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Monday, June 7, 2010

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Chair

Ms. Yasmin Ratansi

Standing Committee on Government Operations and Estimates

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• (1530)

[English]

The Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): The clock shows 3:30.

We are continuing our study on the federal buildings maintenance contracts.

We have with us, from the Department of Public Works and Government Services, Mr. John McBain, assistant deputy minister, real property branch; Mr. Frank Brunetta, assistant deputy minister, departmental oversight branch; and Mr. Rick DeBenetti, director general, corporate services.

We will have you with us from 3:30 until 4:15, and after that we'll be listening to the people from SNC Lavalin.

I understand you have opening remarks, Mr. McBain.

You have five to seven minutes, and the floor is yours. Thank you.

Mr. John McBain (Assistant Deputy Minister, Real Property Branch, Department of Public Works and Government Services): Thank you very much.

Thank you for the opportunity to appear before the committee today.

[Translation]

Through its Real Property Branch, Public Works and Government Services Canada manages a diverse portfolio of real estate on behalf of the Government of Canada, providing accommodation for about 255,000 federal public servants in more than 1,800 locations across Canada.

In this capacity, PWGSC is the custodian of 345 buildings located in every province and territory. Our primary function as custodian is to ensure healthy, safe occupancy and use of these buildings. In addition to that function, the department pursues its responsibility as a steward of the portfolio of owned buildings and the efficient and effective use of taxpayer resources with equal dedication and energy.

[English]

Prior to 1998, the department fulfilled a large portion of our custodian functions through in-house staff. In 1997, the department started an initiative to bring innovation, efficiency, and savings to our portfolio management. We explored and developed an approach to outsource functions that had been fulfilled internally, seeking to leverage private sector and provincial capacities.

The initial outsourcing, which covered the period from May 1998 to March 2005, was awarded to Brookfield LePage Johnson Controls following a competitive process. Eleven contracts were put in place across the country and two agreements were put in place with the British Columbia Buildings Corporation and Saskatchewan Property Management Corporation. The initiative covered 300 PWGSC-owed buildings.

Through that undertaking, PWGSC was able to reduce an average annual requirement of 70,000 contracts between the department and suppliers for its property and facility management function down to 13. The contracts were put in place to fulfill three functions: first, property management; second, project management; and third, tenant services.

In a conventional contracting scenario, our specifications are very prescriptive. This outsourcing arrangement, however, was and remains performance based. We do not spell out how the work is to be done, but instead specify the outcomes to be achieved. This allows the service provider to strive for maximum leverage, value-added input, and innovation.

When the approach was initiated, the savings objective target was set at 10% of the cost base for in-house delivery. The contracts were structured with this forced economy target, and savings achieved were in the order of \$20 million annually.

In 2005, when the initiative was competed for again, the previous 13 contracts were consolidated to eight and covered 319 buildings or 80% of our inventory. The eight contracts were competed for and awarded separately. A company that now calls itself SNC-Lavalin O&M won all eight contracts. SNC-Lavalin ProFac, as it was then called, demonstrated the best overall value for four evaluation criteria of approach, financial, experience, and presentation.

A fairness monitor was used for the procurement, and his report concluded that the contracting process was equitable and transparent.

The contracts were awarded for an initial period of four years, with three additional two-year options. To date, two of these options have been exercised, extending the contract to March 31, 2013.

It is estimated that during the first three years of the SNC-Lavalin O&M contracts, the departments saved an additional \$86.7 million above the savings from the original contracts.

This outsourcing arrangement also helped make it possible for the government to act very swiftly on its economic action plan funding earmarked for PWGSC's crown-owned buildings.

As the committee knows, we received \$323 million over two years to make needed repairs to our buildings. Through the contract, 62% of this funding has gone to SNC-Lavalin O&M, and the vast majority of that has been contracted with local firms.

In maintaining properties on behalf of PWGSC, SNC-Lavalin O&M provides work for 4,000 small and medium-sized enterprises annually, most of them based in the communities they serve.

The contracts with SNC-Lavalin O&M are subject to a range of controls as part of the department's ongoing due diligence to ensure value for money.

An internal review of the SNC revenue, expenditure, and transaction controls was initiated last December as part of the department's annual audit cycle. The results of this work are expected in November of this year.

As with all our internal audits, recommendations and a corresponding plan of action will be presented to the department's audit and evaluation committee and ultimately posted on the web.

It is important to note that evaluations of this initiative were carried out in 2004, 2005, 2006, and 2007. Internal control measures over the approval of monthly payments are in place, as well as quarterly inspections of a sampling of projects for each contract, and operational performance measurement and reporting. We also conduct biennial client satisfaction surveys; the most recent one, in 2008-09, conducted by Statistics Canada, indicated that, nationally, 89% of tenants were either very or somewhat satisfied with their building.

• (1535)

[Translation]

In March 2010, the media reported on SNC-Lavalin O&M invoices for tenant service work carried out at Place du Portage in Gatineau. In response to these reports, the Minister of Public Works and Government Services requested that the department carry out an immediate review of the invoices to assess whether the expenditures were reasonable and supportable, and to determine whether there was any evidence of systemic problems with the contracts.

[English]

A third-party auditor is conducting audit procedures of expenditure transactions identified in the media articles, plus a sample of transactions made by SNC Lavalin O&M on work for PWGSC as a tenant, for PWGSC as a custodian, and for other government departments.

PricewaterhouseCoopers started this work on April 27, 2010. This examination is being carried out on a priority basis under the direction of the department's oversight branch and its ADM, Frank Brunetta. It is expected that in July the report will be tabled for review by the department's audit and evaluation committee and its three external members, Mr. Erik Peters, Mr. Norman Inkster, and Mr. Jean-Pierre Soublière. Subsequent to the committee's review, the report will be posted on the web. We will be pleased to provide a copy to this committee.

In addition, measures will be taken to improve records management. There will be further examination of any requirement for

overtime work, and greater scrutiny and control will be placed on the requests for work.

Thank you for the opportunity to appear before the committee today. We will be pleased to respond to your questions.

• (1540)

The Chair: Thank you.

We'll go to the first round of questions. Ms. Martha Hall Findlay will begin.

[Translation]

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Madam Chair. I want to thank all the witnesses for being here today.

[English]

Thank you very much for being here.

I have a couple of questions, but first I want to thank you for the detail in your presentation in terms of the background to the contract to the contracts. It actually raises a couple of other questions about how those end up being awarded.

With regard to the famous disclosure about the maintenance being done, it came as a bit of a surprise to hear that the immediate reaction by the minister was to have an external auditor, as you mention at the end of your report. I personally was a bit surprised at that, because if there were some issues with the contract, my reaction would have been to have the people at Public Works look at them, as opposed to an immediate reaction to bring in somebody external and to spend more money on an additional audit.

It may be putting you on the spot, but can somebody explain to me why there isn't enough expertise or management within PWGSC, especially given your description? It sounds as though there is an awful lot of overview. Why would this not first go internally to have somebody make sure that the contract is being handled properly and in accordance with the contractual guidelines? Why would we all of a sudden need an external audit? Also, can you tell me what the external audit is going to cost?

Mr. Frank Brunetta (Assistant Deputy Minister, Departmental Oversight Branch, Department of Public Works and Government Services): Sure, I can address that.

In terms of why an external audit was requested, I can't begin to speculate on why our minister would want to have an external audit. From my perspective, it doesn't hurt to have someone from the outside, an impartial third party, take a look at the work we're doing internally to give us some assurance that things are being done appropriately.

That said, we had initiated a review of this area in December of last year, as John mentioned. The work that's being done by PricewaterhouseCoopers will only supplement what we're doing, so I don't think it's a waste of resources or money poorly spent. It will inform the work that we're doing in any case.

In terms of the work itself that PricewaterhouseCoopers is conducting, they are doing a two-phased approach. The first is to conduct specific audit procedures on the transactions that were brought to light as a result of the media report and to give us an assessment of whether those expenditures are reasonable and supportable. We have—

Ms. Martha Hall Findlay: With all respect, isn't that what you are supposed to be doing? I don't mean you personally, but Public Works. We have an Auditor General's office. I actually do question why we would go and add... Maybe you can't answer, and maybe I should be asking why internal procedures are not enough in terms of overall management of a contract; if the contract and the operations have been following the requirements in the contract, is it not possible for Public Works to tell us this? Also, before we run out of time, I really would like to find out the cost of the audit with somebody else.

Our responsibility is to Canadian taxpayers. A lot of our questions will be around whether this contract is in fact the most cost-effective way of doing this. From your description it sounds as though it is, but it's our job to make sure. We want to make sure taxpayer money is spent effectively, but also transparently, and not wasted. I haven't heard that an external audit is actually adding anything, and I really would love to have some idea of what the cost is.

● (1545)

Mr. John McBain: I can't speak to the cost. But I would add that when the media articles came out—I remember there wasn't very much time between that and when the minister spoke in the House—on the surface, they were fairly inflammatory.

We are very concerned about ensuring that there is confidence in this contract. It is a very, very large contract. It touches all parts of the country. We want to ensure we have both the private sector's confidence and the citizens' confidence in our execution.

We have a very strong oversight and a managing office, which looks at this contract on a national basis. As Frank said, this audit that the minister asked for would seem to supplant and be additional to the work that we...to give a lot of detail to the audit that started in December.

Ms. Martha Hall Findlay: If you do have significant oversight in the department, and my impression is that you do—you have people who manage these contracts very well—I am concerned there was a knee-jerk reaction to spend more money for purely political reasons.

Maybe I will ask specifically, if you don't have the answer on the cost: can you confirm you will provide that to the committee?

Mr. Frank Brunetta: The contract that was let to PricewaterhouseCoopers was \$210,000 for the two phases of the audit work they are doing.

Ms. Martha Hall Findlay: Once it is all done, that is the complete cost.

Mr. Frank Brunetta: That's right. Unless there are unseen costs—

Ms. Martha Hall Findlay: That's almost a quarter of a million dollars in addition because of a knee-jerk reaction to a press release.

I'm sorry, but I would love it if Public Works and Government Services could actually provide the results of your review to the committee, to make sure this contract is following its guidelines, and if I could get a commitment from you to do that in some detail. Is that possible?

Mr. Frank Brunetta: Yes. Our work is scheduled to be completed and tabled to the audit committee in November, and that report can be made available to the committee.

