HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 076 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, March 5, 2013

Chair

Mr. Pat Martin

Standing Committee on Government Operations and Estimates

Tuesday, March 5, 2013

● (1105)

[*English*]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): Good morning, ladies and gentlemen. We'll call the meeting to order. We have a quorum.

Welcome to the 76th meeting of the Standing Committee on Government Operations and Estimates. We're just about to embark on a new study. The committee has expressed an interest in studying the issue of energy efficiency in government buildings and public works. Therefore, we've invited a broad array of witnesses to give testimony.

We want to begin by thanking our witness who is joining us by teleconference from Edmonton, Mr. Wayne Rogers, the president of Luminessence Lighting.

Mr. Rogers, welcome.

Mr. Wayne Rogers (President, Edmonton, Luminessence Lighting): Thank you. I'm glad to be here.

The Chair: Great, we'll be coming to you shortly. I understand that we're having difficulty with one of the cameras. You won't be able to see your fellow witnesses, but will be able to see the committee. I hope that's satisfactory.

We also have Mr. Peter Love from the Energy Services Association of Canada. From the Building Owners and Managers Association of Canada, BOMA, we have Mr. Benjamin Shinewald and Mr. John Smiciklas. From the Real Property Association of Canada, Ryan Eickmeier, director of government relations and policy, is with us today.

It's up to you how you would like to proceed, but we invite you to give a short presentation and then be available for questions. I would like to hear all of the witnesses first and then open the floor to questions, if that's okay with the committee.

We will begin with BOMA. Whoever is giving the presentation for BOMA, you have the floor.

Mr. Benjamin Shinewald (President and Chief Executive Officer, Building Owners and Managers Association of Canada): Thank you. Good morning, Mr. Chair, and committee members.

[*Translation*]

I would like to thank you for inviting us to appear before the committee this morning. My name is Benjamin Shinewald and I am CEO of BOMA Canada.

I will begin the presentation and then my colleague, John Smiciklas, our Energy and Environment Director, will take over.

[*English*]

The Building Owners and Managers Association of Canada, or BOMA Canada, represents owners and managers that collectively own or manage over two billion square feet of commercial space in Canada. Our federated system includes 11 local associations that are active in all 10 provinces and all 3 territories and that collectively have around 3,300 members. We are also affiliates of BOMA International and have counterpart organizations in many countries around the world.

Several years ago, BOMA Canada took the initiative to develop a made in Canada program now called BOMA BESt, with BESt standing for “Building Environmental Standards”. This is a program for building environmental certification.

The program is a response to a true environmental challenge: how to address and minimize the environmental and energy challenges posed by Canada’s huge stock of existing buildings. The program is deliberately not about new building design, though there is a place for such programs too. Rather, our program, BOMA BESt, recognizes that the greater environmental and energy challenge arises from those buildings that already exist. The real solution to that challenge must arise from the effective and efficient management and operation of those existing buildings.

Today, BOMA BESt is the only Canadian-developed assessment and certification program of its kind for commercial buildings in Canada. The program provides a consistent framework for owners and managers to critically assess six key areas of environmental performance and management: energy, water, waste reduction and site, emissions and effluents, indoor environment, and environmental management system.

To date, over 3,500 buildings, representing nearly one billion square feet of Canadian commercial real estate, have applied for certification or recertification across our five categories: office, which is the most germane for you; open air retail; shopping centres; light industrial; and multi-unit residential buildings. We are very close to adding a sixth category for health care facilities, which have unique energy profiles. We are confident that there are markets for still many more categories.

Perhaps most importantly, BOMA BESt certification is exceedingly cost effective. Not only is the cost of certification extraordinarily low compared to other building certification programs, but BOMA BESt also provides energy and environmental targets that reduce a building's environmental and energy footprint and therefore reduce building operational costs. The program pays for itself.

Indeed, a simple comparison of BOMA BESt buildings against the numbers identified in Natural Resources Canada's commercial and institutional consumption of energy survey shows that: BOMA BESt level 2 certified buildings perform 6% better than the national average; BOMA BESt level 3 certified buildings perform 18% better than the national average; and BOMA BESt level 4 certified buildings perform 46% better than the national average.

The Government of Canada has recognized the benefits, both environmental and financial, of BOMA BESt. For instance, Public Works and Government Services Canada, which owns or leases approximately 23% of government real property, we understand, has mandated that every single one of its structures, whether owned or leased, must go through a BOMA BESt assessment. This is a win-win for the government, we believe, as it is saving significant funds while also showing tremendous environmental leadership. In fact, this building that we're sitting in right now is slotted to go through certification in the coming weeks.

However, we also believe that there is more the government can do. I'll ask my colleague, John Smiciklas, to continue.

Mr. John Smiciklas (Director, Energy and Environment, Building Owners and Managers Association of Canada): Thank you, Benjamin.

In our remaining moments, I'm going to suggest that there are two key things that the Government of Canada can do to further its environmental performance and save taxpayer dollars at the same time. Both of these ways would optimize the management of the government's own stock of buildings in contrast to the excellent taxation-related proposals advocated by our colleagues at REALpac, which would improve the environmental and energy performance in the private sector stock of buildings.

First, there are nine custodial departments that are responsible for federal buildings. As Benjamin mentioned, BOMA BESt certification has demonstrated value in lowering energy consumption and costs for the buildings to which it is applied. Sometimes these environmental and cost savings are quite striking.

We therefore would urge the government to put the approximately 77% of its buildings that do not fall within the purview of Public Works through BOMA BESt assessment. This is the most environmental and cost-effective manner for the government to achieve its environmental and fiscal goals.

While a great number of federal buildings fall into our office category, we recognize that many other buildings, particularly those that fall outside of Public Works, will not fit within our current BOMA BESt modules. For instance, laboratories, prisons, and military bases each have their unique energy and environmental profiles given their particular uses. However, BOMA Canada is ready to work with other federal departments to assist in developing new assessment protocols and new modules that can be based on the unique needs of these buildings.

Second, with BOMA BESt's demonstrated average energy reductions being 46% or better than the national average at the very highest level of certification, clear direction from the government to certify its buildings to the highest level of certification—level four—would translate into major reductions in energy usage and operational cost savings. While many buildings may require capital improvements to reach this level of environmental sustainability, the federal government is ideally suited to demonstrate the environmental and financial benefits to the commercial sector and society.

Setting targets for all federal buildings, not just those managed by Public Works, first to be assessed, then certified, and then to graduate to the highest level of certification is the very best way that the government can both respect taxpayers' dollars and demonstrate its environmental leadership.

Thank you very much. *Merci beaucoup*.

● (1110)

The Chair: Thank you very much, sir.

Next, I think we'll introduce Mr. Ryan Eickmeier, director of government relations and policy for the Real Property Association of Canada.

Mr. Eickmeier, five to 10 minutes, please.

Mr. Ryan Eickmeier (Director, Government Relations and Policy, Real Property Association of Canada): Thank you.

By way of introduction, REALpac is Canada's senior national industry association for owners and managers of investment real estate. Our members include publicly traded real estate companies, real estate investment trusts, private companies, pension funds, banks, and life insurance companies, each with investment assets in excess of $100 million. We're further supported by large-owner occupiers and pension fund advisers, as well as individually selected investment dealers and real estate brokerages. All told, we represent about $180 billion in assets across the country. REALpac members have enjoyed long-standing relationships with federal government tenants as owners and managers across Canada. They have an inherent interest in the topic of today's committee hearing.

I am delighted to be here with fellow industry representatives to speak to you about a policy area that has long been a priority for REALpac and its members companies: sustainability in commercial real estate. REALpac recognizes the significant environmental, social, and economic impact of Canada's commercial real property sector, the need for an industry-driven approach supporting national and commercial provincial strategies on greenhouse gas reduction, the importance of reasoned discourse with political and policy officials, and the value of persuasive arguments for sustainable economic growth. We also recognize the need for industry-wide green benchmarking data and shared best practices, and we continuously work with our constituents and national and international counterparts to ensure that the sector is well positioned for a sustainable future.

This is why REALpac prides itself on being a leader in this space. We were the first in North America to draft and publish a green office lease, now in its third version. We also, to our knowledge, published the first office building normalization methodology in the world and challenged our members to meet and exceed voluntary energy targets.

To paint an overall sustainability picture, the last several years have seen significant achievements for the Canadian real estate market in regard to the environment and energy efficiency. While improvements to design standards and energy introductions have not stalled, REALpac believes that it is imperative for the federal government to work hand in hand with our sector to maintain highly efficient and effective buildings. We believe improving the energy and water performance of buildings will undoubtedly help support the government's economic goals for the country while substantially reducing the nation's overall economic footprint.

I have included in the package submitted to the clerk a more detailed briefing of ways we think the federal government can make considerable advancements in green policy, and in particular increase the adoption of green building principles. But I'd like to take the next few moments to outline several key points for what we call a robust federal sustainable development strategy.

Sustainability in today's real property environment is driven almost equally by social and economic factors. However, these factors differ considerably based on whether we are looking at the construction of a new building or whether we are examining the possibility of a major retrofit to an existing one. From a new construction standpoint, the cost of building green is increasingly palatable because of innovative building techniques, the ability to set rents at a level to offset these expenditures, and the realized energy cost savings. In this light, REALpac has long been a supporter of certification programs like LEED for new construction, and BOMA BESt for ongoing targets and certifications. We would like to challenge the federal government to mandate and achieve high-level certifications for any new buildings, either leased or owned. Not only will this commitment speak volumes about top-down leadership; it will also have a net-positive effect on energy reductions across the country, given the considerable portfolio buildings within your inventory.

In addition, a clear commitment should be made by all federal government buildings and buildings receiving federal funding to achieve ongoing targets for energy, water, recycling, use of materials, and indoor air quality. What a program like this allows for is continued monitoring of performance to ensure that all new federally owned and occupied buildings are operating at the desired level.

The case for new construction and lease agreements in green buildings, then, is relatively straightforward. So I would like to touch on the more difficult task of making major energy retrofits to existing buildings, many of which the federal government currently owns or occupies as a tenant from REALpac members.

From a financial standpoint, major energy retrofits can be extremely cost prohibitive. Depending on a variety of factors, major energy retrofits can easily creep into the tens of millions of dollars for larger buildings across Canada. For government-owned buildings, these retrofit costs are necessary to maintain continued leadership in the environmental space for our industry to follow. However, for privately owned buildings, with long-standing government tenants, major energy retrofits do not always carry a sound or attractive business model. With the tendency for costs to skyrocket, depending on age and intensity of work needed, REALpac believes that favourable tax treatment for energy efficient equipment will help property owners conduct these major energy retrofits.

