal of money, Mr. Moore. First of all, we would have to pay significant damages to the manufacturer, but in addition, I must tell you that we are talking about equipment that the Canadian Forces absolutely need. As you know, we are in a theatre where there are many challenges, in Afghanistan. If the Canadian Forces had had the equipment they so badly needed, equipment they have been calling for for years, we would not be in the situation which we find ourselves in today.

I was explaining to Ms. Thibault the other very negative impact of a hypothetical cancellation, because we are talking about a purely hypothetical cancellation of the contract. The transaction between PWGSC and Boeing is an excellent deal for Canadian taxpayers. We are right to be proud of it and to be proud of the team headed by Mr. Marshall. So for all these reasons, I think cancelling the contract would be disastrous.

Mr. James Moore: Are there any other contracts coming for the members of our armed forces, and what structure will be used for them? Will they take the same form?

Hon. Michael Fortier: As you know, we recently announced that for the 16 tactical aircraft and the helicopters, we were going to begin negotiations with American manufacturers. This equipment is necessary in the current circumstances: the Canadian armed forces have essentially been deprived of the equipment they needed to do the heroic work they do for all Canadians throughout the world, particularly in Afghanistan at the moment.

[English]

Mr. James Moore: You mentioned briefly one issue that I know you and the department have been working on. That is the issue of real estate and the exposure that exists for taxpayers, given the state of government buildings.

I was actually reading speeches from Scott Brison when he was the Minister of Public Works and Government Services just a couple of years ago, and the figure he consistently used was \$3 billion of exposure to taxpayers; now I often see \$3.5 billion to \$4 billion. Just in the last couple of years, there has been this escalation of the exposure of taxpayers for federal government buildings that are so dilapidated.

Could you speak to this committee about the need for addressing this issue?

Hon. Michael Fortier: Thank you for the question. I did raise it in my notes, because I believe this is one of the issues the committee wanted to discuss with me.

I am very much concerned. I suppose that at the time Mr. Brison was as well. The \$3 billion recap number that he threw out there has since ballooned to close to \$4 billion. Because of the average age of our portfolio, which is closing in on 50, the less money we spend on these buildings, the more expensive it's going to be.

I have grave concerns about the state of our buildings; that is why I asked the department last summer to retain advisers to help us figure out the best approach to resolving these issues. These issues are very significant. I don't think we can wait much longer before we put the first building block on the ground—no pun intended—and address this issue smack-on.

In my opinion, this is not a partisan issue at all. It is a bipartisan issue and it's an issue that should concern all Canadians. We basically have neglected our real estate portfolio over many years; we've acted like absentee owners, and this is unacceptable.

Mr. James Moore: I'm almost out of time. For many members of Parliament and communities across the country, the presence of federal government buildings is....

Prince George is not a small community. I lived there for two years. It is not a small town, but relative to Canada's big cities.... In downtown Prince George the provincial government offices, the provincial court offices, and the federal government building were really an anchor for economic development around them.

The smaller the community is, the more important is the presence of post offices, and so on. Is the sensitivity of small communities something the department has taken into consideration and recognized?

• (1600)

Hon. Michael Fortier: Most definitely, Mr. Moore. Only a sampling of the assets was considered by the experts, and they were mostly, if not all, in large urban areas. Although our footprint is across the country, the government owns 372 buildings, as distinct from lands, which are owned by Canada Lands. These are buildings; however, the 40 buildings studied by these experts were all in urban areas, and not in small communities at all.

The Chair: Thank you very much.

Mrs. Nash is next.

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

It's good to see you again, Mr. Minister. Thank you for being here.

On procurement, I think we all welcome a strategy for green procurement, and since the environment has jumped to the top of everyone's agenda, it's important that our federal purchases and federal buildings be as energy-efficient as possible.

In your remarks, you said that as well as environmental performance, the criteria include price, performance, availability, and quality. You said most of the jobs resulting from procurement go to Canada, but is that kind of job creation—investing in Canadian businesses, investing in jobs—an explicit criterion in our procurement strategy?

Hon. Michael Fortier: Do you mean of job creation?

Ms. Peggy Nash: Yes.

Hon. Michael Fortier: Well, we've discussed this in the past. It goes without saying that if you're buying most of your goods and services here in Canada, you're obviously breathing oxygen into the economy. Given that we spend so much as a government, I'm in favour of buying as much as we can up here in Canada. If we do, we're going to be helping small, medium, and larger corporations add employees and create wealth in their communities. I'm in favour of that, for sure.

Ms. Peggy Nash: Is that an explicit criterion when the government goes searching for anything from military purchases—and I appreciate that defence is a separate beast—to uniforms, vehicles, other civilian vehicles, furniture, and that kind of thing? Is it an explicit criterion in our search?

Hon. Michael Fortier: We are subject to various trade agreements, as you know, so we're always proud when we hear about Canadian companies that succeed overseas. There are other companies overseas that also succeed overseas, and sometimes over here. We open our procurement in a large number of cases to basically everybody, but the net result is that a very large majority of the folks who win these RFPs are Canadian.

Ms. Peggy Nash: Aside from defence, what is the largest source of foreign contracts? What kinds of procurement, would you say?

Hon. Michael Fortier: You are asking about foreign contracts?

Ms. Peggy Nash: Yes.

Hon. Michael Fortier: That's a good question.

Do we know that offhand, Mr. Marshall?

Mr. David Marshall (Deputy Minister, Department of Public Works and Government Services): Not really; it's not very large, but it's very hard to track, because of course we deal with foreign companies that are almost household names in Canada—IBM and so on—so it's hard to know exactly where.

A voice: It may be IT and computers.

Mr. David Marshall: Yes, a large number of computers now are manufactured in Asia, so it's that kind of procurement, but it's very typically going to Canadian companies that may, in fact, source them outside.

Ms. Peggy Nash: Yes, so I suppose you have two situations: you have a company like IBM, a foreign-owned company that could in fact produce here, or you could have a Canadian company like Nortel that sources offshore. I assume that's all tracked through our procurement process so that we can tell where things are actually manufactured.

Hon. Michael Fortier: It may be tracked, but perhaps not as much as we'd want.

Mr. David Marshall: No, I must say that we don't, because it would require us to decompose everything we buy, but we do make sure that we comply with international trade agreements. On all major procurements there are interdepartmental consultations to try to ensure that Canadian companies get their share. We invoke national security exemptions when possible. Also, Madam Chair, the emphasis that our minister has been placing on us to increase the small business share of our procurements inevitably leads us more toward Canadian companies.

•(1605)

Ms. Peggy Nash: All right. I think I have more questions, but maybe I have to do a little more homework and come back on this another day. Thanks.

Do I have more time, Madam Chair?

The Chair: Yes, you have two minutes.

Ms. Peggy Nash: I would also like to ask a couple of questions about the real estate. Of course it was in the news, and certainly buildings that have been neglected are not good for the environment. They are not good working conditions for the people who are there. There may in fact be, and I am sure there are, cases in which it makes absolute sense to dispose of certain properties.

There was one media report by a person from the Schulich School of Business who said the sale and leaseback deal will almost certainly increase costs for taxpayers: "On the face of it, it looks good—the government is going to get \$1.5 billion, but you don't make money out of nothing. In the end, it's going to cost them more." How would you respond to that media criticism of the leaseback proposal?

Hon. Michael Fortier: We haven't made a decision yet. I'm happy to answer that point directly, but we haven't made a decision yet on the direction we're going to go.

