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Chair

Mr. Leon Benoit

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Tuesday, June 14, 2005

• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone.

Today, pursuant to Standing Order 108(2), we're doing a study on the leasing agreement between the National Capital Commission and the Queensway-Carleton Hospital.

We have for the first hour as witnesses, Tom Schonberg, president and chief executive officer, and Jeff Polowin, chair of the board of directors.

We'll go right to short statements from each of these gentlemen and then to questioning.

Mr. Jeff Polowin (Chair, Board of Directors, Queensway-Carleton Hospital): Thank you very much.

As you can see by the little thing in front of me, my name is Jeff Polowin. I'm the chair of the board of directors of the Queensway-Carleton Hospital, a community hospital serving the west end of Ottawa and into the Ottawa Valley. I will be the chair of the hospital until my two-year term ends at the end of this month. Along with me is Tom Schonberg, the hospital's president and CEO.

On behalf of my colleagues on the board, let me first of all thank you for giving us this opportunity to basically tell our story on this issue of land ownership and lease arrangements.

As I know you are all aware, chairing a hospital board is a volunteer position, but only volunteer in the sense that we receive no compensation for the position. The fact that I've spent close to 1,000 hours over the last two years should tell you it's a case of the heart and obviously not of the head.

I feel passionately for the hospital and the health care it delivers to the community we serve. Because I feel passionately about the delivery of health care, I find it difficult to accept that one level of government, the provincial government, hands us our cheque to operate the hospital, and before we get to use all of it on health care, another level of government, the federal, tells us to first give them their rent cheque.

Mr. Schonberg will be giving you the facts and figures on the leasing arrangement after I say a few words about the delivery of health care at the grassroots level from a community hospital's perspective.

As I'm sure all of you are aware, the gap between what a hospital needs to operate and what the hospital actually gets is growing

considerably. It's no one's fault; it's a matter of dollars and cents. When the gap is growing, there are two ways you can attack that gap. One is by reducing expenses and the second is by looking for additional forms of revenue.

It might interest you to know that the catchment area the hospital serves in terms of average age is one of the oldest in the country. The segment of our community we represent consists of people who have been paying into the system for years, and now that they need it the most, we cannot provide them with the health care they have earned and deserve. So we need to look at where we can improve the revenue base for operating the hospital.

Mr. Chair, we are the only hospital in the Ottawa area that pays rent. We pay rent to the National Capital Commission. It's been that way since the hospital's founders got the hospital started back in the seventies.

Let me stress, please, that this is not the NCC's fault. In fact, since this issue became public, Mr. Beaudry and his staff have been extremely cooperative in searching for a compromise position, but Mr. Beaudry and the NCC's hands are tied. This is a political decision here in Ottawa. Perhaps you can untie his hands.

It's not only the freedom from doling out dollars in rent that could be put into hospital operations, but it's the freedom to have some choice in how we use that land. I mentioned earlier that we need alternative sources of revenue. We could, for example, perhaps look at the development of complementary medical services, from long-term care to an ambulatory care doctors' office building. That would allow us to use the revenue from leasing space to augment our dwindling operational budget and at the same time have a valuable asset in the competitive business of attracting physicians to work at the hospital.

I now close out my portion of the presentation. I would be more than delighted to answer questions later, but now I turn things over to Tom Schonberg, the head of the hospital.

• (1535)

Mr. Tom Schonberg (President and Chief Executive Officer, Queensway-Carleton Hospital): Thank you, Jeff.

I'll be very brief, because I presume a lot of folks here potentially have a lot more detail.

Here's an overview. The actual lease came into effect in July 1973 for a period of 40 years. We currently pay about \$23,000, so if you apply quick math to that, you'll find that over the 40 years the number is just shy of \$1 million. The \$23,000 does not appear like a lot, but over the life of the lease agreement it is a lot of money.

The urgency, why we need to address this now, is that it is close enough to the end of the lease that after restructuring and with what's happening in this province with a regionalization approach, the Queensway-Carleton Hospital is seen as an ideal location, both geographically and also from a leadership operational point of view, to be a health care campus for west Ottawa and into the valley. For that reason, just as a recent example, and I guess that's within this room—we're looking at augmenting cancer care services in this region. That's no surprise to anyone here. We have some of the longest waiting times for treatment of cancer.

Our site is considered an ideal location for expansion along with the existing Smyth Road site, but it's one example of where the unknown of what a lease agreement will be down the piece...because we're not looking at three or five years; we're looking at 30 or 40 years. It will make a significant difference in operating costs, be it for the provincial government or for any other partner we look at, whether the lease is \$200,000, half a million, or whatever it is, and those numbers vary a lot. Those have been reported both publicly and between ourselves and the NCC.

But no matter which way you cut it, there's a very substantial potential for an increase in our lease costs. What that does is make the provincial government, for example, shy away from increasing its burden—because a lease cost is an operating cost to us—in investing here in Ottawa.

And we don't have a lot of choices. We're not like Toronto, with forty-plus different hospitals. There are just very select sites here already in the city for health care.

For an orientation, you'll see the white is the existing hospital. The part here is the new wing, where we've tripled the size of the emergency department, etc., to accommodate some of the growth in the aging, as Jeff mentioned. Here's a potential location for the cancer care site. Other areas here are for what's called ambulatory care, and as we said, what we should be looking at, with the large number of what we call long-term care patients, is being able to build additional capacity.

However, the current arrangement increases our lease cost for developed land, and our issue has been that the new lease should also look at the best use of the land, residential purposes as one example.

Our reality, as I say, is that we need some security going into the future, first, so that we do not have hanging over our head a large lease cost that will not bring services to Ottawa, in particular the west of Ottawa, and second, so that there's some certainty, as I said, in moving forward with any partner that a substantial amount of money does not go into the leasing of land. That's what our issue has been to this point in time.

I think I will stop there, unless there are any questions.

Thank you.

The Chair: Thank you, Mr. Schonberg and Mr. Polowin, for your presentations, and we'll get directly to questions.

Yes, Mr. Szabo.

Mr. Paul Szabo (Mississauga South, Lib.): I have a point of order. Because of the nature of the points and issues, I have a feeling

there is going to be a lot of duplication in the questions for the two sets of witnesses. Would it be possible to hear statements from the others if they're here, the Treasury Board Secretariat and the National Capital Commission, so we could get the full story? It might help us to get better questions for the witnesses.

The Chair: What's the will of the committee on that?

[Translation]

Mr. Benoît Sauvageau (Repentigny, BQ): That's an excellent initiative.

[English]

The Chair: Is it agreed?

Some hon. members: Agreed.

The Chair: Okay, gentlemen, if maybe one of you could move over a little bit we will have the other witnesses come to the table. We will hear from all witnesses and then we can direct the questions to the individuals we choose.

I will go then to the presentation from the Treasury Board of Canada Secretariat. Mr. Austin, I'm not sure whether you have a presentation to make.

• (1540)

Mr. Bill Austin (Assistant Secretary, Social and Cultural Sector, Treasury Board of Canada Secretariat): I do.

The Chair: And could you introduce as well Mr. Blair James?

Just go ahead and make a short presentation.

Mr. Bill Austin: Thank you. I believe the clerk actually has a copy *dans les deux langues*.

Thank you, Mr. Chair and committee members, for this opportunity to clarify the role of Treasury Board in relation to the NCC and to provide the background on the government-wide policy position related to the management of federal real property, and in particular the requirement to transact at fair market value.

Crown corporations, as I'm sure you all know, including the NCC, operate at arm's length from the government. They are responsible for the sound stewardship of the assets they hold. Let me provide the committee members with an overview of the management framework for crown corporations, including the NCC, related to real property transactions.

Subsection 15(2) of the National Capital Act requires the commission to seek Governor in Council approval to enter into the following real property transactions: acquisitions of any real property for consideration in excess of \$25,000, leases for a period in excess of five years and easements for a period in excess of 49 years, and disposal of considerations in excess of \$10,000.

To seek Governor in Council approval, the NCC must seek the Treasury Board minister's approval first. By that I mean that any proposal would seek the recommendation of Treasury Board prior to going to the Governor in Council.

Subsection 15(2) of the National Capital Act also stipulates that transactions must be carried out in accordance with subsection 99(2) of the Financial Administration Act, wherein they may sell or otherwise dispose of any property held by the corporation and may retain and use the proceeds of that disposition, but only in accordance with regulations. In this instance, the crown corporation's general regulations, dated 1995, apply. These regulations reinforce the necessity for real property disposals—and in this I include leases—to follow market value principles. Proposals put forward by the responsible minister, in this case the Minister of Canadian Heritage, are governed by a regulatory framework requiring a series of approvals—special committee of council, Treasury Board, and possibly even cabinet. The application of market value principles for crown corporations is consistent with the policy framework that also governs departments and agencies.

Both the crown corporation general regulations from 1995 and the real policy suite can be found on the Government of Canada website. As you know, the motions adopted by the committee concern a scenario in which the NCC rents the Queensway-Carleton Hospital the land on which it sits for a nominal amount of \$1 per year, and the hospital retains for its own exclusive use any revenue it may generate from the land. Decisions of this nature, because of their potential implications, require broader government approval, as noted previously.

In considering such a request, it's important to understand the basis for the market value principle and recognize that a decision on a single transaction within the national capital region may have implications on a national basis, as this principle applies to all departments and agencies across government in accordance with Treasury Board policy, as well as to crown corporations, as per the regulations I just mentioned.

As background, in 1985 a study team called the Ministerial Task Force on Program Review, also known as the Nielsen task force, released its report on the management of federal government real property. The team noted that real property had become one of the most politicized functions of government. In addition to providing support for the expanding set of government programs, real property had been used as a vehicle to further socio-economic objectives, distributing benefits across the country. The team found that real property management decisions were being made in favour of broader socio-economic objectives at the expense of the economic consideration of the highest and best use of real property and considerations of the cost of acquiring and maintaining the property.

The current Treasury Board real property management policies were developed to respond to the weaknesses identified in the report and ensure improved stewardship of the federal government's real property assets.

● (1545)

One of the key features relates to the market value requirement.

The fair market value principle takes into account the interests of all Canadian taxpayers, and indeed all Canadians, by recognizing that federal land has value. It ensures that when entering into real property transactions, the government acts with fairness, reflecting, for example, local market conditions; with equity, whereby those who are able to make special use of property by virtue of living in

proximity are not receiving a free good to which other taxpayers don't have access; and with consistency, using, for example, clear and rational methodology.