● (1115)

Currently, large expenditures like boilers and chillers are treated like any other fixed capital investment, generally allocated a tax depreciation rate of only 4%. REALpac is advocating for tax incentives that would provide a 50% average depreciation rate, and if designed correctly, would deliver increased investment in major energy retrofits and a renewal of Canada's building stock, all while enhancing job creation and profitability, and reducing energy consumption, greenhouse gas emissions, and air pollution.

This favourable tax treatment would undoubtedly be utilized by a broad array of buildings and building owners, including those with federal government tenants, making the business case for major energy retrofits all the more attractive to the benefit of the government, the economy, and the environment.

In closing I'd like to reaffirm that sustainability in the real property sector is no longer a pipe dream or something with financially crippling ramifications. It is a necessary action for future generations of Canadians to enjoy the same quality of life this generation has, and REALpac is a firm believer that these goals can be achieved through a strong working relationship between government and industry, a clear commitment from government to conduct its business in sustainable ways, and investment in energy-efficient retrofits in the short term so we can realize the significant social, environmental, and economic gains in the long term.

Thank you.

The Chair: Thank you very much, Mr. Eickmeier. That's very interesting. I hope you get a chance during the questioning period to expand on the tax initiative you brought to the table.

Next, because he's been waiting so patiently, we will go to Edmonton, to Mr. Wayne Rogers with Luminessence Lighting. Sir, if you would like, take the floor next for five or 10 minutes.

Mr. Wayne Rogers: Thank you very much.

First of all, my name is Wayne Rogers. I'm an electrical engineer with both Luminessence and ReLumen Engineering, companies that have specialized in energy efficiency and energy-efficient lighting since 1987.

Our focus has primarily been lighting because it represents 20% to 25% of the energy consumption of any building. As an example, we have helped to develop energy-efficient lighting standards for the University of Alberta and implemented their use in over a million square metres of large and medium-sized buildings on its multiple campuses. The lighting systems are meeting an average overall density of less than 0.05 watts per square metre, or less than 0.55 watts per square foot. This is about one-third the current energy-efficient practice, as established by the IAS and ASHRAE 90.1.

Both companies have provided design and design-build services for Government of Canada buildings. Many of them have been complexes consisting of several buildings. Many are considered smaller buildings.

Lighting technology has been changing at an increasing rate over the past 20 years. Most recently, light-emitting diode technology has matured to the point where it is useful in commercial applications. However, it is more expensive than the alternative fluorescent technology, which is more efficient and has less light depreciation. Proven fluorescent technology called linear T8 and T5 has been effective since 1992, and manufacturers have steadily improved it, making it highly reliable and cost-effective. Despite this, over 70% of older buildings in Canada are fitted with old 1940s T12 lighting technology. There is a long way to go.

The Government of Alberta has been leading the way in upgrading most of its large buildings using energy-efficient performance contracts. All new buildings, including schools, must meet LEED silver standards. This includes all P3 projects. While this is a relatively high standard, efforts are being made to further enhance lighting in the leases negotiated with leased facilities and to have the landlord improve the lighting efficiency.

Our federal government experience includes an RCMP detachment in Jasper. A relatively simple, small project in 1992 was subsidized by Alberta Power and became the first example of a federal efficiency upgrade. The RCMP had no money for their 50% share of the cost, so ReLumen Engineering created a $15,000 lease for the RCMP for three years. It cost the government nothing, and the savings continued for the next 17 years.

For Parks Canada in Banff, Luminessence Lighting entered contracts to design and construct lighting upgrades for the museums and information centre in 1997. These projects have less than a five-year payback, and the contracts were very simple.

For Agriculture Canada, both ReLumen and Luminessence have been involved in auditing and implementing lighting upgrades in research facilities, including laboratories from Prince Edward Island to Alberta. These facilities have been completed using the department's limited budgets for their work.

For Public Works, there was an extensive study done in approximately 2004 of its Canada Place building in Edmonton. The study included lighting, but it took over two years, and there were three options that were mocked up to show high-quality, efficient lighting. Since then, simple technology replacement has been implemented and there's been no optimizing of the savings.

As for the opportunities going forward, we have asked about but not been able to confirm the total area of the federal government's building inventory. However, in 2010 we obtained office information for buildings throughout Canada, amounting to about 320-million square metres of space. If we simply use 100-million square metres of space as a reference for government buildings, including those leased to government, we could think of saving 10 watts per square metre simply by retrofitting the lighting. Those areas would include ones that have already been upgraded with technology replacement. If the lighting operates for a conservative 3,000 hours per year, with an energy value of 10¢ per kilowatt hour, then the value of those savings would be $300 million per year with a net CO2 reduction of over two million tonnes per year.

● (1120)

If the inventory of all buildings leased and owned were developed with energy efficient standards being established for all buildings, then a realistic objective for energy savings could be established. All upgrades need to include data for the upgrades done to date.

If further lighting upgrades were done, we could expect to have less than a five-year payback for every one of them. A very simple process needs to be established to allow projects to be implemented on a wide basis.

To date the cost of doing the paperwork with the federal government for energy efficient projects has been complex and time consuming.

We would like to thank you for this opportunity.

The Chair: Thank you very much, Mr. Rogers. I hope you'll be available for questions from committee members when we've finished the presentations.

Mr. Wayne Rogers: Certainly.

The Chair: I think your presentation is a good segue to our next presenter from the Energy Services Association of Canada, Mr. Peter Love. You have five to 10 minutes, please.

Mr. Peter Love (President, Energy Services Association of Canada): I'm delighted to be here. Thank you very much.

That was a very interesting segue. I haven't met Wayne actually, but he referred to two projects, Banff and the RCMP. I think I sent the staff a flyer, and two of the case studies on our flyer are Banff and the RCMP building using an energy performance contract.

My name is Peter Love and I'm the president of the Energy Services Association of Canada. I'm the former chief energy conservation officer for the Province of Ontario.

I've had a long career in the energy efficiency business. I was involved in and the founder of a company in Ontario that delivers the R-2000 program in Ontario. I developed the Energy Star for new homes program. I've also worked very closely with Natural Resources Canada and I've been a member of the Office of Energy Efficiency's national advisory committee on energy efficiency for 10 years.

I want to make a general comment about energy efficiency, and I know your committee is looking into it.

People talk about the benefits. There are obviously environmental benefits, which I'm sure you're focused on. There are cost-saving benefits, which some of the other speakers have talked about. One of the other really strong benefits is employment. Energy efficiency and energy conservation are labour intensive. It requires people to do energy conservation work.

There are all sorts of studies, and the presentation that I sent to you has some of those studies that compare the energy-efficiency employment opportunities. They're very large, and they tend to be very regional. This isn't just employment by making things in Korea or Vietnam. This is local employment where the projects are being done. I think it's a huge driver, which I certainly focused on when I talked to government officials about energy and the benefits of energy conservation.

I now talk to business leaders and home owners about it, because everybody knows someone who's underemployed. Everyone has a son, a daughter, or a wife who is looking for new opportunities, and energy efficiency is a huge employment opportunity. There's some interesting work being done on that, which I want to emphasize to you.

I'm here representing the Energy Services Association of Canada. It was formed in 2010. It's made up of eight of the largest energy performance contracting companies in Canada, and you'd recognize their names. Our industry does about $450 million a year of these performance-based solution contracts. These eight members represent over 90% of the industry. So that's the industry itself.

One of the key barriers to energy efficiency, which some of the previous speakers talked about, is that up-front cost. It can be large, and for private businesses that's difficult; there's competition for capital. A recent study identified capital availability as being one of the major barriers to energy efficiency. For governments it's even more critical, especially in these times when money is scarce.

The energy performance contract is an opportunity to overcome that financial barrier because it's the private sector that takes on the technical and financial risk associated with an energy project. These companies go in and do a very detailed audit—and I mean very detailed, because their money is at stake. They put up the money and they guarantee the results through the savings that are achieved during the life of the project. If the savings aren't there, the companies pay the difference, so you can imagine how detailed they are on their evaluations. This has been going on for a number of years now.

The federal government has a program, which I'm sure your committee members have heard of, called the federal building initiative. It's been very successful and has been going for 20 years. They've retrofitted about a third of the federal buildings now, and there is about $312 million in leverage funding, with 80 projects across Canada. We estimate that there's a saving of about $43 million a year in energy costs from these projects, with typical energy savings in the 15% to 20% area.

One of the interesting features that the government has found with these contracts is that they are less expensive, especially when they include all the management costs. To undertake a major energy-efficiency retrofit, you could be dealing with many different contractors and suppliers and many different contracts. If something goes wrong, you've got many different fingers pointing in different directions, but with an energy performance contract there is one contract, one party responsible, and their money is at stake, so if there is a problem with a project, it's very clear whose responsibility it is and how it gets remediated.

● (1125)

It's a major opportunity for the federal government. It's interesting that the Province of Ontario is looking to develop a program, which will be partially modelled on the federal program. You're to be complimented on the work that's being done. Two-thirds of the buildings out there have still not been retrofitted. Some of the ones that were done 20 years ago probably need to be redone. There is a huge opportunity here, and the thing to emphasize, again, is that this is not using federal money. This is using the private sector to put up the money to do the work, and it guarantee the results of that project. The technical and financial risks are absorbed by the private sector, which is what it is very good at. As I said, it's one contract that comes in.

There are a number of case studies in that flyer that I sent around. There are eight of them with federal buildings. We have 37 others on our website. Natural Resources Canada has a number of other case studies. It's a very important opportunity, and it's one that I encourage committee members to look at. One of the ideas that was mentioned earlier, which I think is very important, is to set some targets and have an objective for the federal government. It's something that other governments have done—the U.S., Ontario, B. C.—and it really forces departments to focus on achieving a target, if it's very clearly spelled out. I'd encourage the government to look at establishing those more clearly.

You have a great mechanism. The federal building initiative, as I said, has been going for 20 years. It assists other departments in doing this work, but we would like to see many more contracts being done by the federal government using this mechanism.

I look forward to your questions and your responses.

● (1130)

The Chair: Thank you very much, Mr. Love.

Thank you to all the presenters. I'm sure you've whetted the appetite of the committee members and generated a lot of interest.

Our routine is that we do five-minute rounds of questioning. If you could, please keep the answers as succinct as you possibly can. Sometimes you can finish thoughts in response to following questions.