Ms. Martha Hall Findlay: I have a couple of other questions relating to the contract that are somewhat different. One of them has to do with whether any amendments were made to the contract when the contract was extended.

The initial extension would have been in 2009. Is that right?

Mr. John McBain: Actually, there was an option that had extended it, which had been exercised before then. In 2009, there was an amendment to the contract in the department's submission for its authorities under the economic action plan. We recognized we would be putting more funding for projects through than had been originally planned, so the total maximum ceiling of the contract, if all options are extended, was increased by \$500 million.

Ms. Martha Hall Findlay: We were able to see some portions of the contract, significantly censored. We don't know if it was the amended one or not.

Would it be possible to get a copy of the contract as amended for the members of the committee? We're going to run out of time, and obviously for something of this scale we will need a bit more information to be able to do our job properly.

Can I get an answer, and a commitment?

Mr. John McBain: Certainly.

Ms. Martha Hall Findlay: The timeframe for when we can—

Mr. John McBain: Certainly it could be within a couple of weeks. I don't see any problem with that.

Ms. Martha Hall Findlay: The House will be rising in a couple of weeks, so if we could get it within a week, that would be—

Mr. John McBain: Before the House rises. Yes.

The amendment, if I may note, is a very simple one. It is simply the maximum dollar value of the contract.

Ms. Martha Hall Findlay: Thank you.

The Chair: Thank you.

We'll now go to Monsieur Nadeau.

[Translation]

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

Good afternoon, gentlemen. You heard about this in the news; it had quite an impact on those in the region. It even became a topic for question period when Gilles Duceppe mentioned that light bulbs had been installed in federal government buildings to the tune of \$5,000. Another member, Marcel Proulx, asked why the government had spent \$36,000 in a year on extra cleaning costs for a minister's office. Thomas Mulcair argued that paying \$2,000 for leafy plants and \$1,000 for a doorbell in those buildings—that is getting very expensive—was ridiculous. The Prime Minister, the Right Hon. Stephen Harper, himself, said that the costs did not appear to be at all supportable. Every party, everyone, was in agreement, more or less saying the same thing.

As for myself, on September 2, 2009, I asked Mr. Paradis, Minister of Public Works and Government Services at the time—and I sent a letter to Ms. Ambrose, his replacement, on March 15, 2010—about the awarding of maintenance contracts for federal buildings. The committee heard from Mr. Beaulieu on April 26. You may have seen the documents.

One of the things in all this that remains very unclear, to say the least, very obscure, to say the most, is that the bidding process is not open to the public, but done by invitation, so that small and medium-sized businesses have a chance to become subcontractors for Public Works and Government Services Canada. Some bidding processes are open to the public, and others are done by invitation. That seems to be the problem. At least it is in the eyes of the contractors I have met with. Let us discuss that issue first, the bidding process.

• (1550)

[English]

Mr. John McBain: If I can answer your question with respect to the contracting process, under the contract with SNC-Lavalin O&M, the statement of work is very clear in the contract in terms of it specifying how our service provider must engage the private sector. There are four separate tiers where different processes are used. From \$0 to \$5,000 the contractor is allowed to go directly to a firm. This is typically small work, and we want to see efficiencies in terms of how that is administered. From \$5,000 to \$25,000, a sourced list of three firms that are pre-qualified with SNC-Lavalin is used. From \$25,000 to \$200,000, a sourced list of five firms is selected, and they use those—

[Translation]

Mr. Richard Nadeau: You mean \$25,000 to \$50,000?

[English]

Mr. John McBain: It's \$25,000 to \$200,000. From \$200,000 to \$5 million, it is publicly tendered, and SNC-Lavalin uses MERX as its public tendering vehicle.

[Translation]

Mr. Richard Nadeau: How many firms are on the list for contracts from \$25,000 to \$200,000?

[English]

Mr. John McBain: Five firms.

[Translation]

Mr. Richard Nadeau: I will repeat what you said. Contracts from \$0 to \$5,000 are awarded directly; for contracts from \$5,000 to

\$25,000, there is a list of three firms; and for contracts from \$25,000 to \$200,000, there is a list of five firms. Is that right?

Mr. John McBain: Yes.

Mr. Richard Nadeau: What is the procedure? Do you choose from a databank and tough luck for everyone else? How does it work?

[English]

Mr. John McBain: In terms of the management of this, I would invite my colleagues to join. In terms of the specifics of that aspect, the contractor is required to pre-qualify firms, both consultants and contractor/suppliers, in the databank. They then go on a rotational basis and select those firms and ask them for a price. Then the lowest price from those five firms is used to conduct the work.

[Translation]

Mr. Richard Nadeau: There is something else that the media reported, something that made quite a few waves during question period for a few days. Someone asked SNC-Lavalin or Public Works and Government Services Canada—you are the ones people deal with, you are the direct representatives of a department that is responsible for public money—for access to all the invoices submitted to the government for the work performed. With the figures I gave you earlier... It involves small jobs, such as changing light bulbs. But when the work is renovating a building's exterior or doing major upgrades, it involves huge amounts of money.

Are you prepared to release all the invoices you received, to see if there are other cases where small jobs cost an exorbitant amount, so as to make sure those cases are the exception to the rule? Is it necessary to probe further to discover that even larger amounts were spent? Is it possible to make the invoices public?

• (1555)

[English]

Mr. John McBain: First of all, on the subject of the invoices and the work you referred to, let me say that on the surface, 32 characters, which was about the field that was used in the invoices, does not describe the full amount of work that was done. So to simply say “changing a doorbell” or “installing six pot lights” is one thing when I do work at my house; however, when I do it in a commercial context in a high-rise office building, after hours, according to codes and according to contractual requirements for overtime, it's quite something else. So there is a detailed explanation behind each of those invoices, which describes that there is much more to the work than was actually portrayed in that short character field.

In terms of the invoices we deal with, right now they literally deal with about 6,000 projects per year. The volume of paper would be quite remarkable, and they are accessible right now through access to information.

[Translation]

Mr. Richard Nadeau: So they can be obtained by going through the Office of the Information Commissioner? In the documents, I read that reporters had requested information but had not received it. Are you prepared to risk having your hand burned and say that if people want to see the numbers, all they have to do is go through the Office of the Information Commissioner?

Mr. John McBain: Absolutely, yes.

Mr. Richard Nadeau: That is good to hear.

The Chair: Ask a question, please.

Mr. Richard Nadeau: Thank you, Madam Chair.

[English]

The Chair: That's it? *Merci.*

We now go to *M. Gourde, pour huit minutes, s'il vous plaît.*

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Madam Chair.

Thank you, gentlemen, for being here this afternoon.

At the risk of being redundant, I have the following question: Could you explain the procedure for companies and businesses to bid on government contracts with Public Works and Government Services Canada?

[English]

Mr. John McBain: Well, there is a process for PWGSC, ourselves, which is quite distinct from the process that is used by our service provider in these contracts. I'd be happy to share a diagram with the committee, which describes that.

For example, for PWGSC, for contracts for construction from zero to \$10,000, we use the select process—three firms are selected. From \$10,000 to \$100,000, five to eight firms are selected and bids are received. And for anything over \$100,000, it's publicly advertised on MERX.

If you compare that to SNC-Lavalin O&M, there's perhaps a greater discipline because SNC-Lavalin goes from zero to \$5,000 with a direct contract, \$5,000 to \$25,000 with at least three firms, and then \$25,000 to \$200,000 with five firms. Anything over that for them is publicly tendered, and they use MERX as well, as does PWGSC.

So there is a rigorous process. I must also add that as part of our annual reviews of the contract with SNC-Lavalin, the statement of work allows us to go in and make sure it is following that procedure to engage suppliers and contractors when it contracts its work.

[Translation]

Mr. Jacques Gourde: Would you say anything in that procedure is missing in terms of transparency and fairness? What measures are in place to ensure that contracts are awarded fairly?

[English]

Mr. John McBain: In terms of the contracts with SNC-Lavalin, as I said, the statement of work allows us to assess and review their practices to ensure they are following the procedures set out in the statement of work. Beyond that point, you will have to ask SNC-

Lavalin. I know they are subject to internal audits, and the relationship between SNC-Lavalin, as our contractor, and their subcontractors is something of their management. We have no legal standing in that relationship.

[Translation]

Mr. Jacques Gourde: What measures are in place to ensure that small and medium-sized businesses have access to government contracts?

[English]

Mr. John McBain: The contract requires that SNC-Lavalin O&M includes the provision to engage small and medium enterprises. I regularly receive reports from SNC-Lavalin O&M, and I can show you the breakdown by province of the number of firms they engage. So we are providing oversight to ensure that is done.

Secondly, the contract prohibits SNC-Lavalin from bidding on any of the work that is being executed by the contract.

• (1600)

[Translation]

Mr. Jacques Gourde: What impact has Canada's economic action plan had on the awarding of government contracts?

[English]

Mr. John McBain: There was absolutely no change in terms of how we delivered our work through the economic action plan. We were very adamant about that. We didn't want two sets of rules or two different processes for our regular work and the economic action plan.

I am very proud to say that we were able to accelerate our work for the action plan through this contract, but in all cases they followed the rules that were set in place from the outset and from the award of the contract.

[Translation]

Mr. Jacques Gourde: What efforts are made so that small and medium-sized businesses can be competitive when bidding on government contracts?

[English]

Mr. John McBain: I can speak to part of that. Probably for a more fulsome answer, our colleagues from acquisitions branch would need to be here.

We engage in briefings. We have an Office of Small and Medium Enterprises set up in the department, with an office in each of our regions. We provide bidders' conferences and orientation sessions to the work we undertake.

Further, SNC-Lavalin O&M allows contractors and suppliers to add their name to their list at any time once they make themselves known to the contractor. So they would become part of the resource and bidding pool.

[Translation]

Mr. Jacques Gourde: What measures are in place to ensure that Canadian taxpayers get the most bang for their buck in the awarding of contracts?

[English]

Mr. John McBain: There is oversight on the contracts that we provide in PWGSC, but taking into account the objective of this appearance, I assume you're referring to the contracts awarded by SNC-Lavalin O&M.

As I mentioned in my opening remarks, there have been reviews of this contract in four successive years, plus we provide a function centrally and a national office to oversee the monthly payment of invoices and the scrutiny of the work orders and the projects performed. We assess the work delivered versus the estimates provided before the work is authorized.