The proposed transaction would create a precedent. Schools, churches, and other non-profit organizations currently under lease with similar or other federal government entities might look for similar consideration. That may have potentially significant repercussions and costs to the federal government, and ultimately to Canadians. It would be an indirect subsidy.

The Auditor General has raised concerns in the past regarding the need for transparency for Parliament and the recognition of the value of real property when transacting to avoid indirect subsidization. For the NCC, which relies substantially on lease revenues to fulfill its mandate, it would create a revenue shortfall to the organization.

In summary, if the committee were to put forward a recommendation to the Minister of Canadian Heritage, that minister would first need to bring a case forward to Treasury Board to seek Treasury Board's recommendation to the Governor in Council. In that event, I would respectfully suggest the Treasury Board Secretariat would base its advice to Treasury Board ministers on the policy and regulatory framework governing such transactions, mindful of the potential implications of setting such a precedent.

I note that the NCC is prepared to work with the hospital administrators to arrive at a fair and reasonable lease arrangement. We would certainly be supportive of these initiatives.

Thank you.

The Chair: Thank you, Mr. Austin.

Now, from the National Capital Commission, we have Mr. Beaudry.

If you could introduce any others with you and make a short presentation, should you desire, then we'll get on to questioning.

Mr. Marcel Beaudry (Chairman, National Capital Commission): Thank you, Mr. Chair, committee members.

I'm accompanied today by Gisèle Kelly, the director of property strategy and leasing, and Richard Scott, principal regional planner for the National Capital Commission.

I appreciate this opportunity to have the time to briefly share with you an overview of the National Capital Commission's mandate and how it applies to the way we manage our real assets, the focus today being the lease of the Queensway-Carleton Hospital.

The mission of the National Capital Commission is to make Canada's capital region a symbol of pride and unity for all Canadians. Along with our two predecessors, we've worked for more than 100 years to make the capital of today an expression of Canadian identity. The NCC is hard at work building a capital that is a meeting place for Canadians, a living textbook for communicating Canada to Canadians, a place where Canada's natural and cultural treasures are safeguarded in perpetuity.

[Translation]

The Parliament of Canada directs the NCC to prepare short and long term plans for the national capital region that ensure that the nature and character of the seat of the Government of Canada is in accordance with its national significance.

We are also responsible for organizing, sponsoring or promoting public activities and events in the national capital region that enrich the cultural and social fabric of Canada.

As part of our planning role, the NCC, on behalf of the federal government, is responsible for planning the capital region to support Canada's evolution as a nation. This planning responsibility has contributed considerably to the overall beauty and unique character of Canada's capital region.

• (1550)

[English]

The Chair: Excuse me, Mr. Beaudry. We all have a copy of your presentation here, and I notice that you're spending quite a bit of time in your presentation talking about what the National Capital Commission does. If you could skip directly to the information that would apply to this committee meeting, that would be really helpful.

Mr. Marcel Beaudry: Thank you.

We need to talk about the greenbelt, Mr. Chair. I'll go to page 3, in the middle of the page.

The greenbelt, as well as other federal lands that contribute to the capital experience, has been designated by the NCC and accepted by Treasury Board as national interest land mass, referred to as NILM lands. These lands are intended to be held for the long term by the NCC and other federal agencies on behalf of all Canadians, since they are essential to the government's vision of the capital.

The Queensway-Carleton Hospital is situated in the greenbelt and forms part of the land designated as NILM lands. These lands within the greenbelt are managed according to the 1996 greenbelt master plan, which sets out the policies and principles for the long-term preservation and management of these lands. The presence of large institutions of this nature, with substantial grounds and open space, helps to create an urban separation that is a key ingredient of the overall greenbelt concept. The hospital grounds in particular create a separation between Bells Corners and the urban area, as well as provide a green corridor near Highway 416. NCC ownership and continuing management of these lands is in line with greenbelt policies, since they are essential to the continuing effective role of the greenbelt in this area.

[Translation]

To own and manage these types of lands on behalf of all Canadians has a cost. In order to help cover these costs, the NCC is authorized to generate revenue through rental agreements for more than 700 leased properties. These revenues enable the NCC as a Crown corporation to reduce its dependency on central funding from government, provided by Canadian taxpayers, in order to accomplish its mandate.

[English]

It is very important to note that leases managed by the NCC are granted in accordance with Treasury Board's policies. These policies require that revenues received from leasing of government property reflect market value, as was pointed out earlier. The National Capital Act requires that the NCC obtain Governor in Council approval on the recommendation of Treasury Board to grant any lease for longer than five years in duration.

Now that we've established the planning principles and the policies that guide our decision, allow me to explain the current lease agreement with the Queensway-Carleton Hospital.

The hospital currently pays an annual rent of \$22,900 for approximately 50 acres of land. The rent is based on the market value of the land when the lease was negotiated back in 1973. This lease was for 40 years and therefore ends in 2013.

[Translation]

In 2013, the hospital has the option to renew its lease for a period of 35 years. The terms of the renewal stipulate that the rent during the first five years is to be determined by mutual agreement between the parties and based on the appraised value of the land at such time. The rent for each succeeding five years is to be similarly determined. Of course, the renewal for the period of 35 years must be approved by the governor in council on recommendation of Treasury Board.

I am happy to say that I have already indicated to the hospital officials that we would work with them to look at a variety of options for the future lease. I met with senior hospital officials in January 2005. At that time, we discussed a number of alternatives for setting the future rent that would respect federal government policies, while offering the hospital a level of certainty to enable future expansion.

• (1555)

[English]

Some of you possibly have read in the newspaper that the rent would increase to \$3.4 million per year. This amount was based on the incorrect assumption that the future annual rent would be 6.5% of an assessed value of \$53 million. However, this assessed value covers an area of 114 acres, which is much larger than the 50 acres actually leased to the hospital, and includes the land as well as the buildings and improvements. Future rental payment would be based on appraised market value of the leased land only.

[Translation]

In closing, I hope that I have provided you with a better understanding of the NCC's mandate and how we operate. This being said, I trust that it is now clear that it is not within the NCC's authority to make decisions that would be contrary to Treasury Board policy. We manage approximately 700 leases on behalf of the federal government, some of which are with not-for-profit organizations, such as the hospital. All of these leases are negotiated according to federal government policies.

[English]

We are certainly sympathetic to the economic circumstances currently facing the Queensway-Carleton Hospital. You can rest assured that the NCC will continue to work with hospital officials to arrive at a reasonable agreement for a future lease that is consistent with federal government policies.

The Chair: Thank you, Mr. Beaudry.

We'll go directly to questions now.

Mr. Poilievre, you have seven minutes, followed by Mr. Sauvageau.

Mr. Pierre Poilievre (Nepean—Carleton, CPC): I want to thank all our witnesses for having made the effort to be here today.

This is an issue that's very important to me, because the hospital catchment area runs deep into my constituency. It serves about half of my constituents and 400,000 people in the west end of Ottawa—400,000 of the aging population in the country. So it's a very important issue. It was brought to my attention by the hospital about a year ago, at which time no other elected official had addressed this particular issue.

I'd like to thank the hospital for providing me with all the information. I'd also like to thank Mr. Beaudry, because his office has been very cooperative in providing information as well.

Finally, I agree with both the hospital and the NCC that this is actually a decision that will have to be made by Treasury Board and, ultimately, order in council. To some degree—the ultimate degree actually—Mr. Beaudry can't make this decision, though we appreciate his ongoing cooperation in facilitating it.

First I'll ask a question and direct it to the hospital. Could you very briefly describe the immediate importance of having some resolution to this issue?

Mr. Tom Schonberg: I can begin by saying that there are several major projects that will influence all of Ottawa—for example, again, I'll use the cancer centre expansion. What's urgent about the planning now is that decisions will be made provincially about allocations based on our ability to “be competitive” as far as our operating expenses here in Ottawa and in particular the west end. Therefore, as we've heard, if you go to market value, and we've had an appraisal done, everyone knows from 1973 to today.... Certainly moving into the future, all our partners know if that's the case, there will be substantial liability. It makes us unattractive, if you will.

And when I say “us”, it wouldn't even be so bad, candidly speaking, if there were three other hospitals in the west end, but there are not; there is us as a campus. Therefore, the issue will be whether there will be an expansion of services, planned and agreed to now, to be brought online over the next three years that will serve for the next 40 or 50 years. There's a very limited pot of money, so if Ottawa loses out, I don't know when the next opportunity will be for additional services.

Mr. Pierre Poilievre: So just to put it into practical terms, if your hospital wants to have, for example, expansion of cancer care facilities, it needs to know today what its rental situation will be eight years from now.

• (1600)

Mr. Tom Schonberg: Absolutely, because that's part of the operating cost. Any lease cost is deemed as an operating cost, so yes.

Mr. Pierre Poilievre: So this is knowledge that you need today and a resolution that you need now.

Mr. Tom Schonberg: That's correct.

Mr. Jeff Polowin: I would just add to that, Pierre. As I mentioned in my opening remarks, it's a very competitive environment for doctors of all kinds, especially specialists. Doctors are able to pick and choose the places they want to go, and they're obviously going to hospitals they deem to be in a more financially secure position—if indeed there are any hospitals like that.

Mr. Pierre Poilievre: And when they look at the Queensway-Carleton Hospital, one of the factors those potential doctors have to consider is that there are questions around the lease the hospital has with its landlord. In other words, this current NCC lease makes the hospital less attractive to prospective doctors.

Mr. Tom Schonberg: Yes, this is a potential liability of the future.

Mr. Pierre Poilievre: That is why I have proposed that the hospital gain full control of its land for the price of \$1 per year. In fact, I'll even promise that I will cover the rent for the first 100 years if we succeed in achieving that goal. We'll deliver it in loonies.

Mr. Jeff Polowin: I'll get the second hundred.

Mr. Pierre Poilievre: Okay, great. So we'll have two centuries covered.

Some hon. members: Oh, oh!

Mr. Pierre Poilievre: That's great.

Well, just to confirm, do you agree with that proposal?

Mr. Jeff Polowin: Yes.

Mr. Pierre Poilievre: Okay.

I'll now turn to some questions for the Treasury Board and the NCC.