We will begin with the official opposition, the NDP, and our spokesperson Linda Duncan.

Five minutes, please, Linda.

Ms. Linda Duncan (Edmonton—Strathcona, NDP): Thank you very much, Mr. Chair.

I want to thank all five of you, not only for your fantastic testimony but also for the materials you provided. They are exactly what I was looking for. We, in our party, are particularly interested in the cost savings side. We're in a time of fiscal restraint across the world, and that's why we're particularly interested in looking at this. Obviously there are environmental benefits to it as well.

I have lots of things to ask. I'm glad that a lot of what you said is already on the record, and we'll try to follow up on it.

I have two key questions. In my first one, I want to commend REALpac for page 80 of your presentation on your package of reforms. These are things that I've been interested in pursuing for quite some time. It is really exciting to see it coming from your sector. I don't have time to get into all of these in detail, but it's absolutely fantastic information that we hopefully can follow up.

The question I would like to put to REALpac is about your specific recommendation to increase the tax depreciation rate for boilers, chillers, and so forth—essentially equipment for heating and cooling—to up to 50% to incent energy retrofits. You gave the example of a 100% tax deduction for the U.S. and the U.K. I wonder if you could elaborate a bit on how you think that might encourage retrofits. We're looking specifically here at investments by the federal government to improve its energy efficiency.

Mr. Ryan Eickmeier: As I said in my presentation, a number of REALpac members own or operate federally leased buildings. When it comes down to making major energy retrofits, it becomes a capital cost, a capital improvement project. Whether it's a federal tenant or a private-sector tenant, they still have to look at the costs and the relative payback and where they're going to get their money, and then they have to look at the relative business model.

So when we look at major energy retrofits and the four categories I mentioned in the appendix of the package I gave you, those have come from discussions with Finance and NRCan as we have tried to narrow down this project to a more manageable scope. We started out with a larger and really a broader realm of products, but to us these fall into the category of being cost prohibitive in terms of installing and purchasing high-efficiency boilers and chillers. Also there are major costs associated with installation and the work that comes with it. So it's not just simply a matter of attaching it to your old HVAC system. A lot of residual work comes with it.

When we look at the cost of it right now, there is a much better business case for installing a mid-efficiency boiler rather than a high-efficiency boiler. You are obviously going to get higher energy savings with a high-efficiency boiler, but the actual cost and the payback period do not quite make sense. For a number of our members who do have private-sector money as part of their business model of real estate investment trust publicly traded companies, they need to justify major energy retrofits, and major building retrofits in general, to their shareholders.

We think this would make the financial case and the business model a lot more favourable. It would allow them to spread the money out; it would allow them to get these high energy savings; and it would at the end of the day create more money for the federal government in the long term through tax revenue and through the additional work that comes with installation.

● (1135)

Ms. Linda Duncan: Okay, thanks. Any additional analysis that you've done on that would be welcome if you could send that to the committee and we could absorb that.

My second question I'd like to put to Mr. Rogers and Peter Love.

I would like to thank you, Mr. Love, for pointing out that very important point that energy efficiency is a huge local job creator. The energy strategy and the cost of carbon and so forth can be really important trigger points.

Mr. Love and Mr. Rogers, could you elaborate on what you think the prospect is for jobs in the energy efficiency sector?

The Chair: You can start, but both of you will have to keep your answers down to a minute or so. We're just about over time.

Mr. Peter Love: Quite a bit of work has been done on this. In my presentation, I included one slide from the Empire State Building that looks at jobs per billion dollars invested in comparison with other energy generation. Natural Resources Canada has just undertaken a study on the employment benefits of energy efficiency. I have been asked to be on the advisory committee for it.

When I was at the Ontario Power Authority, we did a study about the employment impacts of introducing it, and here I'd be really interested in Wayne's comments. I did an opening at a project in Timmins in northern Ontario for a hospital that had been renovated. The energy performance company estimated that 80% of the jobs associated with that project were in Timmins. As the mayor looked around the town, he could see that “Joe” had hired a few guys and the mechanical guy and the civil guy. Those were local jobs.

There are some good studies on it. I made a presentation—and if there's an opportunity to follow up, I could send it to the committee clerk—to Natural Resources Canada last year, and it summarizes the studies that have been done in this area.

The Chair: Thank you.

Mr. Rogers, would you like to comment on Ms. Duncan's question?

Mr. Wayne Rogers: There's absolutely no question that doing energy efficiency projects will increase employment. Just as an example, the project in Prince Edward Island was about a $150,000 lighting retrofit and 50% of that would have been labour. Of course, the luminaires had to be constructed, so there was a 50% labour component to it as well.

The point I'd like to make is that it needs to be dead simple. Lighting retrofits do not need to have performance contracts. We did about 200 schools in Alberta under performance contracting. Unfortunately those guarantees cost a lot of money, and there's a long selling curve to try to put the money in place to have those. Ten-year paybacks became the standard because of the very high cost of including long payback items and so on. I know I may be preaching lighting, but in lighting retrofits 25% of the energy consumption can be reduced by at least 50%. So a 10% or 20% reduction in the building can come from lighting alone.

The technology is proven. We simply have to have a very simple monitoring system that says, “Okay, here's the audit. We counted the lights”. At the end of the day, someone needs to go in and say “This is the number of lights that were changed and”—boom—“there are the savings. It's done”.

The Chair: That's very compelling, Mr. Rogers. Thank you.

We're going to go to the Conservatives. The first spokesperson for the government side is Mr. Dan Albas.

● (1140)

Mr. Dan Albas (Okanagan—Coquihalla, CPC): Mr. Chair, I'd like to thank all of our witnesses for being here today. I find it a very interesting panel, where you have a lot of people involved from the industry side. I certainly think it's important to have that kind of knowledge from on the ground, derived from the thousands of different buildings across this country being built with some successes and some failures. Hopefully, all of that knowledge trickles up so that you guys can present to us here today, rather than some of the big policies that sometimes are a one-size-fits-all.

What Mr. Rogers said about having to fill out paperwork for a common sense change in lighting is something I'd like to focus on later.

But, Mr. Chair, I served as a municipal councillor in British Columbia in a beautiful little town called Penticton. As we talked about some of the fads and some of the science behind some of the green techniques, they always came down to two things: zoning and the building codes.

We've already heard from Mr. Eickmeier who said that energy retrofits can be very expensive and that oftentimes you can't take the old technology out without severe disruptions and costs.

The challenge I think is to find about how we move forward.

Here again, Mr. Chair, if our witnesses, Mr. Shinewald or Mr. Smiciklas from the building owners or REALpac, Mr. Eickmeier, can't answer the following questions, I'd maybe like to ask our analyst to see if they could maybe find out.

When you build a new federal building, is it regulated under the Canadian building code? And if one of your clients were to build a building with the intention of leasing it to the federal government, does it go under the provincial building code of the day or the national building code?

I think I'll start there, Mr. Chair.

The Chair: Good question. Who would like to answer first?

Mr. Eickmeier.

Mr. Ryan Eickmeier: It would be under the national model building code, and they would generally build to the specifications of a tenant if the agreement were for the builder to have a fully tenanted federal building.

One of the things we've seen with a lot of our members, particularly in the new building or new construction field, has been their building to a high level certification, but based on the tenants' asks. Those types of construction, as I said, are quite palatable and quite cost-efficient because you can do them from scratch. As you mentioned, the cost of retrofits are the really costly part of our business.

Our members are quite happy to be challenged in terms of building codes and to find innovative ways of meeting new levels of energy efficiency because, at the end of the day, the cost savings are what drives it. So, yes, I believe it's the national model building code.

Mr. Dan Albas: Just before we go to the other witnesses, if they want to speak to this, I just want to pick up on your earlier point about the difficulty of retrofitting and the costs that go along with that. You specifically mentioned that there has to be a payback so that it makes good financial sense because, ultimately, it is shareholders' or business owners' money and equity at stake. I think that's something we always need to keep in perspective, because when we're retrofitting our own buildings we should think like a taxpayer.

I agree with that and I would ask the other witnesses to comment on it.

Mr. Benjamin Shinewald: I don't have anything to add to Mr. Eickmeier's comments. Our organization in general focuses on existing construction or existing buildings, so there is value for sure in designing buildings that are newly built to cutting edge standards. But I always say that it's a little bit like buying an energy efficient car but driving with a heavy foot. At the end of the day, you have to operate that building in a manner that's going to leverage and recoup the savings that have been designed there. That's why we think that the challenge can be addressed through the operations and management side, as much as through anything else.

Mr. Dan Albas: Okay.

Mr. Wayne Rogers: If I could add to that, one of the points regarding building codes is that they are really safety codes. The energy efficiency standards are separate from that. One needs to think about how low one can go and what lighting values are acceptable, by reviewing the standards and establishing those on an area-by-area basis, and then identifying what energy consumption one would expect to have for both electrical and mechanical systems. Those are standards that are established quite independently of the building codes used for the guidelines for a building.

● (1145)

Mr. Dan Albas: I'll just interrupt you there, because in British Columbia there has been a fair bit of change. I used to be on development services side, being the co-chair of a committee there when I was a councillor. What I heard time and time again was that building codes were becoming greener. You mentioned that 25% of energy is in the lighting—well, the majority is in the heating and the different systems. So I would just challenge the point that building codes do not, frankly, have a big issue when it comes to energy consumption.

That being said, Mr. Chair, is my time almost up?

The Chair: We're being a little generous because it ran a bit over the last time. If you had one more quick question, Dan, I'll—

Mr. Dan Albas: In that case, Mr. Chair, I'm not going to be able to phrase it quickly enough. I'll just wait for the next round.

The Chair: We appreciate that, Dan. Thank you.

We'll move along then, for the NDP, Mr. Mathieu Ravignat.

Mr. Mathieu Ravignat (Pontiac, NDP): Thank you, Mr. Chair.

And thanks to the witnesses for being here. It's a pleasure to hear from you. You've made very interesting contributions.

You may be aware that in the context of the free trade agreement with Europe that Canada is presently negotiating, access to the market for public infrastructure projects will be opening up—more than likely, at all levels of government.

I guess what I would like to have is your opinion of the competitiveness of Canadian industry in green projects, and what your feelings are about it potentially having to compete with international firms that may have access to the public sector now.

The Chair: Is your question directed to anyone in particular?

Mr. Mathieu Ravignat: No, it's general discussion for anyone who would like to pick it up.

The Chair: Would anyone like to go?