[Translation]

Mr. Jacques Gourde: Thank you very much for your answers.

[English]

The Chair: *Merci.*

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you very much.

We thank our guests for your attendance today. This is very helpful.

I'm trying to understand. Mr. McBain, in your earliest comments you talked about core and non-core activities. It would seem to me you have farmed out the non-core activities to various service providers, and that's been a function that you've handled, it would seem, since 1998.

What's the distinction between core and non-core services, the distinction between those things that you might farm out relative to those things that are maintained internally? Could you clarify that for me, please?

Mr. John McBain: Certainly.

It starts with the fundamental principle that government should not be in competition with the private sector. If the private sector can deliver something the government requires, then we should be enabling that, to take advantage of their innovation, their capacities, leveraging their abilities. In terms of looking at an assessment of what we did, in terms of our execution of our mandate, what do we need to keep in-house? So it's strategic decisions over where we want to be located. Do we want to own, do we want to lease—those sorts of decisions were considered to be core to our program. But for the execution of building operation and maintenance, projects, repairs, etc., it was determined that the private sector could provide them with greater ability, agility, and efficiency.

The Chair: Please make your question brief, Mr. Holder.

Mr. Ed Holder: The question I have, actually, I might ask in the second round. I'll ask you to think about this. I have some curiosity around those core items that you maintain as internal and departmental functions. How do you self-audit those? In other words, when you make that decision to lease versus buy, those are fairly significant decisions for a government. I'd be curious, and again, time may not permit at this particular moment, but I'd like to get a sense of how you verify your own decision-making. How do you audit yourself? I'm trying to tie into a comment that was made a bit earlier.

The Chair: Don't answer; think about it, because his time is up.

Mr. Martin you have eight minutes.

• (1605)

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Madam Chair.

What is the total value of the contract awarded to SNC-Lavalin?

Mr. John McBain: If all options are exercised and the contract is run out to its full amount, it would be \$5.9 billion.

Mr. Pat Martin: How much is that per year, roughly?

Mr. John McBain: Per year, it's roughly about \$1.7 billion or \$1.8 billion. It depends on the year, with the repair work.

Mr. Pat Martin: Billion?

Mr. John McBain: Billion, yes. To date, I can tell you that we have spent \$2.2 billion of the \$5.9 billion.

Mr. Pat Martin: You're not paying SNC-Lavalin to maintain the buildings. You're paying them to manage the maintenance of the buildings. You're talking about the total global amount to operate and maintain and manage the buildings. Is that right?

Mr. John McBain: Correct.

Mr. Pat Martin: What is the amount you're paying SNC-Lavalin just to manage the maintenance of the buildings? You're still paying for the repairs, etc.

Mr. John McBain: We pay for the projects. We pay for pass-through costs such as utilities and operations, etc.

Mr. Pat Martin: And their markup on all of that?

Mr. John McBain: And their markup.

Mr. Pat Martin: What would be their markup on average?

Mr. John McBain: Well, that's proprietary information, but I understand from my colleagues that they are prepared to share that with the committee in their testimony.

Mr. Pat Martin: I come from a building trades background, and a standard markup on a cost-plus contract might be 14% or 15%. Is that in the ball park?

Mr. John McBain: Well, there are two areas where fees can be applied in this contract. One is for the property management function and one is for project delivery. I will allow my colleagues from SNC-Lavalin to speak to their exact percentages.

Mr. Pat Martin: What I'm getting at, I guess, John, is that you're paying them a billion dollars a year—well, my figure is about \$550 million a year—just to manage the maintenance of the buildings. You could hire 500 people at \$100,000 a year and do that in-house for \$500 million a year, and you wouldn't be paying the 15% markup every time they change a light bulb, and you'd be able to control your own costs. I don't see the business case.

I know during the mid-nineties the Liberals were on this crusade. They were trying to do off balance sheet financing. They were trying to offload as much as they could out of the public sector and into the private sector, but this one doesn't make sense to me because it's not an ESCO where you actually do contract out the energy services operations of the buildings. You can almost see that might make some sense. You're just paying them, not to maintain the buildings but to manage the maintenance; they hand you the bills and you still pay for all the heat, all the lights, all the air conditioning. You still pay for all the new carpets and all the new windows, and then they add 15%.

The problem with cost-plus contracting is that there's no incentive for them to find the lowest costs. They have three pre-qualified contractors who shut out all the little contractors in the area. They deal with the ones they have a relationship with. If you're adding 15% to the total cost, you're not looking for the cheapest price; you're ending up with the one you can mark up.

I don't like the looks of this at all. I'm glad we're doing a study of this. It just seems like a staggering amount of money.

Another thing is that you characterized the figures that were in the newspapers as "inflammatory", as if to say the newspapers were making it sound like a big deal that it was \$6,000 to put in six pot lights. I've worked commercial construction—high-rises, hospitals, schools, all those things—and that's a ridiculous amount of money for six pot lights, even if you are putting them in to code and even if you are paying union scale. It's a staggering amount of money. Do you mean to say that you've seen other invoices like this, so that \$6,000 for six pot lights didn't shock you?

Mr. John McBain: First of all, you've put a number of things on the floor. I assure you that their markup is not 15%, first.

Mr. Pat Martin: I thought you said that was confidential information. How do you know it's not? How do we know it's not?

Mr. John McBain: I know what it is, but it's not for me to divulge. I assure you it's not 15%.

Mr. Pat Martin: Why should there be any markup if it's just a flow-through? You're already paying them a service fee to do the job. Why should they be tacking on a markup every time they spend money on our behalf? You're paying them \$1 billion plus a year just to manage the maintenance—not to do the maintenance but to manage the maintenance.

Mr. John McBain: That total amount per year includes labour costs, utilities operations, the repairs themselves, and their fee.

Mr. Pat Martin: But about \$550 million is our figure for their fees alone to manage 320 buildings. Is that correct?

• (1610)

Mr. John McBain: I'll let the officials from SNC Lavalin speak to that amount.

In response to your question about the pot lights, as you get into the details of the work orders, in one case, for example, a step-down transformer from 220 volts to 110 volts was required. Fifty feet of line had to be run, a wall was demolished. These details weren't—

Mr. Pat Martin: A wall was demolished?

Mr. John McBain: I'm saying it's in various different parts of those invoices. We could get into the details.

Mr. Pat Martin: If a wall was demolished to put in the pot lights, then we're talking about a different job. It wouldn't be installing pot lights.

But I think you've lost control over the years. The longer this one lucky company has this multi-billion-dollar contract, it's like a dream come true for them to have an anchor client like the federal government in a cost-plus relationship. I think it's probably unprecedented in the history of the building industry. It's absolutely...

If I could get in on that, I'd quit what I was doing today, believe me.

You come from a building background, Chris. Have you ever heard of an ongoing, year-after-year, cost-plus relationship where you can not only get paid a massive service fee but also where, to every nickel you spend, you can add your 10% or 15% on top of it? It's too good to be true.

Mr. Ed Holder: Do you have any questions?

The Chair: Mr. Holder, you're not the chair.

Mr. Ed Holder: I apologize, Madam Chair.

The Chair: He can make a statement.

Go ahead.

Mr. Pat Martin: Who's the chair around here, Ed?

Am I out of time?

The Chair: No, you're not. You have one and a half minutes.

Mr. Pat Martin: I'd like to see if there is any kind of a business case for this arrangement, whether it goes back to 1998 or what. Where is the business case that justifies this, the biggest corporate giveaway since the 25-year patent protection on pharmaceutical drugs? For some reason we've decided to hand SNC Lavalin this gift that keeps on giving year after year after year.

Mr. John McBain: Madam Chair, when the contracts were put in place, the department identified 700 full-time employees who were associated with conducting this work. As part of the move of this to the private sector, 470 employees were transferred to the private sector. So the department was able to shed the costs of the direct salaries of those employees, which now must be borne by someone else. That, of course, is—

Mr. Pat Martin: When you say "transferred to the private sector", do you mean laid off?

Mr. John McBain: No, they were completely transferred. BLJC, as the first bidder, accepted all those employees and transferred them into their corporation.

Mr. Pat Martin: So they're off your payroll?

Mr. John McBain: They're off our payroll. They're no longer a cost to the department or the taxpayer. In addition, there was a reduction of—

Mr. Pat Martin: But they're no longer working because that company no longer has the contract. Is that right?

The Chair: Mr. Martin, you have one last question.

Mr. Pat Martin: Is that true?

Mr. John McBain: I know that in many cases, when the contract transferred from BLJC to SNC-Lavalin O&M, they transferred the people because they were in the building and knew the building and the systems, and the BLJC no longer had a requirement for them.

The Chair: Thank you very much.

This brings us to the end of the questions here.

Just as a reminder, Mr. McBain, you stated in a response to Ms. Martha Hall Findlay that the amended contract was a very minor amendment. I am wondering therefore if we can have it by June 16. Because the committee has to write a report, this way it will have an opportunity to have a look at it.

Mr. John McBain: Yes.

The Chair: So June 16 is when we can have the whole contract and the amendment.

Thank you very much for being here.

We will suspend for 30 seconds while we do the changeover.

• _____ (Pause) _____

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• (1615)

The Chair: We're resuming our study of the federal building maintenance contract.

We now have with us from SNC-Lavalin Operations and Maintenance, Mr. Charles Rate, the president; Mr. Justin Sharp, the senior vice-president, facility management; and Mr. Martin Lefebvre, general manager, Department of Public Works and Government Services Canada.

I understand you have some opening remarks, Mr. Rate. The floor is yours.

Mr. Charles Rate (President, SNC Lavalin Operations and Maintenance (O & M)): I do, Madam Chair. Thank you very much.

Thanks, Madam Chair, for your invitation to appear before this committee. I'm Charlie Rate. I'm the president of SNC-Lavalin Operations and Maintenance. My colleagues are Justin Sharp, who is senior vice-president of our facility management division, and Martin Lefebvre, who is the general manager of our Public Works contract. We're delighted to be here before you today to provide some context and clarity around the services we provide to the crown through Public Works, and we'll do our level best to answer your questions, I hope to your satisfaction.

Our services are provided through adherence to industry-leading best practices, and they support the priorities of safety, service quality, fair access to government funds, and sustenance of thousands of jobs. Our work is professional and transparent, and through the governance model under which we work, it is regularly verified by both internal and independent review.