There has been debate around the fact that there is, for example, a golf course that pays \$1 a year to rent its property from the NCC. Now, Chairman Beaudry has responded that the golf course has also made down payments, allowing it to take a position where it can pay \$1 a year in rent. But I would argue that this hospital has made almost \$1 million in down payments, because that's how much money this hospital has forked over in rent to the federal government since the lease was signed. In other words, you have a hospital that's paid almost \$1 million in rent to the federal government and a golf course that is only paying \$1 a year. I think there's a problem there.

My question, I guess, is either for the Treasury Board representatives or the NCC. Why can't the hospital have the exact same \$1-a-year arrangement the golf course has?

Mr. Marcel Beaudry: In the case of the golf course, it was taken back by the National Capital Commission in 1974, because it was losing money and had stopped its operations. At the time the deal was struck with the City of Ottawa and the City of Gloucester, the golf course had to pay the NCC \$200,000 in cash at the beginning. Afterwards, they were given a lease of 50 years for \$1 a year, but they had to make \$425,000 in upgrades to the golf course right there and then, and all of the profits from the golf course over the period of 50 years had to be reinvested in the course itself to improve it over the years. At the end, the NCC would benefit from all of that. Over and above that, the NCC was permitted access during the winter to a parking area and ski trails on these winter assets that were leased. So it was not \$1 for 50 years; it was \$200,000 paid up front—

Mr. Pierre Poilievre: Can I just break in there? The hospital has already paid nearly \$1 million as a down payment—

Mr. Marcel Beaudry: Yes, but it's a different lease.

Mr. Pierre Poilievre: That is more than what the golf course paid originally, if you combine the total amount that you say the golf course was forced to pay. And it now has a 50-year lease for \$1 a year. I would also note that if the hospital made any profits, all of them would be reinvested in the hospital, the same way the golf course is forced to reinvest its profits in the golf course.

So I would just argue that there is a parallel here between the two, and if we can charge only \$1 to a golf course, we can charge only \$1 to one of the most important hospitals in this country.

•(1605)

Mr. Marcel Beaudry: But what you need to take into account are the two leases as a total deal. You cannot pick and choose the \$1 out of the golf course and compare it with the \$22,000 the hospital is paying. The \$200,000 was paid upfront and was gaining interest—

Mr. Pierre Poilievre: To the tune of a million dollars?

Mr. Marcel Beaudry: No, no, just let me finish.

It was gaining interest. And if you recall the years 1979 or 1980, or maybe you can't because you were too young then, but I recall very distinctly that during those years, inflation was around 20% and 21% and 22%, so the \$200,000 a year in the bank for the National Capital Commission was getting 22% interest. If you look at those years, we were benefiting to the extent of \$44,000 a year, and not \$1. When you look at the amount of money generated through interest from the \$200,000 that was paid upfront, plus the investment in or upgrading of the golf course, you need to take all of those amounts into play in order to really start a comparison between both leases.

Mr. Pierre Poilievre: But I would—

The Chair: I'm sorry, but you're out of time.

Monsieur Sauvageau, for seven minutes, followed by Ms. Catterall.

[Translation]

Mr. Benoît Sauvageau: I am going to jump at the chance, gentlemen, by referring to what Mr. Poilievre just said, to ask the hospital officials whether they would be in agreement with the following.

I know that federal regulations and legislation are excessively complex, but it all depends on where you stand. They are not so

complex for Paul Massicotte; they may be a little more complex if they involve a golf course, and significantly more complex when a hospital is involved.

To simplify all of this, would you be willing to agree to a lease which is identical to the one for the golf course? This would mean, for instance, paying \$200,000, guaranteeing that 100 per cent of any profits generated by the hospital would be reinvested in the hospital, and if you take 50 acres out of 114, the remaining land could be used by the National Capital Commission as a cross-country-ski area in winter. If we use the golf course model for the hospital, it would make Mr. Beaudry's work that much easier. It would also simplify the work of Treasury Board, which would merely have to copy an existing contract. If that happens, no one would be able to say that this cannot be done, because it would already have been done. What do you think?

[English]

Mr. Jeff Polowin: I'm not going to commit the hospital to anything, because I'm leaving at the end of June. I'll let Tom deal with it.

Some hon. members: Oh, oh!

Mr. Tom Schonberg: Certainly, that would be a much better resolution than what we would look forward to at the end of the lease. Honestly, the best arrangement would be for us to pay \$1 a year, based on the rent we've already paid. But certainly, from my heart, that would be a heck of a lot more manageable than looking at anywhere close to market rate rents. Our preference obviously would be as Mr. Poilievre has put forward, but your suggestion is workable too.

[Translation]

Mr. Benoît Sauvageau: If I may, I'd like to ask the same question of the officials from the Treasury Board as I asked those from the National Capital Commission.

I know that you are extremely busy and that you have a lot of work. Would it be a good idea to copy an existing contract, which obviously would abide by the regulations and statutes, etc., and propose it to an organization such as the hospital. Officials there could pay you \$200,000 in the beginning and guarantee that 100 per cent of profits would be reinvested in the hospital and that part of the unused acreage would be left free so that people could do cross-country skiing there in the winter?

Mr. Bill Austin: If I've understood correctly, it's important to establish both the value of the land during the lease, as well as its future value.

Mr. Benoît Sauvageau: What is the future value of the golf course?

Mr. Bill Austin: I don't know exactly, but the amount of \$200,000 for 50 years, plus one dollar per year, is what is stated in the lease.

Mr. Benoît Sauvageau: Okay.

•(1610)

Mr. Bill Austin: In my opinion, the value is what is important.

Mr. Benoît Sauvageau: In your opinion, could a golf course in which profits were reinvested eventually end up being worth more than a hospital? I'm asking you this, because I'm not a real estate expert.

Mr. Bill Austin: Neither am I, sir.

Mr. Benoît Sauvageau: Okay.

Mr. Marcel Beaudry: Can I answer that question?

Mr. Benoît Sauvageau: Please hold on a second. I could ask the hospital officials if they want a golf course on the remaining acres, but I won't do that.

Mr. Beaudry, would you be prepared to copy an existing contract which complies with all the Treasury Board's rules as well as the government's legislation, some parts of which are more complicated than others, especially if you're not a Liberal senator?

Mr. Marcel Beaudry: I don't want to talk about federal government legislation, however I would like to say that should I be offered the choice between a hospital or a golf course as an asset, I wouldn't hesitate for a moment. I'd choose the golf course, because I think that I'd earn money off it whereas I'd always lose money with a hospital. So, from a business standpoint, there's no comparison.

As for the golf course, I talked about \$200,000 cash. I also said from the outset that they would need to invest \$425,000 to improve the site and that all the money generated over a 50-year period would have to be reinvested in the golf course. You would be right in thinking that in 2024, when this lease is renewed by the commission, it won't be renewed for one year. The lease renewal will depend on the market value of a functional 36-hole golf course at that time which will have been improved to such an extent that it will generate considerable revenue for the commission. Furthermore, this revenue won't come from all Canadians. Under our mandate, we must raise revenues from rental properties for which we are responsible.

Mr. Benoît Sauvageau: My question is directed to the Treasury Board representatives. In your statement, you said the following:

Decisions of this magnitude, because of their potential implications, are not left to the NCC and would require government approval as noted previously.

Let's admit that we're talking about a golf course here.

In considering such a request, it is important to understand the basis for the market value principle and recognize that a decision on a single transaction in the National Capital Region may have implications on a national basis as this principle applies to all departments and agencies across government in accordance with Treasury Board policies.

If these principles referred to in the golf course lease apply to all departments and federal organizations in compliance with Treasury Board policies, why wouldn't they apply in this case? Given that there is an additional \$400,000 investment on top of the initial \$200,000, does that mean that your oncology centre will cost more than \$400,000?

[English]

Mr. Blair James (Executive Director, Government Operations Sector, Real Property and Material Policy Directorate, Treasury Board of Canada Secretariat): I think what the honourable member is getting at here is one of the notions of transacting in real estate, and that's value-for-value transactions. As Mr. Beaudry pointed out here, it simply wasn't a case of a \$1 lease over the years. There was an initial upfront payment and then an ongoing

commitment to invest revenues over the years into the operations of that organization. The federal government transacts in value-for-value transactions—

[Translation]

Mr. Benoît Sauvageau: Sorry. You are right. Would you agree we took the golf course lease — totalling \$200,000 cash at the outset, plus \$400,000 in rental improvements, on a dollar per year for 50 years—, and that we blot out with liquid whiteout the word “golf » and replace it with the word « hospital »?

[English]

Mr. Blair James: I think the notion you're getting to is one of the determination of market value. Market value is not simply putting a “for sale” sign up to see how much it would get. You have to look at the future use and the possible use of that particular piece of land. In this case, as we've heard, this property is in the NILM lands; therefore, there are significant restrictions on what could be done. The first thing the appraisers will do when they go about determining an appropriate market value—in this case the market value of the land around the Queensway-Carleton Hospital—is determine what the possibility is of somebody else going in there and developing that piece of property to put up a piece of real estate or something. In this case, we know there is a severe restriction—

[Translation]

Mr. Benoît Sauvageau: Is the golf course located in an interesting area, or on the other side of the world? Generally, a golf course is located where there are people who play golf. So logic would dictate that it would not have a market value of \$1 per year. Have you ever opened a golf course in the upper region of the Great North?

• (1615)

[English]

The Chair: Your time is up.

Mr. James, if you'd like, a short answer.

Mr. Blair James: Again, I think it comes down to market value. The question here is whether or not the hospital will pay market value. I think, as indicated by Mr. Beaudry, they will determine what the market value would be based on appropriate expertise, again recognizing the extreme restrictions on this piece of property as it currently sits.

The Chair: Okay. Thank you.

Monsieur Godbout, seven minutes, followed by Mr. Martin.

[Translation]

Mr. Marc Godbout (Ottawa—Orléans, Lib.): Thank you, Mr. Chair.

It is now my turn to welcome the witnesses and to thank them for coming to discuss this important issue with us.

[English]

I guess I'll start with Treasury Board.

When did this new policy on market value come into effect?

Mr. Bill Austin: In 1985.

Mr. Blair James: Yes, 1985 is when the policies were revised based on the Nielsen task force recommendations to make sure the value of the asset was recognized in transactions.

Mr. Marc Godbout: We'll note 1985.

My question is to the Queensway-Carleton Hospital, either the CEO or chair.