Mr. Love, would you like to begin on that?

Mr. Peter Love: Starting from my experience in the residential sector—albeit I know you're mainly focusing on federal buildings—Canada has among the world's leading building scientists. The R-2000 program developed here in Canada was, and still is, among the best in the world in terms of a voluntary program.

Coming back to the comment on codes, they tend to get picked up by the provinces. It's more at the provincial level. So in the province of Ontario, they did pick up...and have actually used the R-2000 standard as this definition of a code-built house now in 2012, as has Nova Scotia and some parts of B.C. The two go together, very much hand in hand.

Canada had the U.S. Green Building Council meeting and trade show last year in Toronto for the first time, with about 20,000 people attending. Canada really put on an extremely good show. There is very good Canadian technology, and we do not have to take second seat to anyone, I don't think.

I just want to make another comment, if I can, coming back to a point that Wayne made about lighting. Lighting is very cost-effective. The paybacks are very short. If you're just doing a lighting project, it could be done quite cost-effectively internally.

But lighting is only one part. As I think you mentioned, the bigger part of the energy equation—and it is more difficult—is the mechanical systems, the envelope, the shell, the other pieces of it. So what we'd look to do is more of a complete energy performance contract of the whole system, where we would be looking at major energy savings in both electricity and fuel for the entire building, and that typically requires—

Mr. Mathieu Ravignat: Thank you for that. That's a little bit of an aside to my question. I don't know if there's anybody else who would like to comment.

Mr. John Smiciklas: This comes from some experience I've had working with Canada's largest architectural firm. They operate on a global basis. Having audited their projects on a global basis, I would point out that in the United Kingdom, the government there is mandating for new construction a certain level of building certification and a certain level of energy performance.

In terms of Canada's industry itself, again, I agree it's completely world class. But in Europe, what you tend to have is a government mandating a certain level of minimum performance that generates an industry.

● (1150)

Mr. Mathieu Ravignat: And this, in your opinion, is a good thing? A model to be....

Mr. John Smiciklas: Again, I don't know the cost benefits, etc. I'm just saying that's the current situation. I'll leave it up to the committee to decide the benefits of that.

Mr. Ryan Eickmeier: One of the good things about the commercial real estate industry is that over the past five years we have survived remarkably well in the global recession, outperforming many countries, including the U.S. and Europe, and our counterparts in Australia.

It is safe to say that we do lag behind many countries, especially in Europe, in energy efficiency. But the good thing about our rapid recovery is that our capital is being deployed in Europe, in Australia, and in the United States, and with that comes back lessons that they're learning from these designers.

There's what we consider to be a cyclical exchange of information between the leading thinkers across the country and Canadian developers and owners of buildings. So that is being brought back to Canada, and you see new design standards and innovative building techniques as a result. Quite frankly, we think it's great.

Mr. Mathieu Ravignat: Right, thank you.

If I have time for a quick question, it will be for Mr. Rogers.

You mentioned that one thing that's essential with lighting is having an evaluation framework, a monitoring framework, in place. Are you aware of any efforts by the federal government to do so with regard to its own buildings?

Mr. Wayne Rogers: I'm not familiar with internal projects. I know that the ones that have been offered through [*Technical difficulty—Editor*] have simply been incentives, not in terms of money but just incentives for ideas to pursue hiring consultants to do an evaluation and then proceed with whatever budget money they happen to have to do projects.

Mr. Mathieu Ravignat: There doesn't appear to be a coherent strategy in place at the federal level.

Mr. Wayne Rogers: No, I would certainly say there is nothing that I'm aware of other than contracts issued to consulting engineers to evaluate a facility or a number of facilities.

The Chair: You're out of time, Mathieu. Thank you very much.

Next, for the Conservatives, we have Ron Cannan.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thank you to our witnesses.

I believe this committee is embarking on a great initiative, looking at finding ways to operate our buildings more efficiently, both economically and environmentally, and reducing our greenhouse gas emissions. We have some leading technology throughout the different modes of construction across the country, whether it's wind, solar, or geothermal. As the second largest country, we're very diverse as far as building regions are concerned.

Mr. Rogers, I was born and raised in Edmonton, so I'm well aware of Edmonton winters. Ms. Duncan comes from there as well.

I guess the early harvest or low-hanging fruit initiatives, you're saying, would simply involve changing the lighting systems. What's your approach from an industry perspective? As an association, do you work with the federal government and make a proposal? Where are you in terms of making the federal government aware of your product and services?

Mr. Wayne Rogers: It's usually done on a project-by-project basis when there is an interest on the part of the department to proceed with some kind of evaluation. Recognizing that they have some money to pay us, then we will take a look at a particular facility.

We have a mechanical engineering section as well, and one of the things we will do is to take a look at related mechanical opportunities. For example, if a chiller is in rough shape or is under capacity for a given situation, then obviously there is an opportunity for a reduction in the lighting load to extend the life of the chiller rather than replacing it. Obviously, any cooling requirement is directly related to the amount of lighting in the building.

Hon. Ron Cannan: I'll change gears and go over to Mr. Love. There, I would just recommend that if you wanted to go a little bit further west over to B.C., you might find it a little warmer in winter. I moved 23 years ago adjacent to my colleague Mr. Albas in the Okanagan.

With over 2,000 hours of sunlight a year, solar has been very popular in both the commercial and industrial sectors. Some of the wineries are going in that direction, as well as hoteliers. And as I mentioned, there's geothermal in the residential sector.

I'd like to thank all the witnesses for their excellent information.

Mr. Love, in your presentation you talked about energy performance contracts and how they could be used to finance energy projects. As a fiscal conservative, I always like it when the government doesn't have to pay and we find savings by using private sector innovation and financing. Maybe you could share with the committee a little about how that is something we might be able to expand from a federal perspective.

● (1155)

Mr. Peter Love: Yes, absolutely. Thank you.

It has been around for a number of years. As I said, about a third of your buildings have already been done, and there's a great opportunity to use it more. It's a matter of using the funding available from the private sector and having them take the risk that the project is going to come in technically and financially.

There were earlier questions about evaluation. One of the key parts of any energy performance contract is that it's a very detailed evaluation measurement and verification protocol, using an international standard to make sure that everyone agrees on how we're going to measure. This is why it's called a guaranteed performance contract—because it's guaranteed and the performance is guaranteed.

Especially when it's a multiple project where there are mechanical, electrical, and different features going on, it's really important to bring those in and have a complete, comprehensive turnkey project done. Again, as I said, the advantage of having one company involved is that if there's ever any problem with it, you know who to go to.

I was in the States recently with one of their governments. It's a very active program in the U.S. right now, and it has been for a few years. They said that it's often the energy performance contractors who will go to the government and say that they've noticed a problem with a building and they're going to go in and fix it. That is before the government has even noticed a problem, because it's the company that is at risk, so it's up to their incentive to identify any problems and rectify them as soon as possible.

Hon. Ron Cannan: That sounds like a great partnership because they're being proactive.

Mr. Peter Love: Yes.

Hon. Ron Cannan: Thank you very much.

Ryan, could you maybe elaborate a little more from REALpac's perspective? You're recommending that the capital cost allowance be increased from 4% to 50%. That's obviously a big jump. Do you have any idea of the dollar values this would extrapolate to, in terms of the financial impact on the budget?

Mr. Ryan Eickmeier: Just to come full circle, we would advocate that chillers and heating pieces of equipment be included in class 43.2 of the Income Tax Act. Giving those the 50% depreciation rate that we're talking about here would fall in line with many other pieces of energy efficiency equipment.

From a cost standpoint, it's difficult to project. We are still working with NRCan on the number of buildings across the country that are, let's say, 20 years or older. If we had, say, 800 buildings taking up this program across the country, you would certainly see short-term revenue loss for government in terms of tax income, because you'd have an increased depreciation rate. What we'd see over a 10-year period, we think, would be increased revenue from the amount of jobs and the amount of actual work that's needed to enact these pieces of energy efficiency.

From a greenhouse gas and environment standpoint, we see massive reductions in the use of CO2. Just to put it in perspective, if this went through with 800 buildings and the numbers we're working with right now, we would see the equivalent of 145 Toronto high-rise condominium apartments being taken off-line. That would be the reduction in energy use, from our standpoint, but after 10 years we would see a net positive gain for government in terms of revenue.

Hon. Ron Cannan: For GHG emissions too—

The Chair: You're well over your time, Ron.

Hon. Ron Cannan: —you could maybe find out what that would extrapolate to.

Mr. Ryan Eickmeier: Yes, sure.

Hon. Ron Cannan: Thank you very much, Mr. Chair.

The Chair: That's an excellent point to leave on. It's an interesting point.

Next, for the Liberals we have John McCallum.

You have five minutes, John.

Hon. John McCallum (Markham—Unionville, Lib.): Thanks to all of you for being with us.

My first question is for Mr. Love on energy performance contracts. My understanding is that the private sector puts up the money and the private sector guarantees the energy reduction. How is the private sector paid?

Mr. Peter Love: Through the savings, the guaranteed savings: there is a reduced energy bill that is associated with the project. You invest $100 in the energy efficiency of a building and there are guaranteed savings of 15% to 20%, as I said, and it's that income flow for the period of the contract that is used to pay off that initial $100 investment. After the end of the contract, those energy savings accrue to the building owner.

It's using the savings during the contract period to pay for the initial capital. When the contract period is over, typically these measures are lasting 15, 20, 25 years, so that's when the government would have those savings.

● (1200)

Hon. John McCallum: Thank you.

I'd like to focus on this proposal for tax incentives, because one witness has made the proposal. None of the others have, so I'd like to know what the others think.

When we listen to Mr. Rogers, it sounds like it's a no-brainer to do these lighting things, and there's no need for new tax incentives.

When I look at your examples, Mr. Love, of major savings relative to capital costs, that seems to be doing just fine.

Do any of the three of you who are not proposing tax incentives think we need them?

Mr. Peter Love: There is a group that's been brought together—REALpac is part of it and our association is part of it—that has advocated this change to the tax of 43.1%. There's a submission that's been made to the finance minister on that. I'm sure you've seen it, but if not, we could make that available.

Hon. John McCallum: Why do you need the tax incentive when you get such large savings relative to the capital cost, according to your examples?

Mr. Peter Love: It's going to mean even more savings. It's going to be even larger savings.