However, on sale and leaseback, if you take it in the abstract — if you have a brand-new building and you're committed to behaving as a normal owner would, which is to maintain the building — I don't disagree with the statement. The issue is that we as owners have not behaved as we should have over the past several years, so we are facing this large recap arrears of close to \$4 billion. It could actually be higher, but I think \$4 billion is already quite significant.

The trend that one can see, tracking it over the years, is that when faced with expenditure priorities, governments have not put down elevator replacement, roof replacement, window replacement, or structural upkeep—

Ms. Peggy Nash: Normal contingency and maintenance moneys that one would assume in a real estate program were not in place. Is that what you're saying?

The Chair: Madam Nash, I'm being very strict today. Your time is up.

Mr. Bélanger is next.

[Translation]

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Thank you, Madam Chair.

I would like to say good afternoon to the minister, the deputy minister and Ms. Kenny.

I'm sure you appreciate, Minister, that the minister and the Department of Public Works and Government Services are very important to a member of Parliament whose riding is located in this region. I was wondering whether you would agree to meet with me in a month to discuss a whole range of issues of interest to me. That was my first question.

Hon. Michael Fortier: Have you not been told that I was always available? I have met with your colleague, Mr. Rodriguez. I've always been available. I have seen Mr. Proulx, who used to be on this committee, but may no longer be.

Yes, I will meet with you.

Hon. Mauril Bélanger: Thank you.

[English]

The next question relates to procurement policy. My understanding is that the department has now issued a request for standing offers on the temporary help and the professional services sectors, and that they're out there now. There are some questions as to the timing of these, Mr. Minister, in the sense that this last quarter of the fiscal year is usually the busiest time for many of these small businesses. The timing has been rather brutal for them, but so be it; it is done and it's out there.

My question relates to the next request for standing offers from the sector that deals with servers, desktops, and notebooks. The department apparently was planning to issue that on March 15 — the ides of March, incidentally; it would have been the death of them. Can I get a commitment from you that such a request for proposal will be delayed past the end of the fiscal year?

Hon. Michael Fortier: We can do this, but I want to make sure I understand. You're talking about the supply chain being worried about the end of the fiscal year. Their fiscal year has nothing to do with our fiscal year.

• (1610)

Hon. Mauril Bélanger: I'm talking about our fiscal year.

Hon. Michael Fortier: Correct, it's our fiscal year.

Let me ask you — why do you want it to be delayed?

Hon. Mauril Bélanger: I want it to be delayed because the small and medium enterprises that the department claims to be so concerned about are asking for this. They are the ones saying it would be very, very helpful if you could delay the call for two weeks so that they could then take the limited resources they have and redirect them to making sure they can be competitive in the proposal call.

Hon. Michael Fortier: I'm not aware of that issue. I'll speak with the deputy and our people, and if it's an issue, we'll try to address it.

Hon. Mauril Bélanger: Thank you.

I have a whole series of questions on this, but limited time, so I'm going to go on to the sale of buildings.

I'm happy to hear that no decision has been made yet. You were read one quote from James McKellar. Incidentally, Mr. McKellar, who was quoted earlier, is the co-author or assembler of this book called *Managing Government Property Assets: International Experiences*, one of the very few books of this nature, so he has some authority. He has concluded that this would almost certainly cost more to taxpayers.

There was another quote in the press not too long ago, from a professor of economics in the Department of Economics at the University of B.C. He said, "The stated argument in favour of the plan is that the new owners would foot the bill for renovations. Nonsense: The purchaser will incorporate the costs of renovations in the rent. The government will pay for the renovations either way. The question is whether this scheme reduces costs." It goes on and concludes by saying, "Either way, this seems like bad public policy and lazy thinking."

Now, if the decision has not been made, Minister, would you consider an option along the lines that I will describe now?

First, I acknowledge and I accept that since this country entered into a deficit situation more than 25 years ago, there's been neglect in maintaining our buildings. I don't question that. The previous government, once we'd eliminated the deficit, had started recovering some of the... But the problem is huge, and officials will confirm that. There was the rust-out program. We were starting on a priority basis, but there's no denying that we have a problem. It's been built up over the years.

But if we just rent out with a repurchase scheme for 25 years, I would argue that we're freezing ourselves — because once you've rented, you're eliminating some of the flexibility we would otherwise have — and 25 years later we're no further ahead, in the sense that those buildings will probably need renovations at that time, if not a complete retrofit.

Instead of doing that, would the government consider creating a crown corporation with a legal mandate to charge what it costs to the users, with the ability to borrow, backed up by the government, to do the retrofitting necessary and acquire or hire the expertise that currently the government doesn't have, so that 25 years from now we would have that expertise and could become a model to other governments and other countries on how to manage public real estate portfolio?

Is that under consideration, Minister?

Hon. Michael Fortier: We're waiting for the experts to finalize their report and we'll make a decision in due course.

Let me just address your statements before your question. You said that the Liberals, once they addressed the deficit, were now going to address the real estate deficit. I'd like to believe you, and I think you probably believe this, but then that doesn't explain why Mr. Brison wanted to sell 372 buildings two summers ago.

He issued the mother of all RFPs. When I leave this place, whenever I leave, I'm going to take it back with me, because this is something you should read. It is the most confusing document I have ever seen in my life. At the end, what it wanted to do was basically put those 370 buildings into a real estate income trust. It is very confusing to me when you tell me that your government, or the party you belong to, was going to address the real estate deficit, but Mr. Brison, who held this position, wanted to spin off 372 buildings into a real estate income trust.

Having said that, I totally disagree with the premise that you're bringing about with respect to a sale-leaseback. In a sale-leaseback, if you negotiate a good lease... Again, I'm not saying we're going to do this, but if you negotiate a good lease —

• (1615)

Hon. Mauril Bélanger: Minister, I was asking—

Hon. Michael Fortier: I'm answering your question. The building—

Hon. Mauril Bélanger: No, I was asking if you would consider another option. What I'm hearing you say is no, the government would not consider such an option.

Hon. Michael Fortier: Well, every option is on the table. I answered your question, and I want to address issues you seem to have with sale-leaseback. Do you want me to address sale-leaseback for you?

The Chair: We're just at the end of our time. If you have one comment, that's it.

Hon. Mauril Bélanger: I'm sorry, I accepted your invitation that this be a bipartisan or non-partisan matter and I thought I addressed it that way; that's not what I'm getting back. Minister, apparently I'm not going to get straight answers. I'm sorry about that, because I think this is a very serious matter.

The Chair: We will go to Mr. Poilievre.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): Further to that, when Mr. Brison was Minister of Public Works and Government Services, he said, “The truth is, being a landlord is not a core business of government, nor should it be.” That was in the *Winnipeg Sun* on September 22, 2004. He also indicated to the Canadian Club that “...there is real opportunity for savings in our real estate area where we now spend \$3 billion a year. Again, why shouldn't we aim to save about 10% a year by doing business better and more efficiently”, and he describes “more efficiently” as the use of leases with private sector landlords. That is the principal tool for finding those savings. It was Mr. Brison's position and the position of the previous government that Canadian taxpayers would reap serious savings by using private sector landlords and signing quality leases with those private sector landlords.

Is that your understanding?

Hon. Michael Fortier: It was, after I got my way through the 350-page RFP, Mr. Poilievre. That was my reading of it.

I don't want to turn this into a partisan issue, because Monsieur Bélanger is right, it is not a partisan issue, except that at the end of the day...if the banks are all getting out of bricks and mortar and if most Canadian companies that are in the business of delivering services to consumers are not owners of real estate, what do we know that they don't know?