You said you had met with the NCC and they had demonstrated quite a bit of openness in finding a solution.

Has any amount been set on an eventual rent that would be charged in 2013?

Mr. Tom Schonberg: Yes. Actually, there are various different options, and they're all very high. I'm not sure if Mr. Beaudry or any of the staff have any of the numbers in mind, but they are very high. The value of the land right now was put.... And I'm by no means an expert; that's not my field at all, let me put it that way. But we had an assessment of \$7 million. So it certainly is substantially higher than what it is currently.

The issue also is that the more we develop, the more that land is "develop charged", which is the high end of the land as well. The other part is agricultural, which goes back to the gentleman's question previously. That's relatively low. It's the developed part of the land that is extremely high.

Mr. Jeff Polowin: I should mention that in making this offer to us, Mr. Beaudry and his staff used the assessment we gave them, based on the assessor we used.

Mr. Tom Schonberg: But I believe, if I'm not mistaken, you're looking at about half a million dollars.

A voice: Of rent.

Mr. Marcel Beaudry: But if you set it at the \$7 million that the assessment by the hospital came up with as the value of the land, and set that at 5%, it would be \$350,000—far away from the \$3.4 million that was quoted in the paper. That's more accurate.

Mr. Tom Schonberg: [*Inaudible*]...than \$23,000.

Mr. Marc Godbout: That you're paying right now.

Let me go back to Treasury Board. We're talking about the National Capital Commission, but how many leases would we hold right now with non-profit organizations as the Government of Canada—right now, whether it be DND bases that rent to school boards for schools, or hospitals, or other things?

I've always been in agreement that if we do something, we'll have to do it for everybody. I think we have to be fair. How many such leases would the Government of Canada hold right now?

Mr. Bill Austin: I don't have an exact number.

Blair, have you?

Mr. Blair James: I'm afraid I haven't. The total number of properties we have in the federal inventory is about 25,000, and certainly several thousand of those properties are leased. I don't have an exact number for you right here, but it's several thousand.

Mr. Bill Austin: But the range is quite wide, whether it be schools or churches or not-for-profit organizations.

Mr. Marc Godbout: No, I'm talking about non-profits, because this is what—

Mr. Blair James: I'm sorry; I do have it. It's 6,400.

Mr. Marc Godbout: It's 6,400? I guess it begs my next question: what would be the total revenue for the Government of Canada on these 6,400, roughly?

[*Translation*]

What would be the shortfall if that were applied across the border?

[*English*]

Mr. Blair James: That number I can't give you, I'm afraid. The individual leases are signed by up to 85 departments and agencies, and they're responsible for their leases. I'm afraid I don't have the number here with me.

Mr. Marc Godbout: Coming back to the hospital, is the province involved in these discussions right now? You are a provincial creature. Have you asked the help of the provincial government to seek an arrangement with the federal government?

Mr. Blair James: The ownership of the land is strictly each hospital corporation's issue. I will say that in 99.9% of the cases—we're probably the 0.1%—either churches have donated, municipalities have donated, private individuals or companies have donated the land for a cause, so it's not a case of really purchasing property. In this particular case, as I say, I believe—I'm sure I asked this question—we are the only hospital that is on NCC land.

But otherwise, no; it's solely up to the corporation. You can see why: because other corporations have really had the land provided to them free of charge, through a donation of some type.

Mr. Marc Godbout: Just maybe for my benefit—and if it's out of order, Mr. Chair, just rule on it—are you running a deficit right now, and since when?

• (1620)

Mr. Tom Schonberg: Yes, we are.

Mr. Marc Godbout: When did that deficit start?

Mr. Jeff Polowin: When was the hospital built?

Mr. Marc Godbout: Is it as long as that?

Mr. Tom Schonberg: No, no. The deficit, candidly, over the last four or five years.... This past year we have run a deficit; in the previous three years we broke even. The bigger issue is the allotment of \$350,000 or half a million dollars that cannot then be applied to actual operations or the application of nurses or other practitioners in the field. It's something we must do and it therefore comes off the top and does not get put into operations.

The Chair: Thank you, Monsieur Godbout. There is about a minute left in the Liberal time slot.

Mr. Paul Szabo: I'd like to ask just a brief question.

The Chair: Go ahead, Mr. Szabo.

Mr. Paul Szabo: It's to the hospital chairman. To the extent that you have long-term contracts for, I'm sure, many goods or services that are provided to the hospital that are directly related to the delivery, and that you're funded through funding arrangements with the hospitals, what happens when a contract matures and is renegotiated and the flat price goes up? How does that affect your funding from the province?

Mr. Tom Schonberg: It doesn't directly, in that our cost of doing business is, if you will, within the corporation's—within our—mandate to manage. What we receive from the province is a combination. It's based on a flat rate historically—obviously you can see the impact an increase would have because we have a flat rate—as well as what's called the case cost, and there we're compared with other hospitals. Obviously, if we pay a much higher rent for land that other hospitals don't, that's a cost we have to bring out of operations that others don't.

Mr. Paul Szabo: But if you earn rent on some of the properties you have from, say, stores or other gift shops, etc., how does that revenue from the rent affect your funding from the provincial government?

Mr. Tom Schonberg: It doesn't, because it goes towards additional services. In our parking lot and other areas of the hospital, there's no funding from the government.

Mr. Paul Szabo: They have to be self-sustaining.

Mr. Tom Schonberg: Exactly.

Mr. Paul Szabo: If the provincial government is funding any portion of the facilities in which rents are earned, then they take credit for the revenues. In this case, you're suggesting not only that rent be \$1, but the full revenues.... Who is going to pay for the additional construction and services? How is that going to be funded?

Mr. Tom Schonberg: It's variable. For example, in some cases, it would be provincial moneys, and a portion of it would be raised in the community for the actual bricks and mortar. The land is an aside. Even on our statements, we cannot show the value of land. It's entirely excluded provincially.

The Chair: In your presentation, Mr. Beaudry, you say the rent is meant to reflect the market value. Of course, the market value would be greatly reduced from normal commercial value, because the use is very restricted. But the talk was of basing the rent on the assessment, on the assessed value. I'm wondering how the two work together. Normally, the \$7 million assessment wouldn't reflect market value.

• (1625)

Mr. Marcel Beaudry: There is an assessment by the municipality, which I think is \$7.6 million. There was also an appraisal made by the hospital, by an independent appraiser, that said the market value of the land on which the hospital sits is \$7 million. So it was not done by us; it was done by the hospital.

The Chair: And the restricted use would be considered in that appraisal?

Mr. Marcel Beaudry: Yes.

Mr. Tom Schonberg: That is our issue. The independent appraiser is a professional. It's commercially developed land, but if you were to take back that land, the demolition, etc., of that hospital would be extremely expensive. It would be millions, because of the

special requirements for the medical gases, etc. This has come up in Pembroke. We shared this with Mr. Beaudry and his staff. We asked if this was taken into account, and he said, "Well, I have to follow the rules of best use of that land".

Our argument is, this isn't like tearing down or recreating a golf course, etc. It's a very restricted use of the land for a hospital. Our view is that this was not reflected in the \$7 million. As someone said, it's really a woodlot or an agricultural lot, because the liability to knock down that hospital is huge.

The Chair: And it is reflected in a market value appraisal.

Mr. Martin.

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

I think we're having a fascinating debate here. I'm not an expert by any means on these issues, but I'm frustrated by the obvious contradiction that was raised by my other colleagues that a golf course could be leased for \$1 a year and something in the public interest, like a hospital, is going to be leased at market value. It almost seems that you should call it a golf course with a big emergency room or something. From a lay person's point of view, that's really frustrating to me.

I'm also a bit frustrated by both the tone and the content of the presentation from Mr. Austin from the secretariat. In one of these paragraphs, and I don't know if there's full respect being shown to this committee, it talks about, "In considering such a request, it's important to understand the basis for the market value principle". First of all, this isn't a simple request. This is a recommendation of a House of Commons standing committee. In other words, not to put too fine a point on it, we're the boss here. This isn't a request. We're not coming cap in hand to Treasury Board to be lectured about market value, etc. Nor do I accept this argument that this may set a precedent that will sweep the country. There is no precedent. This is the National Capital Commission. There's only one across the country that leases to a hospital, and there's only one hospital. We're talking a one-off here.

I resent the tone. Maybe I'm being too sensitive, but I don't like the tone of this. This is not a request of you that you consider something. We're telling you, this is what this committee wants you to do. I don't accept that, and I'm frustrated by it, maybe because I don't have the expertise. I don't need an answer to that.

I'm going to share my time and give it back to my colleague from the Conservative Party who has a legitimate expertise in this area.

The Chair: Mr. Poilievre, you have the rest of the NDP time.

Mr. Paul Szabo: I think there was a statement made that would respect the witness—

The Chair: We'll just go ahead with the questioning. I didn't hear a question.

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: First of all, I want to thank the NDP member, Mr. Martin, for his support on this particular issue, and the support for our hospital.

I'd like to cut through a lot of the bureaucratic mumbo-jumbo that inevitably occurs in this committee and get right to the point. The fact of the matter is this: the Liberal cabinet could decide in a snap of its fingers, through order in council, to give this hospital control of its own land. That's the first point I want to make.

Secondly, the idea that we would charge market value is outrageous. I hear Mr. Beaudry suggest \$350,000 a year in rent. Let me tell you, the day the federal government tries to charge our community hospital anywhere near \$350,000 in rent is a day it will see our community of Nepean deliver the fight of our lives. We will not have the federal government charge rent, even in this neighbourhood, to a hospital that provides a community service.

I have a few questions. One, if the hospital cannot meet full market value, if it cannot pay the rent the government charges, do you plan to evict the hospital?

• (1630)

Mr. Marcel Beaudry: Are you asking me a question?

Mr. Pierre Poilievre: Yes.

Mr. Marcel Beaudry: First of all, I'd like to make something clear. I never said we would be charging \$350,000 to the hospital. What I said is that \$7 million, the estimate for the appraisal that was brought by the hospital...if we calculated that at 5% it would give \$350,000. I didn't say the NCC would be coming up with a lease for \$350,000. We've been talking with the hospital, and that number was not the number we were coming up with.

Mr. Pierre Poilievre: What would you charge?

Mr. Marcel Beaudry: There's another point, Mr. Chair, I'd like to make.