Hon. John McCallum: But if it's financially viable under the present tax system now—

Mr. Peter Love: You still have two-thirds of the buildings that haven't done anything. So there's still a large number of people out there, building owners, both in the private and public sector, that have decided not to, that they would rather invest their money somewhere else. They would rather buy a new building. They don't really understand this energy thing very well. They think since the bill is similar to what it was last year, they're just not going to bother with it. It sounds pretty complicated to them.

Hon. John McCallum: Mr. Rogers, do you have a view on this tax proposal?

Mr. Wayne Rogers: I think it's a great idea, because we need to have some additional incentive for building owners.

Out west a lot of the very large buildings are owned by insurance companies, and not just one insurance company but several. For example, three or four insurance companies will own a building. One of the things we've noticed is that to get a decision out of Toronto, say, is like pulling teeth; hence, the local managers and building operators would rather just sit back.... Their budgets are established for their energy consumption, so they would just as soon leave things alone, without creating more work for themselves.

If there's increased incentive, obviously they're going to be more interested in driving a project forward.

Hon. John McCallum: You said that 77% of government buildings were not connected with Public Works. They don't do this improved environmental work. Why not?

Mr. Benjamin Shinewald: That's our question for you.

Hon. John McCallum: Is there not a financial incentive to do something? I don't know why we'd have to push them to do it. I don't know why they're not already doing it.

Mr. Benjamin Shinewald: Let me answer your first question to the three of us, and then I'll turn it over to John to answer the second question.

On the tax question, it's not our bread and butter of what our members do, but it's an idea that we endorse. That's why we're not a part of the coalition. But we fully endorse REALpac and Mr. Eickmeier's proposal, just for the record.

I'll turn it over to John for the second question.

Mr. John Smiciklas: In terms of the environmental performance, my understanding is that there are nine departments within the federal government that look after real estate. You have DND. The assessment protocols that we've developed for the vast majority of commercial buildings don't really fit with what they're doing. It's very difficult for them to go through the process.

We certainly would like to work with those other departments, the military facilities, laboratories, etc., and ensure that we can develop an assessment protocol. The idea of an assessment is that at the end, it tells you what you need to do in terms of improving the sustainability of the building. That then provides a baseline that the government can use going forward.

We'd be looking at working with those departments more closely to look at this.

Hon. John McCallum: Of the 77% of buildings not run by Public Works, those aren't all special-needs buildings, are they? Aren't some of them regular office buildings, if it's 77% of the total?

Mr. John Smiciklas: My understanding is that there would be some. I'm sure that some of the other ones have taken small parts of their portfolio and gone through the process.

We'd have to take a look at that.

The Chair: Next, for the Conservatives, Mr. Trottier.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair. Thank you, guests, for coming today with very good submissions.

I want to start with Mr. Love and talk about the federal building initiative. You mentioned it's been in place for about 20 years now, and it's been a very good initiative. Some of the numbers you shared with us in your presentation talked about $312 million in leverage funding, and over $43 million in annual energy savings.

As a quick back-of-the-envelope, it's a payback, as a portfolio, of about seven, seven and a half years or so, when these projects pay for themselves.

Obviously, when this initiative was started, as government and as players in the industry you looked at the easiest opportunities first. You'd start with the least-efficient buildings, as that's where the most savings would be had.

I'm looking at a trend between 1994 and 2014 on the graph that you provided, and it's showing that there are diminishing returns. So at the outset of the program in 1994 there were some major energy savings, and now we're looking at more marginal opportunities when it comes to energy savings.

You also mentioned that about a third of the buildings in the federal government's portfolio have been retrofitted already.

I'm just trying to get a sense of the outlook for this program. If a third of the buildings have been retrofitted and these are the major opportunities, I'm thinking that maybe in the next third of the buildings out there that could be retrofitted, we will see diminishing returns.

Seven and a half years, by the way, is a pretty interesting payback. These buildings will be around for more than seven and a half years. Would the government be interested only in projects that pay for themselves in 25 years or 50 years? What does that portfolio look like?

● (1205)

Mr. Peter Love: That's a good question. I don't have the answer, but I think it would be a very useful piece of work. NRCan may have begun to do this—albeit I haven't seen it—to rank the buildings in Canada, as you say. Presumably, they started with the low-hanging fruit, probably mostly in Ottawa, large central ones. I'm very keen on benchmarking our practice: where we are what the potential is. I think that would be a very useful evaluation. I will find out from NRCan if they have started that.

Interestingly enough, in Ontario, that's the first step they're taking. They retained the private sector to do an analysis of their 5,000 buildings. They wanted to know where they were, where they should start and, in effect, where they should end, because at some point it's just not worth doing that works yard in some small community. By the time you get a crew there, maybe you could do the lighting. Again, there are some things that aren't going to make sense everywhere, but I think there's a huge amount that could be done now and I think we need a strategy for it.

Right now, my understanding is that the FBI, the federal buildings initiative, encourages other departments to understand the project, this energy performance contracting model, and provides facilitators and helps them through it. They're responding when they're asked and try to promote it, but I think we need to drive it a bit more. I think this committee could be engaged in really making sure this becomes more of a priority.

It's not that you're going to do 100%, but you could certainly do more than one-third. I think it's about setting that benchmark on how far you want to go and setting yourself a timeframe—a 10-year payback is pretty reasonable.

An interesting feature of our contracts is that they can also be used for non-energy upgrades, like a roof. Building managers will know that it's going to go but hope that it won't be during his or her time managing it. The performance contract savings could be used to do that non-energy sort of work as well.

Mr. Bernard Trottier: Thank you for sharing that.

I want to talk to the Building Owners and Managers Association of Canada and the Real Property Association of Canada. It has to do with standards.

You talked about BOMA BESt and you talked about LEED. Are these competing standards or complementary standards?

Standards are very useful, but what I found in my experience is that little cottage industries end up getting started around standards, whether it's ISO 9000, ISO 14000, or Y2K. The auditors go in and claim that their standard is the best standard and therefore that you must hire them to do your audits, your verification, and so on.

Can you help me understand LEED versus BOMA BESt and how those two work together?

Mr. Benjamin Shinewald: BOMA BESt is the program that we at BOMA run, of course. It's not for me to describe what LEED is. I'll leave that to the people who run LEED, but I do think it's fair to say, without transgressing, that the programs, in general, are complementary. In some instances, there's probably a little bit of competitiveness as well. They're not perfectly symmetrical in that regard.

● (1210)

Mr. Bernard Trottier: If I could interject, if you're a building operation manager, you won't necessarily want to have more than one group of standards professionals coming in to do verification. It gets expensive at some point. Is there a need to get to one standard that we can point to within Canada?

Mr. Benjamin Shinewald: It would be BOMA BESt—I'm kidding.

The programs are quite different. LEED has a variety of different modules, and I use that word quite loosely. Their bread and butter has been in new construction. They have other areas as well, including existing buildings. Again, ours has been in existing buildings, and our approach has been that this is the world we live in, not the world we dream to be. How can we manage this building here, which is going through the system this month, in a manner that will generate optimal, or, at the very least, improved energy and environmental performance?

Our program has been designed in Canada by the Canadian industry. It is the only one of its kind in that regard, and we're significantly cheaper. There are consultants you can hire, but we don't have an army of consultants. I'm guessing that thousands of our buildings—a huge number—go through with the building managers doing the work. There certainly are some companies that you could hire, and that's an individual decision.

Perhaps I may have one more quick second. Mr. McCallum asked why the other 77% haven't gone through. It's a compelling case. I'd encourage the committee to use the 23% that are going through right now, that are beginning this month, as a test case. Decide for yourselves. We're confident that the program will pay for itself. Once you see the proof in the pudding down the road, then you can take your decision, or the government can take its decision on the remaining 77% or 70%, whatever it is.

Mr. Bernard Trottier: Thank you.

The Chair: Thank you, Bernard. Your time is up, but if you'd like to, you can add a finishing thought to that.

Mr. John Smiciklas: I'll just make it very quick. First, as a qualified ISO 9,000, 14,000 auditor, I know a bit about the standards industry.

But the whole point behind BOMA BESt is that it applies to a large segment and the idea is, it sells like the rising tide. You don't look at one or two buildings and make them great examples, but you take a wide variety and a standard developed by the people who own and operate the buildings, and the idea is to get those best practices to as many buildings as possible. If you raise a lot of buildings a little bit, you get a lot more benefit than just one or two trophy projects.

The Chair: Thank you, Mr. Smiciklas.

Thank you, Bernard.

That concludes our first round of questioning, and we're doing well for time. That was about 35 minutes to go a complete round, and we'll get a second round for committee members, if they wish.

Just before we begin, I'd like to ask witnesses to expand on one item that we touched on, and that is the job creation through the energy conservation component.

Mr. Love, you cited it, and Ms. Duncan was interested in it as well. When I was the head of the carpenters' union in my province, we did a study on the number of person years of employment in energy retrofitting as opposed to the construction of new generating stations. At that time it was three to seven times the person years, so a unit of energy harvested out of the existing system through demand-side management measures, as opposed to supply side, created as much as seven times the person years of employment per dollar.

Have you done any research, or could you validate those figures 20 years later in today's terms?

Mr. Peter Love: There are both direct and indirect effects. There's direct employment and then, because those people have jobs, their kids go to school, and they buy groceries, so there's indirect employment.

There's also an issue with net employment. What happens is that, if you save energy, you're going to need fewer people producing what you just saved. So there are fewer people at the power plant and fewer people digging coal. Some of the studies look at a net impact, and the one we did in Ontario for the Ontario Power Authority was a net. Typically, the numbers people tend to come up with range from 7,000 to 9,000 jobs per billion direct, and about the same indirect. You can compare that with different industries. The project that was done at Empire State Building looked at the employment impacts of retrofitting it, which was about 7,000 jobs per billion compared to a coal-fired plant which was about 970, less than 1,000. So it was a 7:1 ratio between a coal-fired plant and energy conservation.

● (1215)

The Chair: That's what I figured.

Mr. Peter Love: That was documented by the Clinton Foundation, and there's quite a lot of research and reports on that.

As I said, NRCan is just in the process of taking this on in more detail. I would expect a study to be available later this year, so I will share with the committee a presentation I did that summarizes about 10 or 15 recent studies that have looked at this employment impact, and you can send that to your staff, and they can look at it in some detail.

The Chair: That would be very helpful. Very good. Thank you very much for that, sir.

Denis Blanchette for the NDP.

[*Translation*]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you, Mr. Chair.

I would thank to thank our guests for joining us today. Your comments this morning are very interesting.

I would like to begin with Mr. Eickmeier.