Mr. Pierre Poilievre: You're right. Mr. Brison said as a result that we are not a particularly good landlord, and he was referring to the government. Our core function as a government is not to be a landlord, so you are continuing in the philosophy that he initiated as minister.

Hon. Michael Fortier: The approach I have, Mr. Poilievre, is very different. As I said, it looked as though he wanted to spin off 372 buildings lock, stock, and barrel. I restricted the review, Mr. Poilievre, to 40 — a sample of 10% — and asked the experts to come back to us with options.

[Translation]

Mr. Pierre Poilievre: My question is about procurement, which is a major issue for ridings in the National Capital Region.

The former government had introduced a process that changed the government procurement system. This change is of concern to a number of small companies that supply goods and services to the government.

Could you tell us how you will protect the competitiveness of smaller companies, in order to ensure that our government takes greater advantage of the opportunities available by doing business with these smaller companies?

Hon. Michael Fortier: As you know, Mr. Poilievre, last April we opened offices throughout the country to support small- and medium-sized businesses.

As I mentioned earlier, these offices have already had some success. In fact, they get over 500 calls a month.

We found out that the vast majority of the 800 companies that have registered to do business with the Government of Canada since the announcement was made last April are SMEs.

Since you are speaking about the Ottawa region, I would mention that there are many smaller companies here. They were very concerned about the fact that the changes to the supply process would have a particularly negative impact on them.

Over the summer and fall, as you know, I made some adjustments to the approach regarding the calls for tenders. We eliminated some of the irritants for some of these small companies, for example the one that required what is known as the reverse option. So the reverse option was eliminated. It was an irritant for a number of these small firms. We worked together with a third party, the Conference Board, which sounded out these companies and took an interest in their views. A number of meetings were held here and elsewhere in the country—but particularly here, since you were speaking about Ottawa—in order to find out about their concerns. I know that we have found solutions to the vast majority of the problems they raised.

• (1620)

Mr. Pierre Poilievre: Excellent.

I would like to thank you for your efforts to improve relations between the government, your department and small- and medium-sized businesses. I am hearing fewer complaints now than before, and I think that the situation is gradually improving.

What more can be done to ensure that our smaller companies can be genuine partners in our procurement system?

Hon. Michael Fortier: As I said earlier, we have already taken a number of important steps. The procurement code, which will be in place soon, will be another step in the right direction. Essentially, the rules in place between suppliers and the government will be properly laid down.

We are going to restore trust. You are right when you say that trust did exist, because you referred to that indirectly. Perhaps the trust was broken. We must forget the past and try to rebuild bridges.

I think we are moving in the right direction. In light of the comments I am hearing, the small- and medium-sized business community seems satisfied with the progress made to date.

The Chair: Thank you. You have used up your seven minutes.

We will now move to a five-minute round.

Mr. Wrzesnewskyj.

[English]

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you, Chair.

Thank you, Minister, for appearing before us.

I find it quite ironic that a multi-billion-dollar defence and military procurement contract—and it's Boeing I'm referring to—meant to safeguard Canadians and Canadian sovereignty would in fact be the construct that undermines fundamental pillars of Canadian society. U.S. ITAR legislation undermines our Charter of Rights, forcing Canadian companies to discriminate against Canadians born in certain countries.

In Canada we do not discriminate amongst Canadians based on their place of birth. In fact, a colleague of ours, a member of Parliament, Omar Alghabra, who has been entrusted by Canadians to pass legislation in our House of Commons, would not be allowed to work on this contract.

Secondly, this contract fundamentally undermines Canada's sovereignty. Although Americans are our friends, only Canadian

laws should apply on Canadian soil. We need to stand up for legislative sovereignty.

Yesterday in the Senate, Minister, you stated, “The good news is that such cases are rare. That is very good news...”. Just recently here in committee, you said you were proud of this particular contract. Minister, how can you categorize as good news any breaching of Canada's Charter of Rights and Freedoms or of legislative sovereignty on Canada's soil?

Hon. Michael Fortier: It is not being breached by the acquisition of the Boeing aircraft.

Mr. Borys Wrzesnewskyj: There's a \$1 billion contract to be spent here in Canada. Can you guarantee that as part of this contract, as part of the service contract, \$1 billion will be spent in Canada? In fact, 30% is aimed at your province of Quebec. You've been arguing for a bigger percentage, at 50%, but that's a separate issue. It's a \$1 billion contract that undermines our Charter of Rights and Freedoms and our legislative sovereignty.

Can you guarantee that the ITAR conditions will not apply? In fact, will you go one step further and inform all Canadian companies and subsidiaries of foreign companies operating in Canada that they must abide by Canadian law, by the Canadian Charter of Rights and Freedoms, by Canadian sovereignty? In fact, you mentioned here that you have a code of conduct for procurement. Will you specifically put in your code of conduct that ITAR rules will not apply, that Canada's Charter of Rights must be subscribed to, and that our sovereignty will not be undermined?

• (1625)

Hon. Michael Fortier: Maybe I'm confusing two issues, but I think there are two issues at stake here. One is the purchase of the aircraft, and then there are regional benefits, or “benefits flowing from”. I think you're referring to the latter. Boeing or any other foreign company that's subject to foreign legislation will sign contracts with Canadian companies to supply them with parts on whatever piece or asset they're building.

With respect to those contracts that are between a Canadian private company and another private company based offshore, this is a Foreign Affairs issue. As you know, my colleague Mr. MacKay has told his counterpart and the Prime Minister has told the President that we reject the notion of extraterritoriality.

We made those statements known to our counterparts in the U.S., and the charter applies in Canada. Those individuals who believe their rights have been violated as Canadians will take action in the context of which these rights have been violated.

Mr. Borys Wrzesnewskyj: Minister, with all due respect, we should not put the onus on Canadians to have to go to the courts to protect their rights, especially when dealing with government contracts. It should be up to the Canadian government to protect Canadian rights and to uphold Canadian laws.

You have a code of conduct that you put together. Will you put in it, as points within that code of conduct, that we expect Canadian companies and subsidiaries of foreign companies to subscribe to Canadian legislation and not to foreign legislation?

Hon. Michael Fortier: That's my point about the confusion. These are not contracts. That is why I wanted to make the distinction. It was to make sure we're talking about the same thing. These are contracts between a foreign manufacturer and a Canadian supplier. That's different.

You seem to be insinuating that the Canadian government—

Mr. Borys Wrzesnewskyj: I'm sorry, but you just said they're with Canadian companies or with subsidiaries of foreign companies on Canadian soil. What laws apply on Canadian soil?

Hon. Michael Fortier: Between a private company and the U.S. company with respect to their commercial relationships, obviously the laws in Canada apply to the Canadian company in the way it conducts itself. Canadian laws apply everywhere.

The Chair: Thank you very much. Your time is up.

Monsieur Nadeau.

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Madam Chair.

Good afternoon, Ms. Kenny, Mr. Marshall and Mr. Fortier.

I would like to raise three points. The five minutes will go by quickly, but I will try to touch on all of these matters. We have heard talk about selling buildings. You mention some 40 buildings. That is your plan.

In a regional context, will there be an effort made to respect the 25:75 ratio that is often mentioned—namely that federal jobs on the Outaouais side of the river would increase from 18.9% to 25%? Is that part of this proposal?