Since 2005 our company has been providing property and project management services under Public Works' alternative form of delivery contracts. Over time, and in keeping with the initial intent of the contracts and Treasury Board approvals, this has been expanded to include additional facilities, including components of the RCMP and NRCan portfolios.

Our original approach to winning this business was threefold. First of all, we needed to demonstrate a capacity to provide the right level and quality of services for the hundreds of thousands of public servants who work in the buildings and for the countless Canadians who access government through the buildings, all with a mind to prudent stewardship of crown assets through Public Works. Second, we needed to work with a broad and diverse network of subcontracted partners, the vast majority of which are small and medium-sized Canadian companies, to ensure fair and transparent contractor access to government funds administered through our contract and to promote job growth. Finally, we needed to provide aggressive pricing, designed to reduce the total cost of ownership for the government.

The way we operate the buildings, particularly with respect to careful environmental and energy management, combined with the fees that we quoted under very rigorous, competitive processes, have created substantial savings. In light of one of the earlier comments, while our fees are commercially sensitive, we are willing to disclose them in camera to the committee to assure you of value for money.

Since that original competition, we're proud to have continued to support Public Works' evolving needs and priorities, including our role in the recent economic action plan—the accelerated infrastructure program, as it was originally called—whereby we have efficiently and expeditiously managed 1,382 projects in the fiscal year 2009–10 and provided work and jobs to approximately 600 small and medium-sized companies across Canada through this difficult economic period.

We support Public Works' strategy in two ways. The first is augmenting their responsibilities as stewards of crown assets, providing for the efficient operation, safe use, and longevity of these assets. While we provide day-to-day operation of the portfolio, Public Works provides strategic direction and oversight of everything we do.

The second is to provide ad hoc services to all departments and agencies resident in the building portfolios covered by our contracts, allowing occupant departments to access services in a consistent and controlled manner. For this work, Public Works also provides rigorous oversight and has established governance protocols to ensure all approvals and works performed are within government standards.

The work questioned by one recent press article is in the latter category. That is to say it's for small projects carried out in response to tenants' service requests. When a service is required, such as additional cleaning or installation of new equipment, the tenant requiring such services makes a request to an SNC-Lavalin representative responsible for that building. We then review the needs and scope with the tenant. We source external services where those are required and provide a quote to the tenant. Finally, upon the tenant's approval, we deliver the project.

Certain projects and figures mentioned in the article are not reflective of the scope of services, and two distinctions must be made. First, invoice headings such as those quoted are not intended to be full and complete descriptions of the overall scope of service provided. Second, it should be noted that commercial rates and activities are different from those for residential activities.

•(1620)

The laws, conventions, and regulations that apply for various trades for work carried out in commercial buildings have to be respected, especially where safety is concerned or where the delivery of services would be disruptive to government program delivery if carried out during working hours.

The following examples show just how much information is missing in the article.

On the maintenance cost for the cleaning of two offices of \$36,000 a year, these costs, in reality, cover the enhanced cleaning of two floors of the building for one year. This includes labour and supplies to service a total of 22 enclosed offices, two common areas, two kitchens, and two complete washrooms, which together add up to 1,500 square metres.

Regarding a new doorbell that cost \$1,000, in fact the electrical services required for this project constituted the bulk of the cost. Installation of a current-reduction transformer was required, as was the opening and repair of part of a wall in order to install an electrical panel, electrical conduit, and wiring extending more than 12 metres from the doorbell. This was in quite a busy area. In order to keep the workplace safe and secure during installation, it required completion after hours.

Regarding plants that cost \$2,000, this covered sourcing of two mature plants, one metre and two metres high, as well as large self-irrigating pots, delivery charges, planting and servicing, and maintenance over a one-year period.

In terms of the installation of blinds costing \$1,414, the sourcing, installation, and anchoring of three large energy-efficient industrial blinds were required. The blinds themselves were 57 inches by 76 inches and cost \$392 each. Due to their size and weight, it required several workers for safe installation. Again, this was in a busy office area and could not be done during work hours; therefore, overtime had to be paid to the subcontractor.

The installation of six recessed pot lights at \$5,266 included six non-standard halogen recessed lights, installation of a dimmer, a separate circuit breaker, 100 feet of conduit and cabling, including an independent outlet for a new projector that was installed in the ceiling at the same time. Again, to be performed safely, this work had to be done after hours.

Regarding the removal of an exit sign costing \$256, this project required two electricians so that one could secure the electrical panel while another completed the sign removal and safe wiring termination—

The Chair: Mr. Rate, I'm mindful of the time. People have this in front of them, so let's go and pose questions.

Mr. Holder, do you have a point of order?

Mr. Ed Holder: I think it is, Madam Chair.

I know in the last round you had only one go-around. I think that's still what our time would allow. I would actually appreciate absorbing this as they speak. Would you mind if I ask for the deference of the committee, if they wouldn't mind?

The Chair: Okay, we're going to waste time. Go ahead and finish.

Mr. Charles Rate: As for the removal of a light switch costing \$1,000, this work consisted of removing the switch and the cabling and conduit up to the electrical panel, which was 50 metres away. After removal, the lighting needed to be reconnected to the building lighting system, which was 50 metres in the other direction, with additional conduit and cabling, which again had to be done after hours.

We were responsible for the complete management of these installations. It includes the supervision of work entrusted to over 7,000 pre-qualified subcontractor companies. These subcontractors are, for the most part, small and medium-sized Canadian enterprises.

As contractual commitments under our contracts with Public Works, we apply a third-party certified quality assurance program covering all aspects of our service delivery. We achieved ISO quality management in 1996, and for the Public Works account in 2005. We've renewed that designation ever since.

Our contracts are subject to significant audit scrutiny, both internally and externally. We carry out approximately 400 internal audits annually and we've had about 170 external audits every year by organizations such as Public Works and Audit Services Canada. We note that the minister is requiring additional audits, which are ongoing at present. PricewaterhouseCoopers, as you know, is doing that. We're obviously cooperating with that. It's one more audit firm.

Additionally, as we've been doing on a periodic basis since 2005, we've taken it upon ourselves to further clarify our processes and procedures for all our existing and any potential subcontractors who want to work with us. Recently we've met with a number of construction associations across Canada, including the Ottawa Construction Association here in the national capital region. We'll continue to meet with any of these organizations that want to meet with us. It's in not only our best interest, but theirs also to do that.

In closing, we're pleased to spend time with you and answer any questions you have.

•(1625)

The Chair: Thank you very much.

We're going to go to the first round of questions.

Ms. Hall Findlay, for eight minutes.

Ms. Martha Hall Findlay: Thank you very much, Madam Chair.

Thank you very much, the three of you, for being here.

I must pay my compliments to the speedy and complete reaction of the company to that press report. I think most of us, as politicians, wish we had that level of capability to respond to media reports.

My questions are fairly specific.

On the contract you have with Public Works, for the work that SNC does and the subcontracting out to all the many, many SMEs you work with, do you get a flat fee and then a percentage of the contracts you then arrange?

Mr. Charles Rate: Madam Chair, would it be useful for us to reveal our fees to you now? It will probably short-circuit a bunch of the questions. We would like to do that in camera, if you wouldn't mind.

The Chair: Committee members, can we go in camera for a few minutes?

Some hon. members: Agreed.

The Chair: Yes, okay.

Ms. Martha Hall Findlay: I'm curious, so the more information the better.

A voice: Do you want to maybe reserve all the questions?

The Chair: I think he stated it will curtail other questions that will be the same, so we'll go in camera for at least two minutes.

I will suspend the meeting.

[Proceedings continue in camera]

• _____ (Pause) _____
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[Public proceedings resume]

• (1635)

The Chair: We will resume.

Ms. Hall Findlay, you have about three and a half minutes left.

Ms. Martha Hall Findlay: I have only three and a half minutes left? That was to the benefit of the entire committee.

The Chair: That's okay, but we didn't use that time.

Go ahead, speak.

Ms. Martha Hall Findlay: You are welcome for that. I just want that on the record.

The Chair: Go ahead.

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

Ms. Martha Hall Findlay: Thank you.

One of the comments in your presentation was that you review the needs and scope of the tenant—these are the ad hoc ones—and you provide a quote to the tenant. I have two questions.

If you have the contract and you provide the quote to the tenant—someone in Public Works, for example—for plants, the tenant doesn't have anywhere else to go, because you are the ones given the task of doing this. First, what option do tenants have if the quote is higher than they would have liked, and therefore there's the incentive that anybody has to make sure it's the lowest-cost quote?

Second, if that's all your revenue, including what you need to make up for the part you lose under operations and maintenance, what incentive is there to make sure the contracts carry the lowest cost and are the most cost efficient? If you were to look at it on a straight, superficial level, not only would you not have a disincentive, but you would have an incentive to have larger-value contracts.

Mr. Charles Rate: That's a good question.

The tenants review the quote when we give it to them. They themselves look at it and decide if it's reasonable or not. Remember, these are typically small projects, thousand-dollar projects. The tenants do their own evaluations, and the people we're dealing with

in the tenant departments are generally savvy real estate people. That's really the route they've used to come up with Public Works or whichever department, so they themselves know their own numbers.

Ms. Martha Hall Findlay: If they don't have an option, knowing the numbers won't help. If you give a quote that's 15% higher than it should otherwise be, everybody's stuck, and that would probably give you an advantage because you'd get a cut.

Mr. Charles Rate: Well, remember that on a thousand-dollar project we typically make \$50.

Ms. Martha Hall Findlay: My concern is also with the larger projects. If you get a cut, a percentage, and the only revenue you have is a percentage of a contract, where is your incentive, especially if you have so many of the federal buildings...? What's your incentive to make sure you have the most cost-effective contracts?

Mr. Charles Rate: If we're not providing value for money... Remember that Public Works audits us to ensure value for money. The actual departments themselves are always looking for value for money, and they will simply keep coming back to us and say, "This is too expensive. I can't afford to do it. You'll have to go and get me a better price." That does happen. They'll look at ways of doing things—

• (1640)

Ms. Martha Hall Findlay: You have a contract that goes until 2011. There's not much they can do about it.

Mr. Charles Rate: Believe me, they come back to us repeatedly.

Ms. Martha Hall Findlay: What percentage of the federal buildings does SNC now manage?

Mr. Charles Rate: I'm not sure about that.

Martin, do you know?