The Chair: Mr. Poilievre, please let the witness continue.

Mr. Pierre Poilievre: He hasn't answered my question.

Mr. Marcel Beaudry: I want to answer, because there has been reference made to a comparison where the golf course is being leased for \$1 and the hospital is being leased at \$22,000 or \$23,000, more or less. I'd like to make a very clear point here on that because I don't want any confusion here.

When the land leased to the hospital was leased back in 1972 or 1973, that plan was appraised at the market value at the time. The lease was based on 6.5% of the market value. If you were to take the \$200,000 that was paid upfront for the golf course, plus the \$425,000 that was for upgrading the golf course, which made \$625,000 back in 1974, and you were to calculate 6.5% on that, they were actually paying a rent of \$40,000 all these years. This capital had been invested for the benefit of the NCC down the road, plus the investment over the years when this lease comes back to us.

Mr. Pierre Poilievre: This has nothing to do with my question. He's running down the clock.

Mr. Marcel Beaudry: So we can't compare \$1 and \$23,000. This is not reality here, Mr. Chair.

The Chair: Thank you, Mr. Beaudry.

Mr. Poilievre, go ahead.

Mr. Pierre Poilievre: I note that he did not answer my question, which was, if the hospital cannot pay full market value, do you plan to evict the hospital?

Mr. Marcel Beaudry: Well, I don't want to take any decision on that today. I'd have to consult my legal adviser on that.

Mr. Pierre Poilievre: That should be a very simple question to answer.

Secondly, this hospital has been paying rent of \$23,000 a year, starting back in the early seventies. So if you took account of the inflation that has occurred since the hospital started paying rent, you would find that it has paid well over \$1 million in total, so the hospital has made its down payment of over \$1 million. It has paid more of a down payment than the golf course. And the golf course is now being given a \$1 a year rental rate.

Why can you not simply make the same arrangement for the hospital that you've made for the golf course?

Mr. Marcel Beaudry: Simply because you're forgetting that the golf course has invested \$625,000.

Mr. Pierre Poilievre: And the hospital has invested a heck of a lot more than that.

Mr. Marcel Beaudry: I know, but the hospital won't—

Mr. Pierre Poilievre: The hospital has invested millions of dollars.

Mr. Marcel Beaudry: The hospital won't come back to the NCC, down the road, for the purpose of leasing.

Mr. Pierre Poilievre: To the Treasury Board representatives, how many hospitals do you accept rent cheques from?

• (1635)

Mr. Bill Austin: I don't have that information.

Mr. Pierre Poilievre: You don't have that information?

Mr. Bill Austin: That is correct, sir.

Mr. Pierre Poilievre: When did you know you were coming here today?

Mr. Bill Austin: I believe it was Friday.

Mr. Blair James: Friday afternoon.

Mr. Pierre Poilievre: Friday afternoon. Okay.

Mr. Bill Austin: Friday afternoon. Yes, I think that was it.

Mr. Pierre Poilievre: We do know for a fact that this is the only hospital that pays rent to the NCC. Is that not correct?

Is that a yes or a no?

Mr. Marcel Beaudry: Well, it's the only land we're leasing to a hospital, but we're leasing land to churches and we're leasing land to other non-profit organizations, who also pay market rent.

Mr. Pierre Poilievre: Okay, so there is one hospital that pays rent. So we're not setting any kind of precedent here. By giving the hospital control over its own land, you would set no precedent for any other hospital across the country.

Mr. Blair James: I'd reserve the right to clarify that.

I do have a report that indicates there are more than 400—either health, medical, or dental—properties that we're currently involved in. I'm not sure how many of those are under lease or how many are owned, but I can certainly endeavour to get that information back to you.

Mr. Pierre Poilievre: Yes, and if you can get—

The Chair: Mr. Poilievre, I'm sorry, but your time is up.

We will go now to Mr. Lauzon for seven minutes.

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): I'll be sharing my time with Mr. Preston.

I have an emotional reason for being interested in this issue because my first wife died of cancer. I commend you and your hospital, the Queensway-Carleton Hospital, for an oncology unit.

By the way, I don't come from this riding, and I don't come from the riding that my colleague represents, so the hospital will actually not be of any service to me. But I certainly want to commend the youngest member of Parliament, as a matter of fact, for having the foresight to take on this cause. I would encourage him, and I'll do everything I can to help him.

In my riding, we have two hospitals. Most hospitals in Ontario are raising money. I'm very proud to say that of the hospitals in Cornwall and Winchester, the Winchester hospital is a small rural hospital and has raised \$15 million in private money to go towards expansion. I was at an event on Saturday at the hospital in Cornwall. We've raised \$7 million of the \$10 million we were required to raise from the community. Things are going great.

I'm sure there'll be money raised for the oncology unit. I'm sure Mr. Poilievre and I will do everything we can to help with that.

As I said, I have an emotional reason. I have a really good friend who's dying of cancer right now. With all due respect, I'm having a hard time with you gentlemen comparing a hospital to a golf course and the value of that.

Mr. Beaudry, with all due respect, you talked about the NCC mission. You said you wanted the NCC to be a symbol of pride and unity and that you take great pride in the NCC. That really struck me. I commend you for that, but my God, what could we be more proud of than a wonderful facility?

If we could do anything as a federal government to help move this facility onward... As a Canadian, when I visit the NCC and my kids come from wherever to be treated in that oncology unit, I would be heck of a lot more proud of that than I would be of some golf course. I understand that golf courses are necessary, but hospitals must be necessary.

I'm having a really hard time understanding this. Can we not tell the hospital to buy this damn land? We could give it to them for \$1. What's this business of leasing and everything?

As you mentioned, we know that every community, every municipality, and private citizens have the kindness, the goodness, and the charity to give land for hospitals. Can the federal government not do that? Can the Treasury Board not see the wisdom of forsaking whatever the hell that land is worth? Isn't it more important to have a hospital there for the next 100 years, which is going to save lives? How can we even be discussing this?

Can Treasury Board explain to me, Mr. Austin, how you can make a decision that we should compare this hospital to a golf course? What would the value be as such? I'm really struggling with that, and I would be really interested in your comments.

Mr. Bill Austin: Obviously, you make a very important appeal. With humble respect to the members here, I want to at least partially respond to the comment, as opposed to the question that was made before, with great respect, on the framework that is in place for making decisions.

The secretariat is involved in carrying out the decisions the government has made. I went back to 1985 to try to give you some understanding of how that came about, and I carried that forward to today, sir. I tried to explain the policy for departments and agencies and the regulations that are involved for crown corporations. We are trying to apply a measure, a measure that is fair, to allow the decision-makers to make decisions.

• (1640)

Mr. Guy Lauzon: With all due respect, Mr. Austin, I don't think you can rationalize, even for a minute, by suggesting that these people don't deserve to have whatever they need to be able to go out there and save lives. If we can't do that in this country, then I'm not so sure....

I'll stop right there. I'm a little disappointed. We have a cause here. This is like motherhood. It's people's lives, and we're comparing it to golf courses and bureaucratic guidelines that we have to follow. I don't think it should be like that.

I'm sorry. I'll turn it over to Mr. Preston.

The Chair: Mr. Preston, you have about two minutes left.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you very much.

Again, thank you for coming today.

An awful lot of questions have been asked here. One was directly asked on whether we would know if there were other hospitals that are under a rent situation. Treasury Board, would you endeavour to get us that information?

Mr. Blair James: Absolutely. Again, I apologize. I simply have a gross number of about 479 medical, dental, or health facilities. I don't have a breakdown of how many are leased.

Mr. Joe Preston: I would find it amazing if there even was another case of a hospital across this land that was paying rent to the federal government, but I'm anxiously awaiting your information.

I have to follow up on something Mr. Lauzon was saying. I tend to be adamant about this. This is a case of a hospital paying rent.

I've also served on our local hospital board and our local hospital foundation. I know how hard it is to budget in a hospital and make ends meet these days, but the federal government charging rent to a hospital is beyond the scope of my thinking. I understand charging rent to a golf course. I don't understand charging rent to a hospital. With the way health care is going in Canada right now, you're making a profit off health care. It's the wrong way for this to be.

I understand. I have five pages in front of me of regulations on what Treasury Board needs to do with capital lands. This is not a case of one hand not knowing what the other one is doing. This is a case of one hand knowing very well that it's confused the hell out of the other hand. There are so many regulations between one place and another that you can't get there.

We want the hospital to be charged \$1 a year for rent or to be charged no rent at all from a government. Does anybody sitting at that end of the table have an answer for me on how we can get from where we're currently sitting to the hospital paying no rent?

Mr. Blair James: If I could go back to earlier comments by Mr. Austin in terms of the precedential nature here, I appreciate the conversation around hospitals and health facilities. The principle we're applying is on the value of the asset. In this case, it's the land the building sits on.

When you look at the myriad of service clubs, educational institutions, and other very worthy causes out there, there's a concern that we will revert to the pre-1985 era, where federal land was used and, in the quote from the report, "it was used primarily for political purposes".

Mr. Joe Preston: The answer I'm looking for is this. Can the wise people sitting in this room, members of Parliament and the people at that end of the table, tell me how we get from where we are to the hospital paying a \$1 a year for rent or no rent at all?

Mr. Blair James: Yes. As Mr. Austin outlined in his opening comments, a recommendation to have the hospital pay no rent or \$1 for rent is a recommendation the minister responsible for the NCC can make to the Treasury Board. That's the process, if you're looking for it.

Mr. Joe Preston: The process is that we ask the minister responsible for heritage to ask Treasury Board to charge Queensway-Carleton \$1 a year for rent.

• (1645)

Mr. Blair James: That's correct. It's what Mr. Austin said in his opening comments.

The Chair: Thank you.

We go to Mrs. Catterall, for seven minutes.

Ms. Marlene Catterall (Ottawa West—Nepean): I think Mr. Schonberg and Mr. Polowin may both be wishing they could throttle the people who signed this original lease instead of purchasing the land outright, or whatever might have been negotiated at that time. Nonetheless, this is the lease they had.

When we last met for several hours on this issue, we agreed that the appraisal you had submitted to the NCC was excessive. It didn't at all reflect the limited uses that could be made of this land and the fact that the hospital occupies only a small proportion of the land.