Hon. Michael Fortier: Not exactly, Mr. Nadeau, because of the buildings in the greater Ottawa region included in the sample of 40—unless I am mistaken, and Mr. Marshall will correct me if I am—none are located on the other side of the river. However, I may be wrong about that.

[English]

Are there any buildings in the 40 on the other side of the river? No.

[Translation]

Mr. Richard Nadeau: Have you started to develop a plan with respect to the 25:75 ratio? If I recall correctly, last time, you said you were at the drawing board, and about to develop a plan to achieve this objective.

• (1630)

Hon. Michael Fortier: The drawing board is still in place. The plans are becoming clearer. Of course, we must proceed in accordance with the government's needs in the Ottawa region.

I do not want to create a situation whereby there would be a move to the other side of the river unless there are commercial reasons for doing so. Consequently, we must take into account the expiry dates

of the leases and prepare future investments in accordance with the dates on which the current leases expire.

Mr. Richard Nadeau: I would like to remind you that the document I sent you did contain the date on which the leases expire. I will send along another to assist you and to ensure that these 7,000 jobs can finally be located on the Outaouais side of the river. That is one of the aspects I wanted to raise.

I would like to raise another matter today. I wanted to give you a copy of a letter, but a printer problem prevented me from doing so. It will be coming, however.

As regards pay, some of my constituents work as public servants or government employees in areas where there is still a three-month delay before they get their first paycheque or a one-year delay before they are paid for some of their overtime.

I will provide the letter in due course. However, since we are dealing with the issue at the moment, I would like to know what is going on in this regard. It is really quite disturbing to see that people have to wait so long to be compensated.

Hon. Michael Fortier: If I may, I will ask Mr. Marshall to reply to that question.

[English]

Mr. David Marshall: Madam Chair, I really regret this situation. We do have a very large backlog as a result of administrative processes that we have to follow. We are tackling it very vigorously. We've brought the backlog down very considerably, and we are continuing to do that. We hope we will be in the clear very shortly, but if you have a specific case, I'll be glad to look into it for you.

[Translation]

Mr. Richard Nadeau: I'm thinking of three specific cases, Mr. Marshall. These people do not want their names revealed, that the matter be made public. They are frightened. They are wondering why they have not received their pay, and they are afraid that their name might appear in the newspapers. They wonder what the department would do if that were to happen.

It would be a good idea to have a meeting with Mr. Fortier. People simply do not understand this type of situation. I assume that the reaction of the minister, a member of Parliament or a senator who did not get paid for three months would be just as vigorous. But perhaps they would be less frightened. In any case, there are issues involving job security, employability, and so on. The situation is very serious. It goes straight to the fibre of Canadian society. Citizens are affected directly. You have heard my message; I will now move on to another point.

With respect to temporary services, I have not read the three reports, but I have read the Conference Board report about temporary services that was released on September 19, 2006. We discussed the situation on November 9, 2006. One of the questions I asked at that time was about mergers, or, if you prefer, the joint venture system suggested to small- and medium-sized companies. The objective of this system was to adopt an approach in keeping with the one used by Public Works. You told me that that was not your idea at all—and here I'm referring rather to the department's idea—but when I reread the conclusions, I see that this was something the government would like to use to reduce the number of small companies.

I'm just raising one aspect of the issue, because of the five-minute time limit. The fear remains. Can you confirm certain things to reassure us, or are you actually preparing to eliminate some companies or to force some mergers? Not all mergers happen automatically.

Hon. Michael Fortier: I will repeat what I told you last time: there's absolutely no intention of forcing companies to merge or of there being joint ventures in order to get contracts. I made that commitment.

This is simply an option. As far as we are concerned, we see this as an advantage. It is an additional choice that is available.

The Chair: Thank you.

Mr. Kramp.

[English]

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

Welcome, Minister, Mr. Marshall, and Ms. Kenny.

I'm going to slip onto a little hobby horse of mine, and that's accrual accounting. I don't think there's a drier subject that any parliamentary committee could have to endure, yet it's probably one that has just such a significant impact on budgetary purposes, appropriations, etc.

This committee heard just a ton of testimony, including testimony from your own department, advising us of how helpful and how cost-effective accrual accounting could be in your asset management. What I would like to know is how you have moved on this.

I recognize that instructions have not come from committee and have not been passed in the House, but your departments are well aware that this has been well received at the public accounts committee, as well as at government ops. As such, have you had any conversations with Treasury Board? Has there been any open communication suggesting that you are favourably inclined to at least send them the message that you would be predisposed to enact ASAP a form of accrual accounting in your asset management?

•(1635)

Hon. Michael Fortier: I am aware you had that discussion with Minister Toews when he appeared before you, I believe it was last week. He is leading the charge for government on this issue, and I would rather let him come back and present the government's position when he is ready. I'd rather leave it at that. I think he's really the lead on this issue for us.

Mr. Daryl Kramp: I can appreciate that, but all I can do is recommend the concurrence of this committee to your department, that all asset management could definitely benefit. This testimony came from members of your committee. We would encourage you to take that message to Treasury Board to be an effective lobby for your own department, because you do have the full support of the committees that have brought forward this measure.

I might just change topic here a little bit. I'm really encouraged, and I think our committee and all Parliament is quite thankful, that you have adopted the greening government, both in your management as well as your acquisitions, but I'd like to know a little bit

more. I'm not totally familiar with some information, the LEED program and other initiatives like that. Could you illustrate to this committee a few of the initiatives that I or we might not be familiar with that you've undertaken in this short process?

Hon. Michael Fortier: I'd be happy to, and perhaps we'll ask Margaret to complement my answers.

Let's start with LEED. We talked about buildings earlier. Any new significant real estate investments we're going to make on buildings we own, as we did in Montreal in the Bel-Air building, are going to be made to meet the LEED standards. We're going to be very cognizant of the environment, saving energy, making sure the improvements and the repairs are done in harmony with the environment. Bel-Air is a good example, and 401 Burrard in Mr. Moore's backyard is another great example. If you're in Vancouver, you should visit the building. It's quite extraordinary.

When replacing cars in the government's fleet of cars, we've focused on buying hybrid cars, no more eight cylinders. We're very cognizant of the fact that we're buying cars that will consume less gas and be friendlier to the environment.

We're also focused on buying assets such as computers that save energy. So once they're not in use, they automatically go off. Initiatives such as this have been implemented throughout the department.

We understand that with a purchasing power such as ours, if we're smart at it, we have the ability to dictate the supply chain we're going to deal with. If we send out a strong message that we're only going to deal with people who are eco-friendly and environmentally friendly, I think we can make a difference.

I don't know if Margaret wants to add to this.

•(1640)

Mr. Daryl Kramp: So leading by example, then.

The Chair: Maybe next time around.

Monsieur Rodriguez.

[Translation]

Mr. Pablo Rodriguez: Thank you, Madam Chair.

If I may, I would like to come back to the issue of ITAR once again. Clearly, this is a serious matter that touches on freedom and fundamental rights. We spoke a bit about Bill C-17, but if I understood correctly, you intend to negotiate procurement contracts for helicopters and aircraft. Is that correct?

Hon. Michael Fortier: Yes.

Mr. Pablo Rodriguez: We're talking about the Chinooks and the Hercules?

Hon. Michael Fortier: We are talking about tactical aircraft and about the CH-47s.

Mr. Pablo Rodriguez: Where are these aircraft built?

Hon. Michael Fortier: We are getting into the negotiation phase. The tactical aircraft and the helicopters are manufactured in the United States.

Mr. Pablo Rodriguez: They are not manufactured in Canada?