Mr. Martin Lefebvre (General Manager, Public Works and Government Services Canada, SNC Lavalin Operations and Maintenance (O & M)): I'm not positive. To be sure, you would need to ask Public Works, but I would say it's about 80%.

Ms. Martha Hall Findlay: You say about 80% of all buildings leased and owned. About 80% are now managed through SNC.

Mr. Martin Lefebvre: I would specify owned buildings. The leased—

Ms. Martha Hall Findlay: Does SNC do the maintenance on those seven properties from 2007, those sale-leaseback properties?

Mr. Charles Rate: No. They were taken out of our contract.

Ms. Martha Hall Findlay: Oh, they were.

Mr. Charles Rate: Yes. What has happened, though, as I mentioned in my opening remarks, is that the RCMP facilities and the NRCan facilities have added in, so it's a bit of a wash.

Ms. Martha Hall Findlay: Okay.

The Chair: Thank you.

Now we go to Madame Faille for eight minutes—*huit minutes, s'il vous plaît*.

[Translation]

Ms. Meili Faille (Vaudreuil-Soulanges, BQ): Thank you, Madam Chair.

Welcome to the committee.

The whole issue of the contracts with Profac and SNC-Lavalin and the people who had the contract before that—I think it was Brookfield LePage Johnson Controls—has given rise to questions, even here in this committee, regarding the share of contracts given to small and medium-sized businesses. According to the testimony of department officials, you are required to submit a Profac report card to PWGSC every year.

Could you give us an overview of that report card?

Mr. Martin Lefebvre: You said report card, but they are actually performance indicators. That is not done just on our end. It is constantly checked by the people at PWGSC. We provide the basic information, but, at the end of the day, the results are determined jointly.

Ms. Meili Faille: Could you give us examples of those indicators?

[English]

Mr. Charles Rate: Small and medium enterprises.

[Translation]

Mr. Martin Lefebvre: I will give you a few examples. We provide information on small and medium-sized businesses. Quality inspections are carried out with respect to cleaning and other projects. I think there are 28 in all.

Ms. Meili Faille: Could you submit a copy of that report to the committee, please?

Mr. Martin Lefebvre: The performance report?

Ms. Meili Faille: Yes, so we can see your overall performance under that contract.

Do you also have to submit a quarterly report on third-party service providers to PWGSC, as is required for other contracts of that size?

Mr. Martin Lefebvre: No, but we have taken the initiative of giving PWGSC general information, so that it has an idea of how many small and medium-sized businesses, and contractors we use.

Ms. Meili Faille: But you do not tell PWGSC who you are giving the contracts to.

Mr. Martin Lefebvre: No, but it has access to that information through its ongoing verification procedure.

Ms. Meili Faille: The current review will look at specifying who the contracts are awarded to.

Mr. Martin Lefebvre: Yes.

Ms. Meili Faille: Very well.

Earlier, the officials from PWGSC explained how you award your contracts.

Do you have any pre-existing contracts with certain suppliers, quotas you have to meet for some of them?

Mr. Martin Lefebvre: No. We have service contracts for certain projects, as mentioned earlier. We have a lot of three-year service contracts, but we do not have any contracts where we are required to give a contractor a certain amount.

Ms. Meili Faille: When PWGSC awarded the contract, did a fairness monitor oversee the contracting process?

Mr. Martin Lefebvre: There was one on PWGSC's end.

Ms. Meili Faille: I would like you to submit a copy of that report to the committee.

Is it your company's practice to use a fairness monitor when awarding contracts?

● (1645)

[English]

Mr. Charles Rate: I suppose that would be me.

The one thing maybe I should point out is that we are extensively audited, not only internally by the quality control group that I have reporting to me, but our parent company, SNC-Lavalin, also has a series of audit groups, both internally and externally, that audit us. I sometimes feel we're performing this entire contract for the benefit of the auditing fraternity rather than... But there is a great deal of oversight, both internally and externally, on this.

[Translation]

Ms. Meili Faille: PWGSC has access to that, as well?

Mr. Martin Lefebvre: Only to certain aspects, not necessarily everything. For third parties, they are still a public company. In terms of what goes on internally, that is not the case, but we conduct audits that we must show them.

Ms. Meili Faille: From your understanding, would you say that your contract will be renewed?

[English]

Mr. Charles Rate: I think that probably should have been asked of Public Works, but we certainly hope... We're extremely proud of our relationship with Public Works. We think this is a very good contract, we think they're administering it well and carefully, and we're really proud of the work we've done.

[Translation]

Ms. Meili Faille: If the department renewed the contract or, on the contrary, if it decided not to, how many months would it have to make the transition?

[English]

Mr. Charles Rate: Regardless of our owners, all our contracts have termination for various rights from the owner. I believe in the case of this one—and I'm not even sure—it would depend on the reasons for doing it, but termination for convenience is available to the department if they decide to go in a different direction.

Mr. Justin Sharp (Senior Vice-President, Facility Management, SNC Lavalin Operations and Maintenance (O & M)): Madam, the other way maybe to answer your question is that they require a one year's advance preparation—

[Translation]

Ms. Meili Faille: Very well.

[English]

Mr. Justin Sharp: —to exercise or not to exercise.

[Translation]

Ms. Meili Faille: Are you a member of the Real Property Institute of Canada?

[English]

Mr. Charles Rate: I'm not sure.

You might be?

Mr. Martin Lefebvre: Actually, I am personally.

[Translation]

I know that many people at the company are. We belong to all kinds of organizations.

Ms. Meili Faille: What is the value of your sponsorships with respect to workshops?

Mr. Martin Lefebvre: Workshops?

Ms. Meili Faille: The RPIC workshops.

Mr. Martin Lefebvre: We have not done any sponsorship.

Ms. Meili Faille: Since the contract was awarded, have you had any meetings with Brian Card?

Mr. Martin Lefebvre: Brian?

Ms. Meili Faille: Brian Card is the president in charge of fundraising programs for the RPIC.

Mr. Martin Lefebvre: I do not know him.

Ms. Meili Faille: Do I still have some time, Madam Chair?

[English]

The Chair: You have 45 seconds for a last question.

[Translation]

Ms. Meili Faille: My question has to do with the \$50-million savings that was identified when the contract was awarded.

Since then, have you been asked to report on greater savings in order to justify the size of the contract?

[English]

Mr. Charles Rate: We have a budget—

[Translation]

Ms. Meili Faille: My question has to do with the \$50 million.

[English]

Mr. Charles Rate: Well, the \$50 million, from what I understand, is a number between the baseline of Public Works, when they were self-performing these activities, and when they outsourced to BLJC. I don't really understand where that number comes from, so I can't really comment on that.

We have a budget we have to meet on an annual basis, which is reviewed and dissected with Public Works. That's our commitment to the department. I don't think any of us can comment on that \$50 million.

The Chair: Thank you.

We'll now go to Mr. Brown for eight minutes.

Mr. Patrick Brown (Barrie, CPC): Thank you, Madam Ratansi.

The first question relates to the access that small and medium enterprises are given for the opportunity to bid on work.

Can you explain how that opportunity is arranged, the economic impact for small and medium-sized Canadian businesses, and the amount of work they're getting through your company?

• (1650)

Mr. Justin Sharp: It's a good question. Thank you very much.

All companies have had access since we started this contract in 2004. We did a public release throughout the industry inviting any company to pre-qualify. We identified to them what our process would be and how to join the roster of pre-qualified subcontractors. That makes sure we adhere to the government's requirements for security access, insurance coverage, and worker safety and compensation.

Since that time, and beginning at that time, we've met regularly with all the associations, whether provincial or national—for example, the Canadian Construction Association. They've been able to train their membership to a great degree on how to access pre-qualification and bids to our company.

Generally, on an annual basis we also publish regarding pre-qualification for anyone who hadn't been aware of it before. We publicly tender all jobs over \$200,000, through newspaper advertisements as well as MERX postings. Again, we're out in the industry, not only in our services for Public Works, but dealing with tens of thousands of subcontractors, and we explain to them how to access work through us.

In terms of your question around value, approximately 80% of the moneys that are given by Public Works to pay for the direct services are funnelled through to small and medium enterprises. The only distinction are large utilities, which can't be considered to be SMEs. They are monopolies, so we have no choice, and that takes a significant amount of the money.

After you exclude utilities, the balance of funding, the 80%, finds its way to small and medium enterprises.

Mr. Patrick Brown: Given the large economies of scale that SNC Lavalin possesses, can you also expand upon the savings we may see for Canadian taxpayers?

Mr. Justin Sharp: I think that's an interesting follow-up question to what we've been able to deliver as additional value to the crown.

Certainly the formula that Public Works is able to calculate on what those savings are... We don't have access to their prior year costs, but we are measured on a continuous improvement basis. We have traditionally seen costs below inflation in the parts of the portfolios we manage. If I take one particular example, aside from economies of scale in service procurement, and look at the energy side, we know we've saved millions and millions of dollars for the crown and Canadian taxpayers by more prudently operating the portfolio in an energy efficient manner.

Mr. Patrick Brown: Perfect.

Mr. Holder had a quick question he wanted to get in, so I'll share my time with him.

Mr. Ed Holder: Thank you very much.

And again, thank you to our guests.

In fact, I'd like to be a little bit more specific. According to the information we heard from PWGSC, in the very first relationship they had with Brookfield LePage Johnson Controls, if I read correctly, they indicated that savings achieved were in the order of \$20 million annually. I gather that, according to this, in the first three years of the contract with SNC-Lavalin O&M contracts, the department saved almost \$87 million above and beyond the savings from the original contracts.

That strikes me as fairly significant. When we heard the folks from Public Works talk about some of the rationale behind what they could do, what became very clear to me and what they had indicated was to not compete in those areas where private enterprise should have the opportunity to do so. I'd like to commend SNC-Lavalin for that, because that is a testament. Those millions of dollars of taxpayers saving is hugely significant and really does support the decision that was made to farm out what they consider non-core services.

My Cape Breton mum used to say the proof of the pudding is in the eating. In truth, when I look at that \$87 million of savings, that is some pretty good eating, or lack of eating perhaps, as the case might be. But again, it is hugely significant.

You indicated the number of audits, Mr. Rate, in terms of what you do internally within your organization. I was struck by that. If I read and heard correctly, you indicated that you carried out some 400 internal audits. Explain to me how that works, please. You have obviously more suppliers than that, but do you pick a certain number? How do you determine what you're going to audit where? Is it a flow-through?