During your speech, you spoke about green leases. Could you give us some more details about what those are?

[*English*]

Mr. Ryan Eickmeier: Sure. So the green lease was put out many years ago by REALpac. It's the first actual lease in Canada, to our knowledge, that sets targets within the lease agreement with the tenant. So it's not just simply saying that tenants will occupy this space for five years, but that they will meet or exceed certain targets toward energy, water, and waste reduction. So the tenants are held to the confines of those energy reduction and waste targets.

[*Translation*]

Mr. Denis Blanchette: Thank you. It's an intriguing concept.

Has your association started offering green leases to the federal government, which may lease some of your buildings? Or are they available only to private renters so far? What is your assessment?

[*English*]

Mr. Ryan Eickmeier: It is offered to federal tenants. I'm not sure which buildings have utilized it, but it's certainly there for our members to utilize at their leisure.

[*Translation*]

Mr. Denis Blanchette: Thank you.

Mr. Rogers, I am interested in your ideas about how to quickly implement savings. That is what you are proposing.

You mentioned some numbers when you were talking about savings, but what I am interested in is the calculations behind those numbers. You spoke about a total of $300 million. Is that based on a test case or did you play with the factors a bit? By factors, I mean things like the cost of electricity in the province, the way energy is produced—hydro or coal-fired plants—or how old the buildings are.

I would like to hear how you got that number. It may help us determine where we could find savings.

[*English*]

Mr. Wayne Rogers: I think we've come up with conservative numbers that are used in Alberta, which are coal-based in terms of the CO2 emissions. What we've done is to take a simple look at how much energy can be taken out of the lighting system from a building. The average would be one watt per square foot, or 10 watts per square metre, 10¢ a kilowatt hour, and 3,000 hours per year.

Now this isn't anything more than a broad brush to give us a sense of what the starting point might be and whether it is worthwhile pursuing. The numbers are going to vary from province to province, but it could be part of a more significant study.

[*Translation*]

Mr. Denis Blanchette: Thank you.

I would now like to speak to Mr. Love.

My questions will be similar to the ones I have already been asking. I am trying to determine the impact of potential savings in addition to the benefits of reducing greenhouse gas emissions.

Do you know of any models that take into consideration all of the factors that the federal government would have to deal with, like the age of its real estate, for example? Earlier I mentioned costs, energy production and so on.

Do you know if there are any relatively comprehensive methods that would allow us to make these types of calculations?

● (1220)

[*English*]

Mr. Peter Love: Yes. I'm quite involved here in Toronto, as are the other people on the panel, with an initiative called the race to reduce. It's a voluntary program to reduce energy consumption in office buildings in downtown Toronto by 10% by 2014. We've decided to adopt a metric that's been brought into Canada by Natural Resources Canada. It's called the Energy Star portfolio manager, and it's been used in the U.S. for a few years now. It is a way to monitor exactly what you're talking about, the environmental savings.

One of the features that is particularly important in Canada when you look at greenhouse gas emissions and environmental reductions, especially from electricity, is that we do not have one electricity system in Canada. We have 9 or 10 very different ones that are not that well connected. We have some entirely fossil-fuel based systems in Alberta, Saskatchewan, and much of the Maritimes. We have some totally hydro-based systems in B.C., Manitoba, Quebec, and Newfoundland. And, we have one mixed system, which is in Ontario. Thus with greenhouse gas emissions and saving electricity, when people tell me that this is what it is in Canada, my first question is what part? I ask because the impact is very different. It is important across all parts, and there is some trading back and forth.

Anyway, portfolio manager, from Energy Star, which NRCan is using, is what we began to use in Toronto for our evaluation, and I'm sure it's beginning to be rolled out for federal buildings as well.

[*Translation*]

Mr. Denis Blanchette: Thank you very much.

The Vice-Chair (Mr. Peter Braid (Kitchener—Waterloo, CPC)): Thank you, Mr. Blanchette.

I'll turn the floor over to Mr. Gourde for five minutes.

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

I would like to thank the witnesses for being here this morning.

I would like to continue in the same vein as my colleague, Mr. Blanchette.

When plans are being made to repair a government building, it makes sense to utilize the energy-saving solutions your businesses are proposing. As Mr. Love explained, we want to save energy and reduce greenhouse gas emissions. However, when you do your calculations regarding available energy—hydroelectricity in Quebec, electricity in other provinces, mixed sources or coal, for example—is this taken into account during building evaluations?

The Government of Canada has buildings in every province. Do you factor in the price of electricity and the fact that the federal government pays the province's market rate? Or do you take into account the possibility of using greener energy and the fact that it may be cheaper or more expensive to do so?

For example, if we chose to use renewable energy, say wind or solar power, but it costs more, do you factor that into your calculations?

[*English*]

Mr. Peter Love: Good question. Yes we do, and it's provincially-based. When we do a project in B.C., we're looking at the cost of electricity and natural gas, so when they do a payback calculation for B.C., it's based on B.C. numbers.

Typically though, these reports have focused on the financial side. They have not focused as much on the greenhouse gas emissions side. It's not a requirement. This is why portfolio manager now is a way that we can bring in provincial emission factors. It's even a little bit more complicated than that, especially for Ontario. It not only depends on where the electricity is being used in Ontario, but also on when. Because we have a mixed fleet in Ontario, sometimes there are more emissions at certain times of the day and some seasons of the year than others. That's not as much the case in other provinces where it's all hydro, all gas, or all fossil. There's less variability.

It's a bit more complicated in Ontario, but certainly portfolio manager, as I understand the tool, was designed for 50 states. Again, they have various electricity generation fleets. It is going to give you specific information. I know NRCan is working on making sure that those emission factors are correct for each province.

● (1225)

[*Translation*]

Mr. Jacques Gourde: I believe that the United States is currently starting up new natural gas fired plants and the price of the electricity being generated is very competitive. Prices are even lower than what we are currently paying here in Canada through a variety of systems.

Could that jeopardize projects in certain buildings where you have already done the calculations? Could that extend the amortization period, given that electricity could be 20% to 25% cheaper with these new options? You may have taken into account inflated energy costs and the fact that the costs may increase over the coming years, but there is more competition in energy production and that could jeopardize certain projects.

[*English*]

Mr. Peter Love: It's a bit of a complicated question, but natural gas right now is very inexpensive at $3.50 per million BTU. It was $10. In Europe it's $12, and in Japan it's $16. So we have huge price variations, and right now it is at a low price. So for someone building a new natural gas plant, combined cycle cogeneration plant, it is very energy efficient and can produce electricity very cheaply.

How cheaply they'll be able to produce it in five or ten years time, when Canada might be paying more of an international price.... I don't think we'll pay the same as Europe or Japan, but as natural gas begins to be more of an international resource like oil, I'm sure the oil industry would love to see a very different price for natural gas. That's why there are huge discussions in Canada on LNG and exporting gas.

Again, when we do the evaluations, we're looking at the actual price of electricity in each province. Some provinces have less expensive electricity. Those that are blessed with hydro resources that were built a number of years ago, such as Manitoba and B.C., have relatively low electricity prices. When we do an evaluation of a project in Manitoba or B.C., it's very different in terms of the payback compared to the electricity in Ottawa or Toronto.

Natural gas and oil are about the same, but with electricity there are regional differences. When we do those evaluations and the payback periods, they're based on the price of electricity in the city where the project is located. It's not a national number.

[*Translation*]

Mr. Jacques Gourde: Thank you.

The Vice-Chair (Mr. Peter Braid): Thank you very much.

Ms. Duncan, you have the floor.

[*English*]

Ms. Linda Duncan: Thank you for your thoughts on that.

Interestingly, to follow up on that question, the experience in Alberta is that even though people are becoming energy efficient, the price is going up because they're paying for the long range, including export power lines and third-party brokers. So trying to build more cost-effective sources doesn't look like the answer. The answer is to bring down the need.

I have two follow-up questions.

One is a follow-up question to for my colleague Mr. Albas' question. He seemed to be suggesting that retrofitting was expensive. But isn't it more fiscally responsible? I look at the numerous examples you've provided on the cost savings over time for the retrofitting of federal facilities. Isn't it more fiscally responsible to reduce energy and water bills over time, since it's the taxpayers who are paying those bills?

Related to that, I'm wondering if each of you could give me an idea of what you see as the one or two key barriers to getting the federal government thinking of measures. I had noted that there was talk about a third of the buildings being done, but I think that's a third of owned buildings—or maybe that's even Public Works and DND. Public Works said that Canada has space in 40,000 buildings. I don't think we've retrofitted a third of those.

So I'm keen to hear what each of you would suggest are the one or two key measures that you think we could recommend to the Government of Canada to incent more measures towards energy efficiency at the federal level.

I know you've given us a lot of information, but I'm curious to know—

Mr. Peter Love: I'll start.

The major barrier I see to that is what's called an agency problem, where you have somebody, or one institution, responsible for capital expenditures and another, maybe in the same department but a different part of the ministry, who is responsible for operating costs. We see this with landlords and tenants in the residential sector. We see it in office buildings.

The person responsible for making the upfront investment does not get the return on investment, because it's the operator or the tenant who gets that. That is why it's a major feature of the green lease that REALpac has. You try to overcome that agency problem.

I would suggest that's part of it. I think Mr. Rogers referred to that, where people know what they should be doing, but there's that head office in Toronto saying it's sort of a drag; we're sort of paying the same amount that we did last year; it's just too complicated and they're just causing problems.

In the federal government, there are some people who are very knowledgeable about it and would like to do it. But it's as if I'm asking for this project, and it's quite a bit of money, and yes, it's going to save money over a 10-year period, and yes, it's guaranteed, but I haven't really done one like it before and the person who did one in our department three years ago is now somewhere else. There's no corporate memory of it any more.

That agency problem is a difficult one, and it's not just in the federal government; it's in the private sector, as well. It's a problem that people refer to.

Again, the other thing you could do is to set a target and actually have an implementation plan. It's better to benchmark your buildings: who owns them, what's their energy performance right now on a watts-per-square-foot basis, what's the lighting? Here are the relatively low-hanging fruit, here are the things we won't get to for a long time, but here are the ones we should be taking on in the next five years. That would not be a difficult project to undertake.

As I said, there may be some progress from it, and I will find out if there is.

● (1230)

Mr. John Smiciklas: I'm going to go back here and bring some of my personal experience, as I said, as an auditor for about 20 years.