Hon. Michael Fortier: No.

Mr. Pablo Rodriguez: In that case, will the maintenance be done in Canada?

Hon. Michael Fortier: Our objective is that 100% of the maintenance be done in Canada.

Mr. Pablo Rodriguez: In that case, would the ITAR apply, in your opinion?

Hon. Michael Fortier: The answer is no, with respect to the purchase of assets and maintenance, given that the latter would be done in Canada.

Mr. Pablo Rodriguez: Is that something you are discussing at the moment in the negotiations, to ensure that this would not apply at any time in the case of either of these transactions?

Hon. Michael Fortier: Yes, and I told the Senate that yesterday or the day before; Mr. Wrzesnewskyj referred to this earlier. Some clauses in the C-17 contract stipulate that the transaction will be done in such a way as to have no impact on the Government of Canada in relation to ITAR. So, obviously, with regard to other acquisitions, be it for Hercules or helicopters, we want the contract to include the same provisions.

Mr. Pablo Rodriguez: Okay. If I understand correctly, these provisions would apply, so ITAR would not apply to C-17s or Hercules or Chinooks or various aircraft.

Hon. Michael Fortier: You are talking about a contract that has not yet been negotiated.

Mr. Pablo Rodriguez: I presume that you will not violate your own charter and that you will not sign a contract...

Hon. Michael Fortier: Not only is that true, but I have told my people that, when it comes to purchasing Boeing CH-47s, among others, we should use the contract we have just negotiated as a basis and move forward, not backward.

Mr. Pablo Rodriguez: Okay.

Hon. Michael Fortier: I am not just talking about ITAR conditions but other conditions related to purchasing.

Mr. Pablo Rodriguez: In the short time I have remaining, I want to quickly talk about another issue: the contract on the relocation of federal employees, particularly National Defence and the RCMP employees. No doubt, you remember the contract awarded to Royal LePage. There was a call for tenders, which was then cancelled, and then followed by a new one.

I discussed this, quite recently—maybe two weeks ago—with the Auditor General, who told me that there had been serious problems related to the call for tenders and that this contract had not been awarded in due form. Nonetheless, you personally decided to maintain the contract and to look no further, without any discussion whatsoever.

I asked the Auditor General, at that time, whether she was aware of any ministers who ignored her recommendations. She told me this was a rare occurrence.

Hon. Michael Fortier: First, I don't recall the Auditor General saying in her report that she suggested we cancel the contract. When you say that you spoke to her in private and that I did not follow her advice, what advice are you referring to?

Mr. Pablo Rodriguez: No, I did not speak to her in private. Without any discussion, you stood up and immediately said that there was nothing more to talk about, that it was fine, that we should forget this and that the contract was on.

Hon. Michael Fortier: Where did I stand up, Mr. Rodriguez?

Mr. Pablo Rodriguez: That is what you said, Mr. Fortier.

Hon. Michael Fortier: But to whom?

• (1645)

Mr. Pablo Rodriguez: You said publicly that this was a good contract and that it was on.

Hon. Michael Fortier: I think that I gave the same answer as I am giving here. First, you make it sound as if the Auditor General and I disagree. She never said that this contract should be cancelled. So, I think that she and I have drawn the same conclusion.

Mr. Pablo Rodriguez: Obviously not, since she has put the ball back in your court. She says that it is not her decision to make. She conducted an assessment, noted the facts and she said that there seemed to be some serious problems associated with this call for tenders.

Hon. Michael Fortier: I know that another committee heard from a number of witnesses. One of the parties has served us with a notice of intent to sue the government. So, I do not want to really comment on the contract or the circumstances.

I can tell you that I stand by my initial position, which is to uphold the contract, which will end, as you know, in less than 24 months, until it expires and to renew it...

The Chair: Your time is up, Mr. Rodriguez.

[English]

Mr. Albrecht.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Madam Chair, and thank you to the team for being here today.

I want to follow up on military procurement. You mention on page 3 that you're responsible for everything from aircraft to uniforms. Uniforms obviously have a rather limited life. How frequently would a tender for something like that be reissued, and would companies that haven't had the opportunity to be suppliers have equal access to those kinds of contacts?

Hon. Michael Fortier: That's a technical question. I guess we'll replace the uniforms when their shelf life is over. But on the ability of small suppliers and a larger universe of suppliers to make—

Mr. Harold Albrecht: I wasn't asking how long the uniforms would last. How frequently would the tendering process be entered into with a company? Let's say a company signs a contract for *x* number of years. When would that terminate, on average? Is it a long term?

Mr. David Marshall: No. It's usually a three-year kind of thing.

Mr. Harold Albrecht: That's all I wanted.

On greening, you mentioned on page 1 of your remarks that it's everything from definition to purchase, use, and ultimately disposal. Could you expand a bit on your policy as it relates to disposal? I think garbage, landfill, and all of these things are issues that all Canadians are concerned about. I wonder if you could comment about that briefly.

Ms. Margaret Kenny (Director General, Office of Greening Government Operations, Department of Public Works and Government Services): The policy itself spans the whole procurement process, right from planning how many printers you need per 10 people, for example. Disposal would also be covered.

On disposal, you can imagine that in standing offers for large pieces of equipment there is a take-back of the materials used to package the products. That's certainly the case in some of the upcoming requests for standing offers for computer equipment. It's that kind of thing.

Mr. Harold Albrecht: Thank you.

You mentioned the Sydney tar ponds. Some news reports have questioned the technology there. I wonder if you can give us examples of where this technology has been used in other jurisdictions, the kind of timeframe in which it's been used, and the success rate it's had.

Hon. Michael Fortier: It has been used elsewhere, although I can't tell you exactly where; perhaps the deputy can. I can tell you that the public process was very thorough. This was a joint environmental assessment with the province. Several experts came to testify, and basically compared one technology versus another.

I think the capping technology was one around which a consensus was reached by a lot of the folks involved in this process. I was there at the announcement, and people in the community were relieved that we weren't considering incineration.

This community has suffered badly over the years, as you know. They were solidly behind capping and containment, so in that sense this was a win-win for everybody. I think the governments chose the right option. It happened to be the option that the community wanted as well.

● (1650)

Mr. Harold Albrecht: On the procurement ombudsman in the Federal Accountability Act, what stage are we at in the appointment process? When will this office be up and running? Do you have any timelines on the implementation of it?

Hon. Michael Fortier: The act came into force at the end of 2006, so we are currently putting together the materials required to find that person. We're very keen to have that person on board as soon as possible.

We think there's a lot of momentum out there. There was a lot of press and media reporting about the FAA—but particularly in the supplier community about the code of procurement and the procurement ombudsman. A lot of the suppliers are looking forward to having this person within Public Works. I'm hopeful we'll have that person on board shortly.

Mr. Harold Albrecht: Will that be within six months, or earlier?

Hon. Michael Fortier: It will be within six months, for sure.

The Chair: Thank you.

Madame Thibault.

[Translation]

Ms. Louise Thibault: Thank you, Madam Chair.

I want to ask two questions about real property. They may be related.

With regard to your plan to sell buildings, you told us in your speech—and it was said previously—that these buildings had not been very well maintained, that they are costing us a lot of money and that, consequently, it is better to sell them.

I did not examine it in detail, but I looked at a few pages of your department's 2005–2006 performance report, and I saw that you were building new buildings. You referred in particular to one in Montreal and another in British Columbia. When I look at the cost of all these new office projects, I find it confusing. It is as if you wanted to reduce your real property holdings—which is understandable—and at the same time build new buildings to meet other needs.