We do that with various departments where we try to determine savings in various departments by picking different ones annually on a triennial basis. What is your logic with respect to audits, who you audit and how that works?

• (1655)

Mr. Charles Rate: I'll let Martin go through some details, but really what we're trying to do is test on an ongoing basis how we are carrying out work. We have to test a number of things. These aren't just financial audits. They are health and safety audits, which are extremely important to us. We need to be able to keep our people, our subcontractors, our building occupants, and everyone who uses the building safe, so that is an area of audit.

We have eight contracts across the country. We would typically spread out audits across those eight contracts. We do project audits. We do value-for-money audits. We really try to test each of the individual contracts to make sure they're performing as we expect them to.

Mr. Ed Holder: Thank you.

One of our members opposite talked about why we made a decision—or a decision was made by the minister—to bring in an external auditor to review some expenses that you've outlined there, what the rationale was, and was that a question of confidence in our own folks at PWGSC. I would submit, as I recall sitting in the House during that period of time, that there were a number of members opposite who were fairly aggressive about the expenses associated with some of the items you have outlined that would, on the face of

it, appear higher than what might otherwise be, until you got into “the devil is in the details”.

Where you've indicated that you look forward to or certainly welcome and are prepared to be supportive of the external audit, do you believe that the expenses associated with those half dozen or eight items in particular that were outlined in some recent press will stand up to scrutiny of the external audit?

The Chair: Mr. Holder—

Mr. Charles Rate: It really is face value. It's exactly what I talked about to this committee. That's what is in it. We have the validation of what's in there. We think those are reasonable costs, given the complexity of the installations. There is really nothing to hide on them.

Mr. Ed Holder: Thank you for your service to the department.

The Chair: Thank you.

Mr. Martin, for eight minutes of questions.

Mr. Pat Martin: Mr. Rate, I still don't see the benefit to the government in any guarantee kind of way. If, for instance, it used to cost us \$5 billion to manage all those buildings and you came along on a tender and said, “I can do it for \$4.8 billion”, we would know we were going to have a saving. But all you have done is say, “I'll manage it for you, and whatever it costs, it costs, plus my markup.” On a cost-plus basis, you've taken over the management of the maintenance of all our buildings, but there is no guaranteed savings. You're saying that, by audit annually, it has shown there to be some savings. We haven't seen those figures yet.

On April 1, 2005, you entered into a four-year contract with the government to manage the maintenance of these buildings. What was the total value of that contract?

Mr. Charles Rate: For the total value of the contract as per the Treasury Board submission at that time, I'm actually not even sure what the number was, Mr. Martin. My guess is that it would be something like \$5 billion to allow the headroom for the full 10 years.

Mr. Pat Martin: I think it's \$5.7 billion. Is that—

Mr. Martin Lefebvre: Actually, it's \$5.4 billion, to be precise.

Mr. Pat Martin: Okay, so we do know; it's \$5.4 billion to manage the maintenance of those buildings. Now that includes all the maintenance costs.

Mr. Charles Rate: Yes, it really is not... And maybe just to clarify, we have a significant maintenance component within our team. We are, I think, the largest employer of building maintainers, electricians, and operators in Canada. We have 1,100 people working on this contract, so it's a significant piece of work.

Mr. Pat Martin: But your costs get passed on to the government

Mr. Charles Rate: Absolutely, yes.

Mr. Pat Martin: —with your markup. For instance, when a utility bill comes in for \$100,000 for a high-rise building, and you pass that utility bill on to the federal government to be paid, do you add the markup to that?

Mr. Charles Rate: We pay the utility bill, and we talked about our fee on that.

Mr. Justin Sharp: If I can clarify, there's no markup added. If we're paying utilities on behalf of the government or the cost of the electrical-mechanical services in the operations or the cleaners, there is zero markup on that.

Mr. Pat Martin: Zero markup, but the government is paying for it. Surely, you're not doing that out of the—

Mr. Charles Rate: Correct.

Mr. Justin Sharp: It's a cost that flows through to the government, but it does not carry a markup from us.

• (1700)

Mr. Pat Martin: So your markup is when... I'm not going to mention any confidential information, but the public has a right to know how you make any money on this. You're not doing this as a charity. I mean, there are billions of dollars' worth of maintenance that has to be done to these buildings, above and beyond the utilities. You have to add a markup to those billions of dollars. That's the business you're in. That's your profit.

Mr. Charles Rate: Well, that's what we discussed in camera.

Mr. Pat Martin: That's your earnings. Yes. So we understand that.

I'm still having difficulty understanding why that's of any benefit to us. If the actual cost of running the building is \$1 million a year, why don't we just do that? Why don't we cut out the middleman? Why do we need you?

Mr. Charles Rate: Well, this is, I suppose, a bit of a philosophical discussion about the value of outsourcing. We do—

Mr. Pat Martin: When there's a clear business case, it's not philosophical; there's an argument for it. But nobody has shown me a business case, other than a very well-connected—politically well-connected—company, SNC-Lavalin, although I used to have you associated with the Liberals more than the Conservatives. But you're still doing business with Conservatives, and this is an equal opportunity company.

But it's not a philosophical argument and it's not an ideological argument; it comes down to the best value for the taxpayer. If the only benefit Public Works can tell us about it is that it managed to offload 470 employees who used to do what you're doing now, as a tradesman and a former head of the Carpenters' Union, I can't see anything to celebrate in laying off 450 guys.

Mr. Charles Rate: As I mentioned earlier, we actually have about 1,100 people. In fact, Martin was one of the 470 people who were laid off. He is working in this contract 10 years later and is now the general manager of our contract. That seems to me to be quite a success story.

For me, the answer is that we operate more than 100 million square feet of space across Canada. We are able to afford to invest in systems and processes and development of people, and for me, that's better value than the government spending its money on that.

I can't make the comparison of what the federal Department of Public Works saves on this. That's probably a useful question to ask the department.

Mr. Pat Martin: No, it is a very reasonable question.

But of that \$5.4 billion total value of your contract relationship, how much of that is billable? How much of that do you add your percentage markup to? How much of it is gratis and flow-through, and how much do you value-add and then pass along the bill?

Mr. Charles Rate: It really comes back to that discussion we had in camera.

Mr. Pat Martin: Well, I'm not asking for a dollar figure so much as 80-20 or 50-50. No one knows what your markup is, except those of us in this room. So I don't think there's anything commercially sensitive about your telling me how much is billable, of the \$5.4 billion, in the sense that you can add your markup to it and make earnings from it.

Mr. Charles Rate: That would be about 50%.

Mr. Justin Sharp: Yes, approximately 50% is in that category, and the other 50% is in the operations and maintenance category.

Mr. Pat Martin: Well, that's very helpful. That gives me an idea of how much it's costing us, above and beyond the actual cost, to have you employed by us.

Mr. Justin Sharp: Maybe if we could clarify that as well, if the work were being done by a landlord, for example, in the lease portfolio of the government, which is a significant portfolio, you would be paying a substantial fee on top of that—more so than is the case here.

Mr. Pat Martin: I'm not a big fan of that lease buyback thing either, frankly.

Mr. Justin Sharp: Oh, I'm not speaking of that. It's only in the normal practice, as you know, for lease portfolios.

Mr. Pat Martin: Well, I don't mind people marking stuff up. I'm just saying that when it gets into hundreds of millions of dollars a year, maybe we should be revisiting this idea and maybe it should be done in-house, if as a taxpayer we could show a business case that it would be cheaper for us to do it in-house. Perhaps you're the wrong people to ask, but I think a lot of Canadians would agree that we should save a couple hundred million dollars and do it in-house.

The Chair: Could you wrap up? You have 40 seconds.

You're done? Okay.

Thank you for being here. I think you had two requests from Madame Faille. One was for the performance report.

Did I hear you correctly? Did you ask for the performance report —

Ms. Meili Faille: Yes.

The Chair: —that was being conducted?

[Translation]

Ms. Meili Faille: Despite the 27 risks?

• (1705)

Mr. Martin Lefebvre: The 28 risks.

[English]

Key performance indicators—

The Chair: Key performance indicators. So—

[Translation]

Ms. Meili Faille: Since they have had the contract. I think it was Brookfield before, in 2005.

[English]

The Chair: Okay, and how soon can we get it? Can we get it by June 16? Yes.

And the second thing was a copy of the fairness monitoring report.

Mr. Charles Rate: We don't have that.

Mr. Martin Lefebvre: It's actually a Public Works document.

The Chair: So we can request it from Public Works.

Mr. Martin Lefebvre: We'd be very interested in seeing it, though.

A voice: Oh, oh!

The Chair: Okay.

I'd like to thank you for being here.

I will suspend the meeting for 30 seconds, and then we have committee business to deal with.

• _____ (Pause) _____
•

The Chair: Committee members, we have before us some business. We have a notice of motion that was presented by Ms. Coady.

I understand, Ms. Mendes, you are going to be speaking to it.

Mrs. Alexandra Mendes (Brossard—La Prairie, Lib.): I will.

The Chair: Okay. Go ahead, Ms. Mendes.

Mrs. Alexandra Mendes: I would like to ask the committee to look at this motion to invite Mr. Arthur Hamilton to appear on Wednesday, June 9. While we had also asked the Honourable Helena Guergis to appear at the same time, I don't think that will be possible. Well, actually, it's mostly to have Mr. Arthur Hamilton appear before committee on Wednesday, June 9, 2010.

The Chair: Before we go into any debate, can I just clarify something? Ms. Guergis sent me a letter, which I received just now as I was sitting in committee, that for health reasons she cannot come on June 9, but she would be willing to come on June 16 and she will be able to do the last hour.

As well, the clerk received by fax a letter from Mr. Arthur Hamilton, who was aware of this motion and has kept his timetable free. So if the committee agrees and this motion passes, Mr. Hamilton is available.

With that, Mr. Warkentin, you had your hand up.

Mr. Chris Warkentin: I was just seeking clarification. What you said was very helpful.

Just so that I have this straight, we're looking at June 9. Nevertheless, it looks as though the motion will have to be amended just to accommodate what we now know.

The Chair: Ms. Guergis cannot make it. Ms. Guergis is requesting that she come on June 16. So if we all go to our calendars and look at them carefully, the only change we want to make is for June 9. Mr. Hamilton states he will come on June 9. Mr. Jaffer has not said he will not come, so we assume he is coming. Ms. Guergis says she will come on June 16. I hope we're still sitting on June 16.