Yes, there is this problem of operations versus capital. In the private sector and the government sector, you have people who say "I'm procurement. I have to spend less money. That's going to cost more in operations. I don't care because that's not my budget." That does happen, and it happens everywhere.

What you tend to get is the behaviour that you provide people with incentives for. If the incentive is at a macro level, which is "We want to get the cost savings down, we want to set goals and targets", and you give people a process to do that, then you tend to get the behaviours you want and the overall betterment that's desired, be it in government or private industry. You get what you're actually looking for.

When you silo things, you tend to get people looking after their own best interest rather than the interests of the whole organization. By giving a process, goals, and targets, people will get there in a very cost-effective manner.

Ms. Linda Duncan: Thanks.

Mr. Eickmeier.

Mr. Ryan Eickmeier: I would agree with everything that was just said. I'll break it down into two silos if I may. The first is obviously cost on the major retrofit side, and we've talked about that. The second is a little bit of misinformation on what we'll call the minor retrofit side.

I'll go back to 2009 when we brought forward to our members a program called the energy benchmarking program. Originally it was called 20 by '15, which was a target for them to meet 20 equivalent kilowatts per hour by 2015. That was at a time when we had very little idea of what each building was doing in terms of energy performance so there was a lot of fear out there. What they found was that through minor retrofits, through lighting, through turning off computers, through timed power turnoffs throughout the night, a lot of these targets were achievable at a reasonable cost.

Ms. Linda Duncan: So it was in operations, which is something we really haven't talked about, but it's something you had in your materials.

Mr. Ryan Eickmeier: It was in operations, and just in changing the behaviour of tenants. Tenants have to be a key partner in this initiative.

The Chair: Thank you, Mr. Eickmeier.

Ms. Linda Duncan: Mr. Rogers didn't get a chance—

The Chair: Mr. Rogers, would you like to give a brief response?

Mr. Wayne Rogers: I would add that we should just keep it simple. It has to be simple. I would suggest that we use an education model whereby the government puts together a program to go around to every department, to every complex, to provide a level of education as to what can be done. Then you say, “Here guys, get it done yourselves. Hire a professional consultant”. As professional engineers we are all obligated to perform in a professional way to provide some guidelines and then to sign off on and certify what the department has done.

They can dream up all kinds of great things to do, and they know where their problems are. They do not need a lot of analysis. They know that their chiller is broken. They know that they're having to spend a lot of money replacing ballast on their lighting luminaires.

Then if you coach them it's very much like our kids going to school. The kids at school get taught to be energy efficient. They come home and they teach their parents to turn the lights off. So when the parents go to work they don't leave the lights on in their office. It's pretty straightforward.

● (1235)

The Chair: Thank you very much, Mr. Rogers.

Mr. Jay Aspin for the Conservatives.

Mr. Jay Aspin (Nipissing—Timiskaming, CPC): Thanks, Mr. Chair.

Welcome, gentlemen. I'm very impressed with all the materials you brought and your expertise. I wanted to take advantage of that with perhaps an overview question. This is such a key area with energy costs going the way they are. It's a key way we can save money. In your estimation—and I will give each one of you free licence—what can the Government of Canada do better? Are there any mechanisms that can be used? There was talk a little earlier of the agency problem, the left hand and the right hand, the silo problem. That's certainly understood, but is there anything that you think, with all of your experience and the material you brought, that the Government of Canada could be doing in a better way to achieve better energy efficiency?

John.

Mr. John Smiciklas: I'm going to say there are a couple of things. One is to have clear goals, clear targets. We need the opportunity and the tools to reach those targets. We need a competitive and benchmarking process. It's amazing what you do when you have buildings competing against each other and understanding where they are. It's one reason we put together our annual energy environment report, which highlights the performances of very good buildings but also gives an overall score that shows where they might fit within the general population, and nobody likes to be last.

Mr. Jay Aspin: Okay.

Peter.

Mr. Peter Love: I agree with that. I think it's probably best if you do the targets and goals by department. Again, no one is responsible for an overall government goal, or those who are responsible are so high up. I would encourage you to be...and maybe even get down to a particular building.

Once you've done your benchmarking, you should be able to say these are the buildings you want to focus on for the next five years, whatever buildings they are, and you want to have an annual report on the progress you're making; in five years' time, you'd like to see some end.... Here are the tools you can use, of which a performance contract is one, but you may have other ones. Again, I think a little competition.... This race to produce I'm involved with in Toronto with BOMA and with REALpac has really been interesting, and it's been fun.

People like a friendly competition. Mayors love it. I know MPs love it. You don't have to have body contact or anything, but I think you set some targets and see how ministers and ministries can perform, and as long as the rules are fair, as long as you're not pre-selecting a particular winner and making the rules so someone wins. So set your targets by department and make a bit of a game of it, because I think people do like that internal competition, and I think that's where it can drive innovation as well. Right now, it's everyone's issue. We talk about it, it's out there, but it's no one's real responsibility.

Mr. Ryan Eickmeier: I would just say that targets are key to this entire program, and when we look at what our members have started to do, it's publishing and actively putting out their energy use numbers, and that is so important to the end game in this. It's not a public shaming if your building falls below the target you set, but it does give you a clear goal and a clear path forward, and that's something I think will go a long way in any government program.

Mr. Benjamin Shinewald: John has already spoken for us, but I will add one comment, and it's that I'm relatively new to my position —John is too—and I think it's fair to say that BOMA runs the dominant awards program for building management in the industry. I was amazed at how seriously our stakeholders take those awards. It is the playoffs, and they really care, so that that speaks to the comments that you heard from the others here today. It also empowers the people who are in the trenches, so to speak, actually operating the buildings, to learn and grow and understand that the choices they make will affect the outputs at the end of the day. So it can't be underscored enough. I was quite amazed at how competitive and seriously it's taken.

● (1240)

Mr. Jay Aspin: Wayne, could you offer your comments?

Mr. Wayne Rogers: To repeat the comment about keeping it simple and educating the departments, the more troops we have on the street, the more we're going to get done in a short timeframe.

Mr. Jay Aspin: Thank you, Chair.

The Chair: Jay, thank you very much.

Next for the Liberals, we have John McCallum.

Hon. John McCallum: Thank you.

I gather from the earlier discussion that the LEED standard and the BOMA standard are in some sense competitive. You mentioned that yours applied more to the existing stock and theirs more to new buildings.

I don't want to pit witness against witness, but I can't help but notice that in the REALpac submission on page 8, recommendation 5 says:

> Commitment of the federal government...to achieve LEED NC Gold for all new buildings, and LEED EB Gold for its entire inventory over the next 10 year period.

So does that mean you're exhibiting a preference for the LEED standard?

Mr. Ryan Eickmeier: No, we support both and we view them as complementary.

Mr. Benjamin Shinewald: A lot of buildings have both.

Hon. John McCallum: A lot of buildings have both. Okay.

Mr. John Smiciklas: The key feature about the BOMA BESt program is that it really tries to be as inclusive as possible, so the idea is to raise the vast majority of buildings to a higher standard rather than a select group to a very high standard. You can gain significantly more from an environmental perspective by looking at the entire stock rather than a very limited stock.

Hon. John McCallum: I think this point was raised earlier about the FBI project. Starting in 1994, there was definitely a lot in the nineties. There's been a sharp drop since. Is that just because at the beginning there's more low-lying fruit? What is the reason?

Mr. Peter Love: I've looked at that too.

Hon. John McCallum: Last year they only did five projects, in 2010 they only had one.

Mr. Peter Love: Yes. I've looked at it to try to correlate it to economic trends. I've looked at it in terms of political leadership. I can't discern a very good correlation.

The best I can come up with is that it's an idea that caught on very early. It was new and exciting, and it was successful, but those people, through promotion and other things, go on to other positions, and again, within the departments, they lose a bit of corporate memory about it. For some of these projects that were done in these departments 10 years ago, no one has any idea that they were done, because the person who was responsible is not there anymore.

It's a good program. There are good employees there. They understand it. I think it needs to be revitalized and promoted. This is why I think coming back to this benchmark and setting some objectives would do that. You have all the tools. They're all there and ready to go.

Hon. John McCallum: Okay. Coming back to that, what I just read is that the entire inventory of federal buildings would be up to some standard over the next 10-year period.

If we go back to the discussion about objectives, about goals, would it be fair to say that a target for the next five years would be that every department would have half of its remaining buildings at this level, and then for the next five years the remaining half? Is that appropriate or is that too ambitious?

Mr. Peter Love: I think you want some analysis before arbitrarily saying those numbers. It wouldn't be very hard to look at that existing building stock and say, “Here are the ones that really should be done, and it is feasible to do it over the next five years.” I'd be reluctant to set a arbitrary number right now, but there are certainly many more that could be done.

Hon. John McCallum: Okay. Well, the spirit of what I said is certainly consistent with your own targets.

Mr. Ryan Eickmeier: Yes, and I'd add that buildings have different lifespans, and we wouldn't want to interrupt and make a major retrofit to a building if that chiller or boiler, for example, didn't need to come out yet. We do look at this in the short term for some retrofits, but it certainly is a long-term game. Whether it takes you five years or 10 years to do, there should be a plan in place to get you to a certain target.

● (1245)

Hon. John McCallum: Okay. Thanks.

Mr. John Smiciklas: Just very quickly, since dozens and in fact hundreds of Public Works buildings, and not only the ones they own, but ones that are managed and leased, are going through our process, we would actually have the data over the next little while to be able to actually report back to the committee in terms of what the results are from those buildings.

Hon. John McCallum: Okay. That would be good.

Mr. Benjamin Shinewald: We could also add that the government's profile of building stock is going to be wildly different from that of a regular private sector player because of the breadth of the activities of the government.

We stand ready to create new modules that would properly capture the energy and environmental profiles of prisons, which have energy environmental profiles, and also of military bases, which also do, and these aren't going to be captured in a sort of general application office module, or by putting in the office side of military and the multi-residential side for the soldiers' quarters, for instance.

We are prepared to work with government to do that. That would give you a much more meaningful analysis of the endless variations of the buildings that you have.

Hon. John McCallum: Thank you.

The Chair: Thank you, Mr. McCallum.

I think Mr. Rogers was hoping to be recognized for a comment on this.

Mr. Wayne Rogers: I just wanted to make a comment about the FBI program. We have attempted to make the FBI program work. There's rebate money. There's grant money, of course, that comes with doing the program. But there comes a significant analysis that is required, and the cost of doing that usually exceeded the amount of money that was available to come back to the investor. It made more sense just to go off and do the project if it made sense on its own, without the money.