Will these buildings also be sold in 10 years? What will be done to maximize the use of public funds?

Hon. Michael Fortier: That is an excellent question, but we have not yet made a decision. You are asking a hypothetical question about whether the government will sell one or three buildings. If that is our decision and the choice we make, we must ensure that our decision to reduce our real property holdings and concentrate on services for Canadians without necessarily owning any buildings is consistent with our decision to continue purchasing buildings. I agree with you in this regard. However, Ms. Thibault, we must be careful, because some buildings are quite unique, such as the RCMP or National Defence buildings. Even if we wanted to, for security reasons, we could never give them to a third party.

Ms. Louise Thibault: Since you are talking about security and third parties, I want to ask about our heritage and, consequently, our history across the country. You have buildings, the management of which the Auditor General referred to in her report. If I ask whether this concerns you, obviously, you will say yes, but I want to know just how much.

What is your department doing to ensure that we are not losing heritage properties so essential to our collective memory?

Second, on page 6 of your speech, you referred to the hiring of specialists and anticipated recommendations. Is this something we will be able to see one day, in part or fully? Could we have a copy of this document, or is it confidential?

Hon. Michael Fortier: I will start by answering the first question, with regard to heritage properties.

Obviously, the Auditor General's observations have been noted. I think the deputy minister could also tell you that our goal is to do better. You know, the problem is the same. Be they heritage or other buildings, the funding sources are the same. This illustrates the challenge this government faces with regard to updating and maintaining these buildings. You will surely say that heritage buildings deserve to be at the top of the list, but clearly we must address this problem, and we will.

As for the report we will get from real property experts, I think it is confidential, but I don't really know. I will let someone else tell you whether it is confidential or not.

● (1655)

[English]

Mr. David Marshall: Yes, we would certainly be prepared to release anything that is normally released under the Access to Information Act, if that's needed.

[Translation]

Ms. Louise Thibault: With regard to greening, I saw that GHG reduction targets were to be set. Will you really do this, so as to make these buildings greener and as environmentally friendly as possible?

Hon. Michael Fortier: We are dealing with a vast network of suppliers. Our job is to ensure that each contract with a supplier specifies that the goods provided must be as environmentally friendly as possible. I think that this is the goal we should set ourselves. This is happening. I know we are not perfect and that we are not yet where we want to be, but I can tell you that we are much further ahead than last April.

The Chair: Thank you.

Ms. Nash.

[English]

Ms. Peggy Nash: Thank you, Madam Chair.

I want to go back to the purchase of the buildings and the concern about heritage buildings. The former chief architect of the National Capital Commission publicly expressed a concern about areas of national interest, such as Wellington Street east of Lebreton Flats, and the whole of Sussex Street, saying that these areas should not be sold, and that if we're thinking of disposing of any buildings there, the government should stop.

Are there any heritage buildings among the 40 that you're considering as part of this package?

Hon. Michael Fortier: I'll ask the deputy.

The answer is no.

Ms. Peggy Nash: No. I'm an MP from Toronto. Can we know which buildings you are considering in Toronto?

Hon. Michael Fortier: You can get the list of the Toronto buildings. The list is on the website. Out of the 40, I think there are a few. I think they're all in the downtown core. I don't think there's anything there that you would consider to be.... I'll let you decide, because maybe your definition is larger than mine.

Ms. Peggy Nash: Okay, we'll take a look at those.

So your understanding of it is that none of the 40 buildings would be considered of historical significance or a heritage building?

Hon. Michael Fortier: Among the 40, I believe none would be considered to be in that category.

Ms. Peggy Nash: Okay.

You talk about a green procurement plan, or a green policy for procurement. The Government of Canada has many buildings across the country, so outside of procurement, what is our strategy for better energy efficiency for the real estate that Canada has? What's our plan, and do we have targets and timetables associated with that?

Hon. Michael Fortier: As I said earlier, when we embark on significant real estate upkeep, we have a policy going forward that we will try to achieve a LEED gold standard in the renovation. So if you're just replacing an elevator as opposed to doing something far more significant, obviously you can see the difference. We're very committed, with respect to the money that we're going to be spending on those buildings, that it be spent in a way that is very friendly to the environment. Obviously, as I said, if we're going to do something significant, we're going to make sure that we meet those standards. We did that with Burrard, we did that with Bel-Air in Montreal, and we'll continue doing it.

● (1700)

Ms. Peggy Nash: The question I didn't get an answer to the last time was whether or not there was any kind of ongoing maintenance or contingency plan over the previous decades that kept the government's real estate renovated in good order, and whether this is something you're going to be addressing.

Hon. Michael Fortier: Could you repeat the question? I'm not sure I understand it.

Ms. Peggy Nash: You expressed a concern that there was a problem with lack of upkeep of federal properties. Was there not a sufficient maintenance fund or ongoing upkeep fund to deal with the properties the government is responsible for, and is that something you're going to be addressing?

Hon. Michael Fortier: Clearly there wasn't. You can't face a \$4 billion recap bill and not consider that there was a lack of funding. So clearly and unequivocally, the answer is yes.

How will I address it? One of the reasons we hired the experts was to help us figure out — intellectualize — how we can deal with our real estate given the financing challenges we have. So this is what I'm trying to address with the experts and with the department.

Ms. Peggy Nash: We are also looking for reassurance that selling off buildings isn't going to be the number one strategy. Obviously we have a number of heritage buildings that Canadians believe are important to our collective history. Are we going to be investing in these and maintaining them as they should have been maintained over the last several years?

Hon. Michael Fortier: I will say this. If we were all starting from scratch and we had a white sheet of paper and were in government for the first day today, and we had the responsibilities we have under the Constitution to serve Canadians, I think the question deserves to be asked whether we believed we needed 370 buildings to render those services. I think, without taking a straw poll, many of us might say perhaps not. We do perhaps need buildings, and we already have some, so I think it's a question of common sense and commercial sense in terms of what we have and how we can keep it. If we're going to keep it, what's the footpath to addressing this very significant recap bill that we're facing? Furthermore, once we've done that, how do we ensure that the real estate portfolio has sufficient funding going forward so that we don't face another crunch in five, six, or seven years?

These are the issues I'm discussing right now with the department and our experts.

The Chair: Thank you.

Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Minister. We appreciate the time that you do take, and you've been here regularly, so we do appreciate that you're here today to discuss some of these things that we've been discussing.

I'm going to continue a bit with regard to the acquisition of properties and how that happens. I understand there's been a movement afoot by our government to extend the life of leases, to move from short-term leases to long-term leases. I wonder if you could give us a status report as to where we are on that front. Are we continuing down that road?

Hon. Michael Fortier: Thank you for the question. Yes, we are, most definitely.

The average lease life when I showed up was a notch or two below five years, which I find a bit surprising, given the government's ability to negotiate and the types of financial deals we could get from landlords. We need to push that out to a longer term. We'll get better deals, but also we need to stop moving people around on a short-term basis. A five-year lease means somebody moves in and you're already thinking about where they're going to go.

These moves take a lot of time. They're planned two years ahead of time. People have barely unpacked their boxes and put the family picture on the desk, and already... We've seen leases for two years, three years. I won't say that's unacceptable; there are circumstances where we can understand that they need to exist. But in most cases we need to push these leases out, give some stability to the workforce, and spend less money and time moving people around buildings across the country.

• (1705)

Mr. Chris Warkentin: I appreciate that, and I appreciate the obvious inefficiencies that short-term leases create.