At that time, the agreement was that you'd have another appraisal done that more accurately reflected what was real, so that we could at least bring down the apparent value of the land. It was my hope and my expectation that we could bring it down to a point where we could in fact have virtually a no-cost lease. Has the other appraisal been done?

Mr. Jeff Polowin: No, it hasn't been done. We put that off for a while, based on the unsettled political situation federally, so that it wouldn't be lost in the discussion surrounding that issue.

Mr. Tom Schonberg: The other part, for everyone's edification, is that the discussion again becomes, whether it's \$350,000, \$300,000, or \$275,000, the reality is that it's still extremely substantial.

Ms. Marlene Catterall: I don't think that was the point of having another assessment appraisal done. I think it was so we would deal with something more realistic and we could say that charging rent to the hospital didn't make a lot sense when it was a minimal amount.

So we didn't follow through on the second appraisal.

Mr. Poilievre referred to giving the hospital control of its own land. In fact this isn't the hospital's land, is it?

Mr. Tom Schonberg: On what was stated, if it's used for health-related purposes, that's fine with us. We certainly agreed that any surrounding green space, etc.—we had no interest in any other endeavours. As long it was health-care related, that's what was really of interest to us.

Ms. Marlene Catterall: The motion presented seems to indicate commercial uses on the land. Can you tell us what you had in mind?

I might just point out to Mr. Lauzon, by the way, he's not the only person who has members of family affected by cancer.

Mr. Tom Schonberg: When you say on the private...there's no difference. For example, a long-term care facility can be constructed in partnership. It can be a design-build type of arrangement. So it's not the same as a private enterprise coming on board. The hospital will, from our point of view, retain control and ownership of any enterprise that is associated with us—or a partnership with it.

The Regional Cancer Centre would be a joint partnership, but we would definitely be a partner in it. There might be private moneys, as there are in all development in different areas of the hospital. It could be involved in it, but it's not a case of a distinct private enterprise just operating on the land.

Mr. Jeff Polowin: I mentioned in my opening remarks the possibility of having doctors' office space as a means of enhancing our operating budget, in addition to attracting physicians.

Ms. Marlene Catterall: In our last discussion we also talked about another adjacent property that isn't part of the greenbelt that might be suitable for the hospital for those more commercial operations. I don't mean the cancer institute—obviously that's a different thing—but a long-term care facility that would operate in the marketplace or a medical or dental office that would operate in the marketplace. Have you further considered that other property?

Mr. Tom Schonberg: That was brought to our attention. But again I'd say that right now, at the financing, any consideration of purchase, unless it was for some very nominal amount, really isn't in question.

•(1650)

Ms. Marlene Catterall: The federal government has just substantially increased what it provides for health care. We provide money to the province to fund the hospital. At the time of the opening of the expansion it was acknowledged in part that that was because of the increase in 2000 of federal funding to the Province of Ontario for health care.

What's the most appropriate thing to do here to have the federal government partly take over funding your hospital? In essence, that's what's being requested here. You seem to be suggesting that the province would not cover an increase in your operating costs.

Mr. Tom Schonberg: Not due to lands...because it's strictly based on other operations. There's a lot excluded from our operations, and if we deem it's necessary to go ahead, we have to find the moneys for it.

The big issue here is there is no other hospital in this province—or I think federally, but certainly in this province—that has the additional burden of the rent, and in particular the future rent increase piled on top. The federal government has put it forward, but we believe that argument is the same. Whatever the rent is, it's the same as you writing a cheque to the province and us having to write that cheque back through the NCC, because that is a direct expense. We cannot have that covered off through any level of government.

Ms. Marlene Catterall: Except the federal government—

Mr. Tom Schonberg: In what way do you mean?

Ms. Marlene Catterall: —in terms of basically granting free use of the land.

Is municipal tax paid on the property you occupy? If so, who pays it?

Mr. Tom Schonberg: It's called an in-and-out expense. In other words, it's returned back to the hospital. You get a credit. I can't give you the exact accounting term, but it's credited between municipal and provincial.

Ms. Marlene Catterall: Does the City of Ottawa collect tax on this property, and if so, how much?

Mr. Tom Schonberg: Isn't there an arrangement—Mr. Beaudry would better know—between NCC property—

Mr. Marcel Beaudry: It's exempt from taxes.

Mr. Tom Schonberg: Provincially it's the same thing. The hospitals do not pay municipal taxes on their land.

Ms. Marlene Catterall: I'd like to come back on another round to put questions to the NCC.

The Chair: Thank you, Mrs. Catterall.

On the second round we'll go to Mr. Poilievre for five minutes, followed by Monsieur Sauvageau.

Mr. Pierre Poilievre: I want to go back to what matters to real people here, because a lot of the bureaucratic mumbo-jumbo is lost on folks back home.

The hospital has some exciting plans to expand patient care—bring a cancer institute and more family doctors into the heart of our community. This lease arrangement could jeopardize all of that, and that's what we need to remember.

Am I correct in saying this lease agreement makes it much more difficult for the Queensway-Carleton Hospital, for example, to sublease space to family doctors on newly developed land, or provide a cancer institute in the community? Is that correct?

Mr. Jeff Polowin: There's actually a terrific example we can use of the Peter D. Clark Centre, which at one time was going to locate on our property before it decided to build. It's a long-term care facility in the west end, located at the corner of Woodroffe and Baseline. It looked at our property, but after looking at the lease and what was in the future it decided not to go.

•(1655)

Mr. Pierre Poilievre: So this lease problem has already driven away one long-term care facility from our community.

Mr. Jeff Polowin: Yes.

Mr. Tom Schonberg: It was one of the choices in not making us attractive, definitely.

Mr. Pierre Poilievre: It continues to jeopardize the possibility of bringing more family doctors and cancer care specialists to the heart of the community. That's startling, frankly. All the bureaucratic mumbo-jumbo in the world doesn't explain that away, as far as I'm concerned.

I want to move on to the question of market-rate rent. I believe Mr. Beaudry has been forced by Treasury Board guidelines to continually go back to the requirement that the market rate be charged. I think he's just doing his job; that's what the rules say. So I'm going to direct my questions to Treasury Board, which is really responsible for this.

Market-rate rent eight years from now on 50 acres of land will be a hell of a lot of money that a community hospital will not be able to afford to pay. How much do you believe it's going to cost? Has your office done any estimates on what 50 acres of land will cost in rent at market value for this hospital?

Mr. Blair James: We have not. As we indicated at the beginning, the NCC is an arm's-length corporation. I'm sure their planners have a very good idea of what the market rate is for land, given the strict guidelines around the use of national interest land mass. I'm sure they can probably give you an idea of how much 50 acres of land will cost eight years from now.

The Chair: Excuse me.

On a point of order, Mr. Szabo.

Mr. Paul Szabo: I need some help on this. When they're talking about market rent, are they talking about the highest and best use for any purpose, or are they talking about—

The Chair: Mr. Szabo, that is not a point of order.

Mr. Paul Szabo: It's important.

The Chair: You can ask a question in the Liberal round of questioning. You know the rules.

Please continue, and then we'll get back to Mr. Poilievre on his questioning.

Mr. Marcel Beaudry: It's hard to say what the land is going to be worth in eight years. Going back eight years, if you recall, from 1991 to 1999 we were in a recession. Nothing was going on in Ottawa. Land couldn't be sold. No buildings or high-rises were going up. In the past five years there's been a boom in construction, and the price of land has gone up. I can tell you, because I was involved in construction in the area, that from 1984 until 1990, the price of land went up—

Mr. Pierre Poilievre: If the answer—

Mr. Marcel Beaudry: I'm trying to answer your question.

Mr. Pierre Poilievre: But you're not. If the answer is that you don't know or you can't predict, that's fine.

Mr. Marcel Beaudry: I'm giving you the reason why we can't predict it.

Mr. Pierre Poilievre: I don't need the reason. I didn't ask for the reason. If you don't know or you can't predict, I understand that. That's the best you can provide right now. But you don't need to go into a detailed history of the commercial value of land over the last decade.

Mr. Marcel Beaudry: But you started with the premise, with respect, that the land value will increase dramatically. That is not the case. We don't really know. It could reduce in value in eight years.

The Chair: Okay, Mr. Beaudry.

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: Regardless of whether the land value increases or stays the same, the market value is extremely expensive on 50 acres of real estate in the suburbs of a big city—far too much for a community hospital to pay.

If the hospital cannot meet the rent obligations that the NCC may impose on it, will you evict the hospital from the site?

Mr. Marcel Beaudry: I believe I already answered that question a while ago. I don't know.

Mr. Pierre Poilievre: You don't know.

The Chair: Mr. Poilievre, your time is up.

Mr. Pierre Poilievre: Thank you.

The Chair: We'll go to Monsieur Sauvageau, followed by Mr. Scarpaleggia, for five minutes each.

[*Translation*]

Mr. Benoît Sauvageau: As I only have five minutes, I am going to ask you concise questions and I would ask please that you give me as concise answers as possible.

I would like the Treasury Board or the National Capital Commission to confirm what I am about to say. According to specified conditions, a golf course has a one-year lease with the National Capital Commission which complies with the Financial Administration Act.

Mr. Marcel Beaudry: The golf club's lease is for 50 years.

Mr. Benoît Sauvageau: It is in compliance with the law.

• (1700)

Mr. Marcel Beaudry: It complies with the Treasury Board's requirements which were in effect when the lease was signed.

Mr. Benoît Sauvageau: It complies with the law and stipulates that the golf club will pay \$1 per year for 50 years.

Mr. Marcel Beaudry: It also gave an amount of \$200,000 cash.

Mr. Benoît Sauvageau: I agree with you there and that is why I said "according to certain conditions".

Mr. Marcel Beaudry: But you cannot pick apart every component of the lease. If you pick the lease to pieces and say the golf club pays \$1 per year...

Mr. Benoît Sauvageau: It gave...

Mr. Marcel Beaudry: ...but that does not paint a realistic picture. That is not what happened.

Mr. Benoît Sauvageau: The realistic picture is that the golf club paid \$200,000, in addition to \$465,000 in rental improvements. Thereafter, it will pay \$1 per year for 50 years.

Mr. Marcel Beaudry: That is correct.

Mr. Benoît Sauvageau: Thank you very much.

The Paul Massicotte building and the Alexis Nihon corporation are located in Gatineau, on National Capital Commission land...

Mr. Marcel Beaudry: No, they are not our land.

Mr. Benoît Sauvageau: They are not?