The Chair: That's an interesting observation. Thank you for that, Mr. Rogers.

Finally, then, in this round of questioning, we have Mr. Peter Braid.

Mr. Peter Braid: Thank you very much, Mr. Chair.

Thank you to all of our witnesses and representatives for being here today. We've had some very good discussion.

I have just a couple of quick points. Then I'd like to share some remaining time, hopefully, with Mr. Albas.

First of all, we've heard from many of you about the importance of the federal government having an overarching program and goals to achieve. I couldn't agree more.

It's my understanding that we have such a thing, though. We have an overarching strategy, the federal sustainable development strategy, and the goal is for each department to contribute to the overall benchmark or goal of reducing greenhouse gas emissions by 17% by 2020.

Why is that not enough? Could I have some reactions?

Mr. Ryan Eickmeier: When we look at it from an industry standpoint, it's not in our face. When our industry and government own really the same stock and have the same energy-efficiency problems, it needs to be publicized, it needs to be out there. There needs to be a target that the public knows, that industry knows, so that any employee walking down the street would be able to say, “Oh yes, we're trying to meet this target”.

So in terms of publicity, it needs to be out there more.

Mr. Peter Braid: So it's awareness, perhaps.

Mr. John Smiciklas: There is the awareness factor. I used to run sustainability at Research In Motion.

Mr. Peter Braid: Now BlackBerry.

Mr. John Smiciklas: Yes, it's now BlackBerry, but it will always be RIM to me.

One of the key things internally there was celebrating successes—people knowing that there's a goal and a target, but not knowing how to get there. You've told me I need to get somewhere, but you haven't given me the tools to get there. That's why we think the BOMA BESt program is one of those tools to allow people to get there. It gives an assessment afterwards. It was developed by building owners and managers, not by consultants, etc. It meant the cost was very cost-effective, because building owners and managers are looking at cost.

Tools are required to get to the goals. It's not enough just to give a goal.

Mr. Peter Braid: Mr. Love, do you have any final thoughts on this?

Mr. Peter Love: It's good that a target is out there. I don't think it has percolated down to the rank and file. It's there and it's commendable, but the phone at the federal buildings initiative is not ringing off the hook on how to sign up. 2020 is far enough away. They have all sorts of issues and fires that are happening right now. So it's “I'll deal with that later”, or “Maybe I'm not going to be around at that point”. Maybe you need an interim target, but it needs to be more clearly articulated that this is serious, that you're really going to do this, that it's good for all of you. You're going to save money. It's good for the environment, and you're going to employ people.

I come with three E's. Those are pretty compelling reasons that people understand. It just needs to get out there. It's going to be very important for our international reputation.

● (1250)

Mr. Peter Braid: Thank you. That's very helpful.

The final one for me, then, is to Mr. Eickmeier.

I appreciated your suggestion with respect to potential tax credit or capital cost allowance for boilers and chillers under section 43.1 of the Income Tax Act. That's better directed to the finance committee and the budget consultation process.

Have you had the opportunity to do that?

Mr. Ryan Eickmeier: We have, yes. It's included in our pre-budget, and we are working through some of the numbers.

Mr. Dan Albas: Thank you, Mr. Chair.

I'll thank my colleague for so deftly asking his questions, and the witnesses for answering so quickly.

Just in regard to some of the conversation that we've been having about aspirational targets, my constituents, for example, empirically just believe that the government should be doing these things already, and I believe we are. Mr. Trottier mentioned the federal buildings initiative. He talked about the marginal return. That has more to do with the fact that when you do a third of the buildings, probably somebody had an inventory and asked which buildings were the worst, which were the energy hogs. They simply just started picking, project by project, and worked on it. To me, rather than setting an aspirational target, that seems to make sense, and the taxpayers are best served by doing that. As newer buildings come up, maybe they don't need the same things because of some of the issues that Mr. Eickmeier mentioned about retrofitting.

There's also the greenhouse gas emission issue. Mr. Love mentioned earlier that certain areas like British Columbia and Manitoba are gifted with hydroelectricity. Should we be making large-scale investments in those buildings over in Ontario or other provinces that already use carbon-based methods for their power generation? Those are some of the things we should talk about.

Again, getting back to the question of aspirational targets, a lot of these are things that I think people are just expecting to be done. In terms of adding more certification, adding more awareness to it, I think people would say just get on with the business.

I'd like your response.

Mr. Peter Love: On the greenhouse gas emissions, we have better connections to the U.S. So to the extent that B.C. can save electricity, they can ship more into the U.S., where it's displacing coal. Especially in Manitoba, it's a huge economic driver for Manitoba Hydro. They have among the best energy-efficiency and electricity-conservation programs in Canada. It's a major export opportunity, because they are selling that electricity into Chicago, where it is displacing coal-fired generation. And greenhouse gas emission is not a local pollutant, it's a global pollutant.

Mr. Dan Albas: But should we be focusing federal resources in areas that do not generate the same carbon-intense fuel? It's a question for me. I think some of these other gentlemen wanted to get on the targets, aspirations, and awareness.

Mr. John Smiciklas: As to targets, or aspirational targets, going through the assessment process allows people to know where they stand. When they find out where they are in comparison with other areas, it tends to drive improvement.

Regarding the greenhouse gas emissions, I've done greenhouse gas reporting. That's an extra benefit, let's say, in Alberta that you wouldn't get in Manitoba.

Mr. Dan Albas: In Penticton, we had a small building being built specifically for staff and our advanced waste water treatment facility. The extra cost to go LEED was $75,000, and the council said that we weren't going to pay $75,000.

Mr. John Smiciklas: Yes.

Mr. Dan Albas: It's already been built to that standard. Why spend $75,000 for the extra certification when we already know that a lot of it is there?

Those are just some of the issues I have with awareness. Quite frankly, this is one of the first times I've ever met a business group that actually has said, "Get in our face". Usually with government, they say, "Please, stay out of our way". It's interesting that on awareness programs, that's the consensus.

The Chair: I'll have to leave that as more of a comment than a question, because we're out of time for the questions. I think you can tell that it's a very interesting topic for all of us. We all have more to say than we have time for.

Thanks to all of you for being here, especially our long-distance guest. Mr. Rogers, thank you for your patience. I know it's difficult being the one who's outside the room, but your contributions were very useful and much appreciated.

● (1255)

Mr. Wayne Rogers: It's been a pleasure. Thank you.

The Chair: Thank you, sir.

Mr. Wayne Rogers: It's been a pleasure. Thank you very much. The technology worked very well.

The Chair: Excellent.

I'm going to have to close it there.

Gentlemen, thank you again. On behalf of the committee, we reserve the right to invite any or all of you back as we conclude our study.

We'll give you a moment to excuse yourselves. We have two issues that members wanted to raise. First, Ms. Duncan wanted to serve notice of motion on a future item of business. If you could just quickly table that, Linda, it would be great.

Ms. Linda Duncan: It's been brought to the attention of the committee that there are three more appointments. One of our mandates is to review appointments. I have three motions. The first is:

> That the Committee, pursuant to Standing Order 111, invite to appear Timothy Sargent, appointee to the position of Acting Deputy Secretary to the Cabinet (Operations), Privy Council Office, and that the Committee examine his qualifications to perform the duties of the post to which he has been appointed.

For the second one, do you want me to read the whole thing for the record?

The Chair: Maybe just the name would be all we need.

Ms. Linda Duncan: The second is to invite Daniel Tucker, the appointee to the position of part-time Commissioner of the Public Service Commission.

The third is to invite Graham Flack, the appointee to the position of Deputy Secretary to the Cabinet (Plans and Consultations and Intergovernmental Affairs), Privy Council Office .

The Chair: Thank you, Linda.

Ms. Linda Duncan: Those three motions go to those three officials, whose appointments we would normally review.

The Chair: Thank you. We'll just take that as a notice of motion. It's non-debatable at this time.

Ms. Linda Duncan: I have copies for everyone.

The Chair: We'll deal with it at the next planning committee meeting.

John McCallum.

Hon. John McCallum: I have a motion I'd like to move that I tabled some weeks ago. I'll read it:

> That the Standing Committee on Government Operations and Estimates strike a sub-committee to study partisan communications and the communications policy of the Government of Canada, including related policies, laws and regulations, provided that—

Do you want me to read the whole thing?

The Chair: No, I don't think that's necessary. You served notice of this a number of weeks ago, on January 16. The committee members are aware of it. You could speak to it briefly.

Hon. John McCallum: I'll just say one thing. There are many examples of why I think this is needed. I'll just give you the two most recent ones that I'm aware of.

The CMHC website contains matters on the NDP proposal and costs, without explanation. There's the Fantino partisan comments on the CIDA website. I think there are a number of others, and I think it would be a natural function of this committee to find out what the rules are on this kind of issue and prepare a report on it.

The Chair: Thank you very much. Your motion is in order.

Is there any debate?

We only have two minutes.

Mr. Peter Braid: Are you looking for a decision today, John, as opposed to this being discussed at subcommittee? That's certainly fine if that's what you're looking for.

Hon. John McCallum: I wouldn't mind discussing it at subcommittee, if the alternative is saying no in one minute.

Mr. Peter Braid: It's your choice.

The Chair: The motion is on the table now.

Hon. John McCallum: Okay, we could vote on it now.

Mr. Peter Braid: Very good.

The Chair: Linda.

Ms. Linda Duncan: I think we discussed that before and when we went through it, essentially it came down to being a committee and our objection was why a subcommittee? It just means that some people have to do double duty, and we're already pretty busy. Our recommendation was that we don't object to the review, but we don't see the sense of having a separate subcommittee.

The Chair: Mathieu.

Mr. Mathieu Ravignat: I actually think the study is a really interesting idea per se. It is something that would be interesting to look at, but again, I agree with the view that why not do it in committee as opposed to a subcommittee?

The Chair: Peter.

Mr. Peter Braid: Given that we're discussing committee business, we should be in camera, so I move that we go in camera.

The Chair: That's non-debatable.

All those in favour of going in camera?

Mr. Mathieu Ravignat: Could we get a recorded vote on that before proceeding?

The Chair: I have already called the vote. It's too late for that this time, Mathieu, I'm afraid.

All those in favour of going in camera? Opposed, if any?

(Motion agreed to)

● (1300)

The Chair: The motion is carried.

We'll suspend the meeting. Actually, as committee chair, I'm going to adjourn this meeting. We'll take this up at the beginning of the next meeting in camera under committee business.

The meeting is adjourned.