Obviously if we're going to be constructing any federal government buildings, it will be with the LEED gold standard. I'm wondering, in terms of our leases, if we have the same criteria for the buildings that we lease for the longer term.

Hon. Michael Fortier: That's a good question. Obviously when you sign for three years, you have no leverage with the landlord. If you sign a longer-term lease, in terms of the rental flow for that landlord it's more interesting, so then you can impose some of these conditions.

With respect to those buildings where we have longer-term leases, as we enter into them we are trying to influence the way the landlords, the owners, are looking at renovations and investments in the buildings and trying to push them toward the standards that we believe are important.

Mr. Chris Warkentin: Completely out of curiosity, having pretty well exhausted most of the subjects, I'm curious if you could give us some information. Maybe you don't have it. Obviously you weren't there during this deficient business of owning properties.

I'm wondering what the mechanism was to decide to renovate certain buildings and not other buildings, and what the federal government did. I've been to some older federal government buildings that are very nicely renovated and seem to be in decent shape, whereas I've been to others that are completely dilapidated. I'm wondering, was there any type of strategy in place or was it just kind of hit and miss; or whatever bureaucrat we liked better, we renovated their building and the other folks we put into shambles? Could you give us some idea as to how that happened?

Hon. Michael Fortier: No, I wouldn't. I think it would be unfair to the folks in the department to suggest that they were just randomly choosing buildings. When you're building—for example, Burrard—a brand new building, as you're putting it up it's much easier to insist on LEED gold standards. The Bel-Air building in Montreal was being changed to accommodate a new federal tenant, so we used the opportunity while investing in the building to bring that building up to speed in terms of our LEED gold standards.

We use these opportunities, and as I said earlier, when we're facing a situation where we actually have to take people out of the building...because it's difficult to modernize a building when you have occupants in the building. If you think of your own home, if you're doing major renovation it's most likely you'll have to move out for a while. So when we take people out of buildings, that's when we can actually give this the LEED gold standard, but if we're just doing...not superficial, but less significant types of investments, then obviously we don't have the opportunity to affect the eco-friendliness of the building as much as if we were doing a complete revamp.

Mr. Chris Warkentin: This leads me to my next question: does the \$4 million just include the actual physical reconstruction of the buildings, or does it include any of the costs that will be involved in the peripheral, including moving people in and out?

Hon. Michael Fortier: It's \$4 billion, not \$4 million.

Mr. Chris Warkentin: I'm sorry, I meant to say \$4 billion.

Hon. Michael Fortier: If it were \$4 million, we'd pass the hat around here and we'd move on to something else. But it's \$4 billion.

Mr. Chris Warkentin: That is just for the actual structural necessities. It has nothing to do with the peripherals.

Hon. Michael Fortier: No.

Mr. Chris Warkentin: So obviously the bill would actually be significantly higher if you were to think of having to house these people temporarily. I appreciate that.

Thank you.

The Chair: We'll go to Mr. Wrzesnewskyj.

Mr. Borys Wrzesnewskyj: Thank you, Chair.

Minister, will you state unequivocally that in your code of conduct for procurement you will include that Canada's Charter of Rights and legislative sovereignty will be respected by all contracts and subcontracts?

Hon. Michael Fortier: We don't need to do this. Every single contract we sign with suppliers is affected by Canadian laws and is governed by Canadian laws. In those rare instances when they are not, and those are very rare instances... But in the majority of cases — and the deputy can correct me if that's wrong — the laws of Canada apply, whether they are the income tax laws, the Charter, or any type of law you can think of.

Mr. Borys Wrzesnewskyj: You just said it's in rare cases that this occurs. In fact, you said that in the Senate as well, and you called it good news. Here you said that Canadians who are discriminated against in cases of these sorts of contract, have recourse to the courts.

If you stated unequivocally in your code of conduct...what is a code of conduct for? We have all the legislation necessary to make sure there is a code of conduct. But you've made the decision to have a clear code of conduct that spells out how we go about procurement. Why would you not agree that a clause be included guaranteeing that our legislative sovereignty and our Charter of Rights will be respected by all contracts?

• (1710)

Hon. Michael Fortier: Mr. Wrzesnewskyj, the code of procurement applies between the government as a buyer of goods and Canadian companies as suppliers. It has nothing to do with ITAR, absolutely nothing. I think you're confusing, with respect, several issues.

With respect to the code of procurement, this relates to the conduct between the Government of Canada, as a buyer of goods and services, and the supply chain.

Mr. Borys Wrzesnewskyj: Minister, you said Canadian companies, but there are procurements, multi-billion dollar procurements, which we've been referencing, involving non-Canadian companies. Parts of those contracts flow back into Canada. There is a \$1 billion contract or subcontract, or part of the Boeing contract, that includes Canadian companies. Why would there be this resistance on your part to include this in this code of conduct?

Perhaps I'll go elsewhere with this. You had previously mentioned that the Prime Minister had addressed the problematic issues concerning ITAR — the issues of infringement or the discriminatory aspects of it and the infringement on Canadian sovereignty. You said that the Prime Minister has addressed this with President Bush and that the Minister of Foreign Affairs has addressed it with the Secretary of State, Condoleezza Rice. When was that? Did they agree to resolve this issue?

Hon. Michael Fortier: Are you asking when that was? We can get the dates as to when these meetings took place.

Mr. Borys Wrzesnewskyj: That would be helpful.

Did they agree that they would resolve this issue so that Canadian legislative sovereignty and our Charter of Rights would be respected?

Hon. Michael Fortier: As I said earlier, we made clear our case with respect to Canada. We do not accept the extraterritoriality application of U.S. laws to our Canadian citizens.

Mr. Borys Wrzesnewskyj: I sense some frustration on your part, and you can probably sense it on my part.

Minister, Americans are our friends.

Mr. James Moore: [*Inaudible—Editor*]

Mr. Borys Wrzesnewskyj: I'm not addressing you, Parliamentary Secretary. I'm sure you'd like to be the minister, but you're not.

Minister, we have friendly relations with the Americans. Not quite a year ago, in June, after the Prime Minister recessed Parliament, over the next week he rolled out \$17.5 billion of announcements of military procurement. Two days later, he flew down to the White House to celebrate President Bush's birthday. That's indicative of the friendliness of that relationship. In fact, he called him Steve and only the Prime Minister's mother and I guess President Bush dare to call our Prime Minister Steve. So that indicates a very friendly relationship.

The foreign minister invited the Secretary of State Condoleezza Rice. They spent an intense few days out on the east coast. They emerged, mind you, at a Tim Hortons.

What use are these friendly and cozy relationships should they interfere with our ability to stand up for Canada's sovereignty and Canada's rights under the charter? I would assume they'd be able to resolve this.

Hon. Michael Fortier: I'm not frustrated at all. I want you to understand I'm not. Maybe you're frustrated. You said you're frustrated. I think you're confusing a lot of issues. Maybe it's because you haven't had a chance to spend some time being briefed by what we do here at Public Works.

You're confusing what we do. You're confusing three things. As the government, we are buyers of goods, with the code of procurement in our relationship with a supply chain. You're confusing that with a contract we signed with Boeing to buy four aircraft and you're confusing the third thing, which is that Boeing has to reinvest in Canada, dollar for dollar that we give them, using their own supply chain of Canadian manufacturers. I think you're having difficulty understanding how these three circles work and I think you're being very —

• (1715)

The Chair: Thank you, Minister. Thank you.