Mr. Marcel Beaudry: No. They are on Public Works' land.

Mr. Benoît Sauvageau: So I will direct my questions to the Treasury Board Secretariat representatives. The cost of rent is \$500,000 monthly. Rent was paid for a whole year even though the building was empty. Today, one fifth of the building is still empty and yet we continue to pay the full rent.

In your opinion, does that comply with federal government law? In my opinion, it does, you cannot simply act illegally.

[*English*]

Mr. Blair James: I'll leave that question for my colleagues at Public Works and Government Services to answer.

The Chair: Fair enough.

Monsieur Sauvageau.

[*Translation*]

Mr. Benoît Sauvageau: From what you know, does the veterans' hospital located in Sainte-Anne-de-Bellevue pay rent to the Quebec government or the federal government?

[*English*]

Mr. Bill Austin: I believe that's a federal facility.

Mr. Blair James: I think it's owned by the Department of Veterans Affairs. I think it's a wholly owned hospital.

Mr. Bill Austin: It's the only hospital owned by the Department of Veterans Affairs at this time.

[*Translation*]

Mr. Benoît Sauvageau: Okay.

Here is my question. There is a veterans' hospital in Sainte-Anne-de-Bellevue and another in Ottawa. Do these hospitals pay the municipality, the province or the federal government rent?

[English]

Mr. Blair James: The veterans hospital in Sainte-Anne-de-Bellevue belongs to the federal government. I believe you're referring to the Perley Hospital in Ottawa.

Mr. Benoît Sauvageau: Do they or do they not pay rent to a municipality, province, or country? In English maybe—

Mr. Blair James: In Sainte-Anne-de-Bellevue they don't pay rent because we own the hospital.

[Translation]

Mr. Benoît Sauvageau: So, they don't pay rent.

[English]

Mr. Blair James: Correct.

[Translation]

But it is ours.

Mr. Benoît Sauvageau: That's fine.

Mr. Bill Austin: They don't pay rent.

Mr. Benoît Sauvageau: That's fine.

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): No, it is not fine.

Mr. Benoît Sauvageau: My friend, who once worked in the field of health care for seven years, said that municipalities issue one in lieu of taxes.

Mr. Jean-Yves Roy: It goes beyond that.

I'd like to ask a question. Does the Department of Veterans Affairs pay rent to the federal government for the use of lands belonging to the federal government?

[English]

Mr. Blair James: No, the—

[Translation]

Mr. Jean-Yves Roy: So, if the Department of Veterans Affairs does not pay rent, it is not complying with the Crown corporation general regulations, 1995. The same applies to departments. The Department of Veterans Affairs must pay rent to the federal government, and that's that. If you want them to be consistent with the Crown corporation general regulations of 1995, they must pay rent.

[English]

Mr. Blair James: In the structure of the federal real property, the individual departments and agencies own the property and the facilities they need to run the programs. The minister in that case is responsible for the operations of that facility, so they don't pay rent because the property is in that department's name.

[Translation]

Mr. Benoît Sauvageau: If you'll allow me, I'd like to ask one final question.

Are there several hospitals located on National Capital Commission lands? Is it possible that because of this precedent several hospitals located on National Capital Commission lands will be asking for the same treatment this hospital has been granted?

Mr. Marcel Beaudry: Another hospital, in Wakefield, was located on land partly owned by the National Capital Commission. It was not part of the national interest acreage. We sold land to this hospital several years ago because it was not national interest land.

Mr. Benoît Sauvageau: The simple answer to my question is no?

Mr. Marcel Beaudry: I'm giving you...

Mr. Benoît Sauvageau: That's all right.

Mr. Marcel Beaudry: I understand that that's all right, but I'm trying to give you a complete answer.

Mr. Benoît Sauvageau: I'm asking you whether there is one or there are several hospitals. The answer is that there is one. I'm not asking you to tell me about the history of Canada since 1867 and to tell me if there were hospitals in Ottawa that have disappeared.

Mr. Marcel Beaudry: I'm not trying to tell you about the history of Canada, but I wouldn't want you to get mixed up either. I want to give you actual facts.

Mr. Benoît Sauvageau: In 2005...

[English]

The Chair: Mr. Sauvageau, you're out of time.

[Translation]

Mr. Benoît Sauvageau: How many hospitals are located on National Capital Commission lands?

[English]

The Chair: Mr. Sauvageau, you're out of time.

Mr. Beaudry, perhaps you'd like to answer the question.

● (1705)

Mr. Marcel Beaudry: In 1994 the NCC sold to the Perley Hospital, for \$9 per square foot, land they needed to make their operation work. That was back in 1994. It was non-NILM land.

[Translation]

Mr. Benoît Sauvageau: Mr. Chairman, I would ask...

[English]

Mr. Marcel Beaudry: We sold 3.5 acres to the Wakefield Hospital at \$5,000 an acre for a total of \$43,500. The land they needed was non-NILM land. We sold it because we were authorized to do so.

[Translation]

Mr. Benoît Sauvageau: Mr. Chairman...

[English]

The Chair: Thank you, Mr. Beaudry.

[Translation]

Mr. Benoît Sauvageau: Mr. Chairman, I'd like to make a comment.

[English]

The Chair: Your time has been up for some time.

[Translation]

Mr. Benoît Sauvageau: If you want to play politics, get yourself elected.

[English]

The Chair: Mr. Scarpaleggia.

[Translation]

Mr. Benoît Sauvageau: I have been respectful in asking all of my questions.

[English]

The Chair: Mr. Sauvageau, your time is more than up. You're a couple of minutes over here.

[Translation]

Mr. Benoît Sauvageau: Point of order.

[English]

The Chair: Point of order, sorry. Go ahead.

[Translation]

Mr. Benoît Sauvageau: Mr. Chairman, I think I have been respectful in asking all of my questions, and in all the comments I have made to the witness. I would appreciate it if he, in turn, were respectful in answering my questions. My question to Mr. Beaudry was the following: In 2005, how many hospitals are located on National Capital Commission lands? He has chosen to give me the run-around during the course of this public meeting, and has avoided answering my question. Yet, he's not a member of Parliament, he's not a minister. If you don't mind, I would appreciate having him answer the question I respectfully submitted to him in a respectful manner.

Mr. Marcel Beaudry: If the honourable member believes that I've given him the run-around, I apologize, that was not my intention. I try to answer questions as honestly as possible, as objectively and as completely as possible, because it is important for you to obtain complete answers to your questions.

[English]

The Chair: Thank you, Mr. Beaudry.

Mr. Scarpaleggia is next for five minutes.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chair.

If you could keep your answers brief, I would appreciate that.

Mr. Austin, in your presentation, you quoted something from the study team on the Ministerial Task Force on Program Review, where you said real property has been used as a vehicle for furthering socio-economic objectives and distributing benefits across the country:

The team found that real property management decisions were being made in favour of the broader socio-economic objectives at the expense of economic considerations.

That all sounds very pejorative, yet just as an aside, I notice your title is assistant secretary, social and cultural sector, so I don't imagine you completely eschew socio-economic objectives. This gets to my question.

If the government decided tomorrow that its policy was that it would use some of its real property on a national basis to further cultural socio-economic objectives, could it do that? Would the

policy or regulations that you've cited time and time again have to be adjusted to that new goal?

Mr. Bill Austin: I don't think the principles that underpin the current policy of the government would necessarily have to be changed, but obviously transparency and openness would also have to be respected.

I think what was happening in the past is that things were being done and they were not open and transparent.

Mr. Francis Scarpaleggia: I don't mean to rudely interrupt you, but in the case of this land, Mr. Schonberg and Mr. Polowin speak of needing an answer today—I don't know if that's literal, but how quickly do you need an answer? This committee is not a decision-making body; it can't give you an answer tonight.

Mr. Tom Schonberg: That may be...but over the next couple of months, definitely.

Mr. Francis Scarpaleggia: Over the next couple of months. So if for some reason this proposal was brought to cabinet and a decision was made on a one-off basis, would that conform to the spirit of transparency and openness that is spoken of in these regulations, or would it just be an ad hoc political decision?

Mr. Bill Austin: I'm struck to try to answer you—

Mr. Francis Scarpaleggia: That's okay. Here's my next question, because I know we have limited time.

In your experience, in the recent past have there been other one-off cases involving real property given over at less than market value that have been brought to cabinet?

• (1710)

Mr. Bill Austin: Not to the best of my knowledge, sir.

Mr. Francis Scarpaleggia: Okay. Thank you.

My second question has to do with a jurisdictional issue. You mentioned that you're the only hospital in Ontario that must pay rent on land. That seems grossly unfair to me, but it also seems a little disingenuous. I'd like to preface my comment by saying nobody thinks that health care is anything but a number one priority. Your point is taken, and I think we all agree on that. There's consensus around that principle, but it seems grossly unfair that you're the only hospital in Ontario paying rent.

Have you, or if you haven't why have you not, lobbied the provincial government to change that situation? It seems to me that's the provincial government's responsibility. I don't know who your provincial representative was when this issue first arose, but have you been lobbying the provincial government? Have you been going to the papers? Have you been asking to appear in front of provincial health committees and committees like this? You're the only one in the whole province, so it seems to me you should be knocking on the provincial government's door.

Mr. Tom Schonberg: We have approached the provincial government, but as I say, it's the same response you've probably heard here today. It has been their policy that the actual land is each hospital corporation's issue. Yes, I wish we could go back, and as Ms. Catterall has said in the past, it probably would have made a lot more sense to buy the land at the time.

Mr. Francis Scarpaleggia: Or that they change their policy.... I mean, it's glaring. It's one out of the whole province.

This question would go to Mr. Austin or anyone who might have insight into this. If the federal government decided to cut the rent, would it not in effect be directly financing a hospital, and would that not contravene the jurisdictional separation of responsibilities for health care? Would it perhaps be unconstitutional? I don't know if we have constitutional experts here.

Mr. Bill Austin: It would be a direct subsidy to one hospital.

Mr. Francis Scarpaleggia: Thank you.

Mr. Jeff Polowin: You know what the response would be if we lobbied the provincial government about having no rent? They would say, "Talk to the federal government".

Mr. Francis Scarpaleggia: Why?

Mr. Jeff Polowin: Because you own the land.