• (1710)

Mr. Chris Warkentin: Has Mr. Jaffer received an official invitation?

The Chair: Yes, he has.

Mr. Chris Warkentin: Okay. I just wanted to clarify that because I did speak with Ms. Guergis—she sits behind me in the House—and a couple of days ago she told me she had not received a formal invite at that point.

The Chair: Herself?

Mr. Chris Warkentin: Herself. So I wanted to clarify. I didn't ask her if she knew if Mr. Jaffer had, but I just wanted to ensure that, in the absence of not hearing...I'm just concerned that maybe it didn't go to... I don't know. I'm sure you've taken care of it. I just wanted to be certain of that.

The Chair: Give me one second because I did ask that question of the clerk as to whether he had sent out an invite to Ms. Guergis, and he assured me she had received it. In fact, she had confirmed June 9. So for her to say she hadn't received it is a little disconcerting. So she confirms with the clerk that June 9 is fine, and then she advises you that she hasn't received it. We can't say that somebody isn't telling the truth, but the bottom line is that the clerk did confirm he had sent the invite.

With Mr. Jaffer, you have sent the invite. Correct?

The Clerk of the Committee (Mr. Marc-Olivier Girard): Yes. I've been in communication with him.

The Chair: He has been in constant communication with Mr. Jaffer.

The clerk advises me he has proof enough that he has sent communications and spoken to Ms. Guergis' staff. Does that clarify it?

Mr. Chris Warkentin: That's very helpful. I just wanted to make sure because I know that our time is running out in terms of our days.

Thank you.

The Chair: Is it a point of order or—

Mrs. Alexandra Mendes: A question to Mr. Warkentin about the motion.

The Chair: Let him finish. He's seeking—

Mr. Chris Warkentin: No. I appreciate that. Maybe Ms. Mendes was just going to clarify how we might amend this motion to rectify it. Why don't we turn it over to her.

The Chair: Okay.

And is it okay by you, Mr. Brown? You were next on my speaking list.

Mr. Patrick Brown: I had a question for Ms. Mendes.

The Chair: Why don't you ask her the question, and she can handle both questions.

Mr. Patrick Brown: Okay, perfect.

It was suggested we wouldn't hear from Arthur Hamilton until all documentation submitted to the committee was sent to translation and distributed to committee members. Can you clarify what the documentation is, and maybe the clerk could clarify whether we would have it by June 9? That part of the motion could prevent June 9 if we're not very specific on what that documentation is.

Mrs. Alexandra Mendes: That documentation referred to Mr. Jaffer, not to Mr. Hamilton.

Mr. Patrick Brown: Okay.

Mrs. Alexandra Mendes: So that's the amendment we'll have to address in this motion, to stop at "June 9, 2010", period, second line. Ms. Guergis will not be able to make it on June 9, so we'd stop at "Wednesday, June 9, 2010", where the semi-colon is.

The Chair: Mr. Martin, if I could clarify something. Ms. Guergis has asked that she receive documents, but not the transcripts, that we as a committee have received, which would enhance her case. So those are the documents...I'm trying to figure out what documents she might want. She might want documents the clerk may have received that some of the witnesses like Mr. Snowdy gave us, so she might want... Whatever documents the clerk feels Ms. Guergis wants, she can have.

Sorry, Ms. Mendes, you wanted to clarify—

Mrs. Alexandra Mendes: Those are not the documents mentioned in this motion. That has nothing to—

The Chair: Mr. Martin.

Mr. Pat Martin: When you read this motion, it says we should not have Rahim Jaffer come on June 9, so I presume we're going to eliminate that sentence. Any reference to Rahim Jaffer is eliminated.

It also needs to be changed that Helena Guergis is not going to be here on June 9 and we're going to add Arthur Hamilton. We've chalked up this motion to the point where we should start fresh and just say let's invite Arthur Hamilton. I'd like to speak to that.

The Chair: Yes.

Mr. Pat Martin: I don't know what we hope to gain by having Arthur Hamilton. I think it may take away from having Rahim Jaffer here. Mr. Hamilton is the guy who Snowdy went to, but we already know what Snowdy told him. We already have this testimony straight from the horse's mouth. Now we're going to ask another witness what Mr. Snowdy told him that caused him so much alarm that he phoned the Prime Minister. I don't think it's worth bringing him into the mix at this late date, at our second to last meeting of this committee. I actually don't agree that he'd be a good one.

If we can't have Rahim Jaffer and Helena Guergis here, I'd rather have just Rahim Jaffer and be able to grill him on the inconsistencies of his testimony as we know them. So I'm going to vote against this motion.

• (1715)

The Chair: Fair enough.

Mrs. Mendes, do you wish to provide some clarification?

Mrs. Alexandra Mendes: On the motion, I had already proposed that we chop off everything after "June 9, 2010", in the second line.

Mr. Pat Martin: On the second line.

Mrs. Alexandra Mendes: Yes. After that, everything should be chopped off.

Mr. Pat Martin: So your motion is simply that we invite Arthur Hamilton to appear on Wednesday, June 9.

Mrs. Alexandra Mendes: Yes.

Mr. Pat Martin: Okay, I'm opposed.

The Chair: Mr. Holder.

Mr. Ed Holder: It's a little bit like tennis: one side, and then the other.

I would concur with Mrs. Mendes. I think it makes some sense to have Mr. Hamilton attend. He has indicated his willingness to attend. We have June 9 set. Frankly, in the absence of that, we probably don't have a meeting anyway on Wednesday. If that's the pleasure of the committee, I suppose that's a choice one can make.

It strikes me, when my good friend Mr. Martin says we've heard it from the horse's mouth, that we've heard a lot of horses' mouths. When people speak and you hear their testimony, it sounds so plausible and clear. Then, all of a sudden, another person speaks and it's somewhat less plausible and clear; and then a third party speaks. It just seems to me that, to get to the truth, which I think we're all looking to determine—that's the whole purpose of this—what we want to do I think is to hear from appropriate persons. It strikes me that Mr. Hamilton is an appropriate person to hear.

I apologize if that's the long way of saying that I would support Mrs. Mendes' motion that we finish it at the end of the second line where it says "June 9, 2010".

The Chair: Thank you.

I would then ask for a vote on the amended motion, which reads:

That the Committee, as part of its study of renewable energy project funding by the Government, invite to appear Arthur Hamilton for its meeting on Wednesday, June 9, 2010.

Mr. Holder.

Mr. Ed Holder: For clarification, typically we indicate the amount of time. I'm not sure that two hours is particularly necessary, but do we stipulate in this that it would be an hour? Do you have a sense of that?

The Chair: We could stipulate an hour, because Mr. Jaffer is still supposed to be here. We can have the first hour with Mr. Hamilton and the second hour with Mr. Jaffer.

Mr. Pat Martin: We're going to need more time with Jaffer than one hour and one round. You're throwing in a whole other issue here by bringing in Mr. Hamilton. He's very heavily charged politically. He's the lawyer for the Conservative Party of Canada. It's not going to be just a guy coming by for a chit-chat here. It's going to blow this place wide open. We're better off using our time talking to Jaffer.

The Chair: You just asked for clarification. I have asked for a vote.

Mr. Warkentin, did you have a clarification?

Mr. Chris Warkentin: No, just a question, because I think it goes further.

We've had all kinds of witnesses before our committee, and we're studying the green energy project. I wonder if Mrs. Mendes can explain to me what specifically Arthur Hamilton has to do as it directly corresponds to the studies we have before us right now.

Mrs. Alexandra Mendes: We're trying to address the lobbying part of all this, how or if there was any inappropriate lobbying done by either Ms. Guergis or Mr. Jaffer, and why Ms. Guergis was thrown out of caucus and thrown out of cabinet.

Mr. Chris Warkentin: Is that the Liberals' plan, or is that the plan of this committee?

Mrs. Alexandra Mendes: Sorry, it's the what?

Mr. Chris Warkentin: I don't recall this committee ever entertaining a study.

Mrs. Alexandra Mendes: No, it's the lobbying part of accessing the green fund.

Mr. Chris Warkentin: Okay, so you believe inappropriate lobbying—

Mrs. Alexandra Mendes: Has anything been told to Mr. Hamilton that inappropriate lobbying was being done? Was it what caused—

Mr. Chris Warkentin: That would be the mandate of this committee, then.

Mrs. Alexandra Mendes: It would be an item for this committee to study, yes, absolutely.

Mr. Chris Warkentin: Thank you.

The Chair: Go ahead, Mr. Holder.

Mr. Ed Holder: Madam Chair, I thought Ms. Mendes and I were actually in accord here, but now I'm somewhat confused. By her own comments, she wants to determine why Ms. Guergis was thrown out of committee, to use her words. I didn't think that was the intention—

• (1720)

Mrs. Alexandra Mendes: I believe I said “out of caucus”.

Mr. Ed Holder: It was out of caucus; sorry. I apologize.

I didn't think that was the purpose. We're talking about the green fund.

I want to come back to you on specific intent, if I may, Madam Chair.

The Chair: Yes.

Let's see if we have some clarity around it. I think you asked the question, Mr. Warkentin, about its pertaining to the green fund. We were studying the green fund and discussing the information that Mr. Hamilton is bringing to the green fund. That's the linkage that—

Mr. Chris Warkentin: What information is that, as it relates to the green fund?

The Chair: I'm asking her to clarify.

Mrs. Alexandra Mendes: What we want to find out is whether Mr. Hamilton had any information, either from Mr. Snowdy or from any other source, that gave him or raised a red alert about

inappropriate lobbying, because Ms. Guergis is married to Mr. Jaffer, the person who we think was doing inappropriate lobbying. That's what we'd like to find out. I think that's one of the reasons we'd be interested in interviewing Mr. Hamilton.

The Chair: It is privileged access.

Mrs. Alexandra Mendes: It is privileged access, yes.

Mr. Chris Warkentin: We're having a vote, then, as to whether a person should be coming to this committee to discuss whether they have privileged access in terms of their capacity to lobby.

Mrs. Alexandra Mendes: I guess.

Mr. Chris Warkentin: Okay. I was just wondering if...

The Chair: Yes, Mr. Holder, go ahead.

Mr. Ed Holder: Thank you.