Hon. Michael Fortier: I'm sorry. I was going to help you, but —

The Chair: We'll go to Mr. Kramp.

Mr. Daryl Kramp: Thank you again, Madam Chair.

My question is to the minister and/or perhaps to Mr. Marshall on this.

When purchasing military equipment, there are of course many approaches. Whether it's sole-sourcing, whether it's a phased approach, there are numerous approaches you might take when purchasing military equipment. What criteria do you factor in when deciding which approach to take? Could you give us an indication, whether it's ships or whether it's aircraft?

Hon. Michael Fortier: The type of asset doesn't really matter. Once a department has identified a need for itself, then we are approached, and there's a description of that need, whether it's a service or an asset. So a discussion takes place between my department and the department that needs to buy something.

We have folks in procurement who know a lot of the industries out there and the supply chain for each of these industries. So as a result of the specifications required by that department, we know there are a vast number of potential suppliers. We will issue an RFP and indicate what we're looking for and wait for people to come back to us.

However, if a specific department comes to us — it could be, for example, for vaccines — and says they need a vaccine that does this specific thing, and they know this vaccine is manufactured by only one company because of copyright or patents, then we will issue an ACAN, an advance contract award notice, because it's our belief, because of the professionals at Public Works — and we could be wrong — that there's only one company. We issue an ACAN, which is not a sole-source contract. It's an advice to the world that we're looking for a vaccine, and this is the vaccine we're looking for.

So if we're wrong and people say they produce that vaccine too — because in the ACAN we will say who we think that manufacturer is — they'll say they've got one of those. Then a process begins whereby we discuss with the other suppliers what this vaccine they are believed to have actually is. Then we either determine there was more than one and then issue an RFP so that the one we thought was the only one and the new guy face off or, if we can conclude there's only one guy, we start negotiating with that person.

Mr. Daryl Kramp: Thank you.

The Chair: Mr. Rodriguez.

[Translation]

Mr. Pablo Rodriguez: Thank you, Madam Chair.

You said at the start that you had not made a decision about the buildings. Yet, listening to you and your colleagues, I get the strong feeling that the decision has been made. This is a personal opinion, but I don't think that you will wait too much longer before acting.

I also think that you are spending so much money here and there trying to nudge your far-right government toward the centre that perhaps you want to sell some buildings to avoid running a deficit or to make some cash in the short term. That might be true too.

If buildings were sold today and then rented, how would these transactions be booked? You sell them in 2007. Would there be, for example, an entry for \$1.5 billion in 2007 and then unanticipated expenditures under rentals in the future?

Hon. Michael Fortier: Once a decision is made, I will be happy to explain its impact, if any, on public finance to you. At present, no decision has been made. So, we are talking about hypothetical situations. Your numbers mean nothing to me.

Mr. Pablo Rodriguez: It was in the media. Never mind the amount. According to you, it is public speculation, but ultimately, I think the decision has been made. We shall see.

Hon. Michael Fortier: I am going to talk from an accounting perspective. Buildings have a book value, just like your house. You sell it...

• (1720)

Mr. Pablo Rodriguez: I would not sell my house and then rent it back. To me, that is not logical.

Hon. Michael Fortier: I am talking about accounting, whereas you are trying to make this political. I would be happy to talk to you about politics, but you were asking me about accounting.

Mr. Pablo Rodriguez: I was not talking to you about politics, come on!

Hon. Michael Fortier: There is no doubt in my mind!

Mr. Pablo Rodriguez: Okay.

You issued a call for tenders in June to get strategic advice on this. Is this possible?

Hon. Michael Fortier: Not only is it possible, it is true.

Mr. Pablo Rodriguez: Right.

Hon. Michael Fortier: I don't know whether it was in June.

Mr. Pablo Rodriguez: No matter, it was sometime last summer.

Who won?

Hon. Michael Fortier: Two firms won. Both are Canadian banks with a real property subsidiary: the Bank of Montreal and the Royal Bank, but the subsidiary has the most expertise in real property advice.

Mr. Pablo Rodriguez: So, two banks are currently advising you on these buildings. If you decide to sell them, could those banks take part in these transactions?

Hon. Michael Fortier: If we decide to sell them, obviously, they would be in a conflict of interest and could not purchase these buildings.

Mr. Pablo Rodriguez: Thank you.

Borys.

[English]

Mr. Borys Wrzesnewskyj: Mr. Minister, when I asked previously about the \$1 billion subcontractors' service contract, you answered that 30% is to be spent in Quebec. Do you think that's an adequate proportion? There have been reports that you feel that perhaps 50% would be a more equitable distribution.

Hon. Michael Fortier: As I said earlier, with respect to any of these regional benefits, my position and the position of the government has been that we're going to let the manufacturers deal with their Canadian suppliers. They are numerous around the country, and we're quite optimistic that at the end of this exercise—as you probably know, it's going to take several years... This is the first chapter of many chapters, Mr. Wrzesnewskyj, and I know that you'll be very satisfied with the end result once the last chapter is written.

Mr. Borys Wrzesnewskyj: Mr. Fortier, will I be satisfied, will Quebecers be satisfied, or will all Canadians be satisfied? You seem to have hinted that it may be divvied up in a certain manner. Is that not the case?

Hon. Michael Fortier: I don't know how I could have hinted at that, because I never hinted at that. We're going to let the manufacturers deal with their supply chain here in Canada. Contrary to what took place in prior years, these moneys are going to be invested in Canada in the aerospace and defence industry.

Mr. Borys Wrzesnewskyj: Minister, Republik Publicité & Design has created the Conservative attack ads that are airing at this time. Has this firm, any of its principles, or any agencies that the principles are involved in received any government advertising or contracts directly or indirectly during the past year?

Hon. Michael Fortier: Some of your colleagues in the Senate asked me the question yesterday. I undertook to find out, so I'll undertake—

Mr. Borys Wrzesnewskyj: Have you been able to find that out?

Hon. Michael Fortier: No, I have not been able to find out.

Mr. Borys Wrzesnewskyj: Will you forward that information to us?

The Chair: Thank you, Mr. Wrzesnewskyj.

I'm going to take the prerogative of the chair here. I have a couple of things that haven't been touched on.

First, a number of years ago there was a major plan to renovate some of the buildings here on Parliament Hill. At one time, the West Block was scheduled to be emptied and totally renovated, but the decision was made to do the Library of Parliament, which is open to the public once more, of course. I'm wondering where that plan is. Are you going to continue on that plan. What's happening to that?

Hon. Michael Fortier: As you know because you held this chair, the plan has had many offspring since it first was launched many years ago. I think it has been twenty years, and it could be even more.

We are still looking after buildings in the parliamentary precinct. There's some work being done around here, as you can see with the scaffolding, so we are committed to upgrading the buildings and fixing them so that we can, among other things, clear those buildings of asbestos. We're committed to that, and as I said, work is taking place as we speak. So we're committed to continuing those efforts.

• (1725)

The Chair: Thank you.

I'm going to leave on one note. I'm appalled that you haven't solved the payroll problem yet. I've heard from people who haven't been paid for two months. These are term employees who don't make very much money.

I would plead with you. For God's sake, you're the Government of Canada. Pay your employees on time, especially those who are just starting off on a job. Can you imagine going over Christmas and expecting a paycheque, but not getting it because the payroll systems aren't in place, when you've been working for a month? I just think that's unacceptable and would ask you, would plead with you, that if that's the next thing you do, please get it done immediately.

Thank you. We'll adjourn.

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