I think this is germane to what we're talking about. I'd very much like to hear Mr. Hamilton. He's indicated that he's available on June 9. I come back to the point that I don't know if others, such as Mr. Jaffer, would be available on June 9, but we're talking about two days from now. I don't want this committee not to have its regularly scheduled meeting to do its job.

My prior challenge—if that's the right word—to Alexandra was perhaps the choice of words, so let's do a different workaround. I would like to ask, though, because I think Pat's right about this point, about the scheduling of our other guests, Mr. Jaffer and Ms. Guergis. I'm trying to get a perspective. Can you help me understand where your thinking is on this, please?

The Chair: Sure. I'm not thinking; I'm just saying Mr. Jaffer has been invited for June 9, and he hasn't said no.

Mr. Ed Holder: Okay.

The Chair: Okay? He is there, but I think you asked me about the timing.

Mr. Ed Holder: Yes.

The Chair: I was making a suggestion that the timing could be one hour for Mr. Hamilton and one hour for Mr. Jaffer—

Mr. Ed Holder: Perfect.

The Chair: —if it is the will of the committee. If it is not the will of the committee, well, we'll vote accordingly.

Mr. Ed Holder: Sorry, Madam Chair. Procedurally, is that a majority vote or is that consensus? Do we all have to agree?

The Chair: It's a majority vote.

We have a motion on the floor. If you need clarification, Mr. Jaffer is still coming on June 9. Sorry, Mr. Jaffer is coming. He has not said no. Since he hasn't said no, I'm not going to say he's not coming. He is coming on June 9, and Ms. Guergis has asked to come on June 16.

Go ahead, Mr. Holder.

Mr. Ed Holder: Then I suppose we'd have to amend Ms. Mendes' motion to have those first two lines, and then add Mr. Jaffer into that to make it accurate.

Mrs. Alexandra Mendes: But we're not asking for Mr. Jaffer; he's already been asked.

The Chair: No, Mr. Jaffer is already... It's not a motion—

Mrs. Alexandra Mendes: We don't need to make a motion for Mr. Jaffer.

Mr. Ed Holder: So has Mr. Hamilton—I'm sorry, Madam Chair. Through you—

The Chair: Sorry, sorry, sorry. Order.

Mr. Ed Holder: —Mr. Hamilton's already indicated he's going to come.

The Chair: No, no, no, no, no, no, no; we never invited him.

Okay, here's a clarification. Mr. Hamilton said the following:

I am aware that the Standing Committee on Government Operations and Estimates will consider a motion to invite me to appear to speak this coming Wednesday.

If it is the Committee's wish to invite me, I have re-arranged my schedule...

He's aware of the motion. He is being pre-emptive and he's telling us, "I'm available if you want me." This is a motion. If the motion passes, then we tell him, "Yes, come." If it doesn't pass, we don't invite him.

Mr. Ed Holder: I don't want to sound thick on this, Madam Chair, but why aren't we including Mr. Jaffer in this? Is that because he has already accepted or...?

The Chair: It's because Mr. Jaffer was already a pre-arranged witness for June 9. The only change is that Ms. Guergis cannot come. That's why we are putting in Mr. Hamilton instead of Ms. Guergis—

Mr. Ed Holder: It takes two, but I think I get it.

The Chair: So can I have a vote on the amended motion? Did I call the vote on it?

Some hon. members: Yes.

The Chair: Okay.

Those in favour of the amended motion that ends with "...for its meeting on Wednesday, June 9, 2010", please raise your hands? Opposed?

(Motion as amended agreed to [See *Minutes of Proceedings*])

The Chair: So for our meeting on June 9, we are now going to let Mr. Hamilton know that he has been invited. Mr. Jaffer has not said no.

For June 16, then, we have Ms. Guergis. She said she'd like to come in at 4:30, so if she's coming in at 4:30, we have the 3:30 to 4:30 hour. Can we have one of the ministers who we probably should be speaking to on the green fund?

Yes, Mr. Martin.

• (1725)

Mr. Pat Martin: I'm just curious as to why she gets to pick when she's coming. It's bad enough that she's picking the dates that she chooses to be here, but what if we want her for two hours?

I think it's a big mistake that we just voted to bring in Hamilton for one very valuable hour this Wednesday, and now we're stuck with—

The Chair: May I give her reasons?

She told me to keep it privileged, but I saw it on Jane Taber. How many of you saw it on Jane Taber? If you saw it on Jane Taber, it's there in the public domain. So if you saw it, perhaps you can reveal why she's not coming; I can't.

Mr. Pat Martin: Well, I heard it on the weekend from a number of people. I'm not going to say it in public.

I don't see why one hour or two hours makes any difference. And what if we want her from 3:30 p.m. to 4:30 p.m.? These people are messing around with our committee. We might not even be in session on June 16, to tell you the truth. Parliament might be adjourned, so I think we're almost out of time on this.

I think we should keep her for the two hours, because there's lots and lots to talk about.

Let me just explain one of the reasons. There's the whole thing about the passports that we haven't investigated. We now believe that she was meeting regularly with this Dr. Chen prior to going to China, multiple times, prior to sending her husband to China on the diplomatic passport that he can no longer find, without her, travelling internationally on a diplomatic passport for private business without his cabinet minister wife, on behalf of this client.

There's all kinds of information that now needs to be explored with her. So having her book one hour for some scripted scene that she has staged isn't good enough for me. We have a lot more serious questions.

The Chair: Mr. Bruinooge, and then Mr. Holder.

Mr. Warkentin, did you have your hand up? If you did, yes, I will put you down.

Mr. Bruinooge.

Mr. Rod Bruinooge (Winnipeg South, CPC): I was just going to speak to Mr. Martin's assertion.

In light of the fact that Madam Guergis is a sitting MP... I know we've had some deference to non-ministers, sitting MPs—like Mr. Lee, for instance—in terms of timing that works for them. I think that's a reasonable precedent to continue with for Madam Guergis. She is a sitting member of Parliament, and it's reasonable to allow for her to have at least a suggestion of timing.

If it were to become a pattern over six months, where dates and times are changing, then we may want to take a different approach. But in light of the fact that this is, essentially, her first appearance subsequent to everything that's happened for her, I think it's reasonable for us to agree to the time she wants to come.

The Chair: Okay.

Mr. Holder.

Mr. Ed Holder: Thank you, Madam Chair.

My honourable colleague, Mr. Martin, has been in the House much longer than I have been. I've only been here 19 months, 3 weeks, and 2 days. I've got to tell you that if there's one thing I've learned by reading the rules, clearly, it's that if a member of Parliament chooses not to attend, notwithstanding cabinet ministers, we do not compel them to attend. But Ms. Guergis, of her own volition, has made that decision to choose to attend, and frankly, I think that's appreciated by any and all. If we don't accommodate, her other alternative is to say, "Well then, I'm not going to attend."

I think we need to show some reasonableness in all of this, so I'd ask my honourable colleague just to be mindful of that, and to some extent be pleased that she's chosen to attend, and on we go.

The Chair: Thank you.

What I was then suggesting is that she's coming from 4:30 to 5:30, so we have one hour.

Can we choose to have one of the ministers here, either Minister Paradis or Minister Prentice, or Parliamentary Secretary Brian Jean, who has probably had more interactions with the green fund than anybody else?

• (1730)

Mrs. Alexandra Mendes: Definitely Brian Jean.

The Chair: What is the preference of the committee? A suggestion has been made.

Mr. Warkentin.

Mr. Chris Warkentin: Just so that I'm following this, what does the schedule include now? We're talking about the second hour of the 9th?

The Chair: No, we have finished with the 9th. We're going to the 16th. The 16th is where Ms. Guergis is coming only from 4:30 to 5:30.

Mr. Chris Warkentin: Okay.

The Chair: I'm trying to ask, what do we do from 3:30 to 5:30, since this is about the green fund?

Mr. Chris Warkentin: My fear, and this is only my fear, is that we haven't heard from Mr. Jaffer yet. I'm afraid that we may have to confirm that he's coming. So I think we need to leave time available for that to happen.

The Chair: Do you mean that I have to summon him? Is there something you know that I don't know?

Mr. Chris Warkentin: No, I don't know.

I'll be frank that I'm disturbed that we haven't yet heard back from him and had confirmation.

The Chair: We haven't heard back, right?

A voice: No.

The Chair: We haven't heard back, no.

Mr. Chris Warkentin: My only concern is that we haven't yet heard a yes. That's my fear.

The Chair: Yes.

So then on the 9th, if Mr. Jaffer doesn't turn up, that's when you're going to seek a summons from me for Mr. Jaffer. Is that what you mean?

Mr. Chris Warkentin: I suspect so, but I'm just saying that if we are still here on the 16th and we haven't heard from Mr. Jaffer before the 16th, I think we'd better have some time available for him. That's what I'm saying.

The Chair: Fair enough.

Is the committee generally comfortable that we leave that hour open in case Mr. Jaffer agrees to come? If he doesn't come on the 9th, we have to summons him for the 16th.

Mr. Pat Martin: Yes.

The Chair: Okay, fine.

Alternatively, if he comes on the 9th, can you tell me which minister you'd like the clerk to at least start negotiating with?

Mr. Chris Warkentin: The concern has been raised as it relates to the passport issue. Mr. Martin had indicated that. I don't know, but we might hear something on the 9th yet.

The Chair: I would like to ask the committee's indulgence because we need to have an in camera discussion for five minutes, please. No?

We have to finish that report, because I think it was the will of the committee to do so. If only two of you are leaving, can some Conservative members at least stay to go through that?

Mr. Ed Holder: I do apologize, Madam Chair.

The Chair: You know that I only need three members.

Can at least one of you stay and make a decision as to what we want to do with this report that's hanging over our heads?

Mr. Chris Warkentin: Well, we haven't—

The Chair: We're going to go in camera.

Mr. Chris Warkentin: We would have to go in camera, but has it been rewritten since we saw it the last time?

The Chair: Yes, it has been rewritten. It's going to be submitted to you as soon as I hit the gavel.

For the 16th, we have decided to keep it open for Mr. Jaffer potentially, but one minister can also be approached. If it is Mr. Jean, who has been more involved in the green fund than others, we can go for it.

Mr. Chris Warkentin: If it is Mr. Jean, I'd recommend that his minister also come along.

The Chair: Fair enough.

Now, can I hit the gavel? Can you stay for at least five minutes? We will then distribute that report in camera, and we will proceed with it.

We are suspended.

[Proceedings continue in camera]

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