Mr. Francis Scarpaleggia: But provincial governments across this country have been arguing non-stop about the separation of jurisdictions and "Don't meddle with our health care". So I would tell your provincial government to respect jurisdictions and do something about it with the \$41 billion the federal government gave them.

The Chair: Mr. Scarpaleggia, you are out of time. Thank you.

For three minutes, because we do have some business to deal with, we have Mr. Preston and Mr. Poilievre, you're going to share your time, and then Madam Marleau and Monsieur Sauvageau.

Mr. Joe Preston: Watch how fast we do this.

The Chair: Go ahead.

Mr. Joe Preston: We've just seen a little more confusion thrown in. Let's even put the charter in there. Do I have the commitment of the people sitting at the table that we can work together so that the Queensway-Carleton Hospital ends up paying \$1 a year rent, or are we going to continue to invoke crown corporation regulations about why we can't do it? Do we have a commitment that we can work towards that type of rent, or do we have a commitment that we'll be bureaucrats and stick to our guns?

Mr. Marcel Beaudry: I don't think the NCC is there to be a bureaucrat.

Mr. Joe Preston: With all the excuses today, it sure seems like it.

Mr. Marcel Beaudry: I understand, but there are policies in existence. If we manage the properties and we don't operate according to the policies in place, we're going to be accused of not following the policies.

Mr. Joe Preston: And your community will be a little better place.

Mr. Marcel Beaudry: The policies are there and we need to follow them. It's that simple.

Mr. Joe Preston: I'll pass to Mr. Poilievre.

Mr. Pierre Poilievre: Later today we'll be discussing my second motion. It seeks to extract fines from a Liberal senator who the Minister of Public Works admitted broke the law and took 10 months' rent for an empty building. I can't help but point out the irony here. We have a government that says it can't afford to stop

charging rent to a community hospital, when it recently paid millions of dollars in rent for an empty building owned by the company of a Liberal senator.

My question is to both our friends from the Treasury Board. You're going to report back to your minister on your meeting here today. He has the power to resolve this problem. Will you recommend to him that he give the hospital control over its own land for the price of \$1?

● (1715)

Mr. Blair James: The submission we would see at the Treasury Board would be produced by the heritage minister. We would review the submission based on the argument she would make, and then we'd present our recommendations to our minister and the full Treasury Board.

Mr. Pierre Poilievre: We're going to have the Treasury Board president before this committee in a couple of days. Maybe we'll make our views known loud and clear to him at that time.

Mr. Blair James: I'm sure he'd appreciate it.

Mr. Pierre Poilievre: I'll surrender my time now.

The Chair: Thank you, Mr. Poilievre.

Now, Madam Marleau, for three minutes, or any other Liberal colleague.

Hon. Diane Marleau (Sudbury, Lib.): I want to ask you a simple question. Frankly, I don't think we should be negotiating this in front of cameras. I don't think it's a good thing.

Mr. Beaudry, under the present rules, can you negotiate a fair rent considering the narrow use of that property?

Mr. Marcel Beaudry: The answer is yes. We need to negotiate. I don't know what the outcome is going to be, but we need to abide by the policies established by the Treasury Board.

Hon. Diane Marleau: I happen to know that it was a Conservative government that brought this policy. I think it is a good policy because there are many places in the country that are in great need of a lot of help, and I think it's important to treat everyone fairly. I'll give you an example.

I happen to know that the Montfort Hospital in Ottawa is expanding. It needs land. It has had to pay or will have to pay commercial rates for the lands it wants to acquire. No ifs, ands, or buts. That's what's happening. They're going to do that or they've already done it. It is happening now. So, yes, Montfort Hospital is in a difficult situation as well. There are many hospitals in many different parts of the country that are in difficult situations.

I think we need to consider that, but if we wish, we can make a recommendation to change the policy. That's our role. We're a group that does policy. We can make recommendations. We can ask, "Would you please go and try to negotiate a fair lease for this land based on the narrow use that's there?" There are a lot of numbers bandied about, but I'm sure in the end no one wants to break the back of the hospital at any time. But it has to be fair. I think that's what has to happen.

Frankly, we can make a recommendation to change the policy, if that's what we wish, or Mr. Beaudry can meet with the Minister of Heritage and say, "This policy is not workable any more", or "I can't get to a ruling". The Minister of Heritage can decide, "Well, maybe we'll look at the policy", but even the Minister of Heritage can't make that decision on his or her own. That minister then has to go and make a presentation to all of the Treasury Board ministers, not just to one Treasury Board minister, so they can consider the ramifications of such a decision.

So it's not such an easy thing to just change like that. I wanted to remind everyone, because we do have to be responsible. If there's a policy, we cannot tell Mr. Beaudry not to follow it. Need I remind you all that there's been an inquiry going on? Part of the problem is that the bureaucrats—and I won't make accusations—may not have followed the policies as they should have? I wouldn't want Mr. Beaudry or the people from Treasury Board to be put in that position.

So the decision will be up to us as to what we recommend. In the meantime, Mr. Beaudry feels that with the policy in place they can negotiate a fair rent.

The Chair: Thank you, Madam Marleau.

Mr. Sauvageau, you may ask a brief question.

• (1720)

[*Translation*]

Mr. Benoît Sauvageau: Mr. Beaudry, on page 1 of your presentation, you state that National Capital Commission's mandate is to be, among other things "a meeting place for Canadians" and a "living textbook for communicating Canada to Canadians".

Does the Official Languages Act apply to the National Capital Commission? Does the Official Languages Act apply to the 700 leases you administer?

Mr. Marcel Beaudry: Yes. There are clauses in our leases where we ask our tenants to respect bilingualism.

Mr. Benoît Sauvageau: What are you going to do to respond to the recommendations made by the Commissioner for Official Languages, who states that when it comes to leases, you are in violation of the act?

Mr. Marcel Beaudry: For your information, this year, the Commissioner for Official Languages gave me the Léon prize granted to the Crown corporation or federal agency which best respects the Official Languages Act. This prize was handed to me personally, as well as to the National Capital Commission.

Mr. Benoît Sauvageau: Was it also for the 700 leases you have signed?

Mr. Marcel Beaudry: The 700 leases were taken into consideration because last year, I asked to appear before the Standing Senate Committee on Official Languages to explain how we manage our leases. I think we were able to answer senators' questions, they were asking the same questions you are asking, that we do everything in our power to comply with this legislation, something that has been confirmed this year when we were granted the Léon prize.

Mr. Benoît Sauvageau: Last year, in her annual report, the Official Languages Commissioner stated that leasing agreements for

National Capital Commission lands were in violation of the Official Languages Act. Have you managed to solve all of the problems in one year?

Mr. Marcel Beaudry: No. I wouldn't say the problem has been solved 100 per cent, but I would say that the commissioner acknowledged in last year's report that the National Capital Commission had made great effort in terms of commercial leases. I think that her report focused mainly on the Department of Public Works, to whom she had recommended following into the footsteps of the National Capital Commission in order for them to comply with the Official Languages Act in commercial leasing agreements.

Mr. Benoît Sauvageau: Thank you.

[*English*]

The Chair: Thank you.

Ms. Catterall, you may ask a very quick question if you can make it really brief.

Ms. Marlene Catterall: I really don't want to raise the question at this point. I have a number of questions for the National Capital Commission, as well as for Treasury Board.

Mr. Chair, the point I do want to raise, though, is that I hope the committee will continue its review of this motion, so that I can put those questions. The hospital is in my riding; the people served by it are my constituents; and my interest is very clearly to make sure that the hospital can continue to operate and continue to expand the services it delivers to our community.

There is another element, though, that I think has to be considered by this committee. At the time the hospital was first built, it took land from other greenbelt uses, and I'd like the chance to explore that issue further with the NCC. But there was a great deal of community involvement as well. To date, there has been no discussion with the surrounding community, particularly about the more commercial uses the hospital is interested in having for its property. I would suggest that the committee, before it comes to any conclusion on this, hear from the people who live directly adjacent to the hospital, as well as others who have an interest in this issue.

The Chair: Thank you, Ms. Catterall. It's up to the committee, of course, to decide what to do with this. The members of the committee may choose to pursue that after we dismiss the witnesses.

I would like to thank you all very much for coming today and answering the questions that were presented to you. You are dismissed, but the meeting will continue. We do have a couple of items to deal with after the witnesses have left the table. Thank you.

We will just continue with the business here. The first order of business is a motion by Mr. Poilievre, except he's not at the table. We'll circulate the motion first.

Just before we get to the motion, I want to mention that all members of the committee will receive information. It's a letter from Maria Barrados, head of the Public Service Commission. She has requested that this committee deal with the issue of how the Public Service Commission is funded. Another committee, the Standing Committee on Access to Information, Privacy and Ethics, has dealt with this issue with the particular bodies that it has a mandate over. But the Public Service Commission isn't within their mandate, so she is asking that this committee take the recommendations, which were given in that report, and apply them to the funding for her position. This information will be distributed to all committee members, and we'll probably deal with that on Thursday, if we can squeeze a little time in at the end of the meeting.

Now, Mr. Poilievre, you had a motion that was brought to the committee some time ago, and you would like to move that today, I understand.

• (1725)

Mr. Pierre Poilievre: Yes. Thank you very much, Mr. Chair.

My motion deals with the subject of the empty building in Gatineau. I put forward a motion some time ago:

That the committee recommend to the government that they collect the one hundred nine thousand four hundred dollars (\$109,400) in fines owed by Senator Paul Massicotte, resulting from his violation of section 14 of the Parliament of Canada Act prior to June 1, 2005, and that should he fail to forfeit the said amount within 30 days, the committee recommends that the government deduct the said amount from future rent payments on the Place de la Cité building in Gatineau, Quebec.

I have prepared a research briefing to cover all of the facts with respect to this case. I understand it's being distributed as we speak.

To summarize it, the public works minister admitted before this committee on two occasions that Liberal Senator Paul Massicotte contravened conflict of interest laws carrying a fine worth \$200 a day for the period of the infraction, which comes to a total of \$109,400. I'll just remind the committee, because there has been some controversy over this, that in fact the public works minister said the following: "When our department became aware of the fact that he was not acting in compliance with section 14, we in fact acted."

On the same day—this is June 2—before this committee, I asked a question to him: "...you learned that he was contravening section 14 of the Parliament of Canada Act from me in question period?" His reply was, "That's correct." So he admitted on two occasions that the law was broken.

I want to address the issue of the law's applicability. Sections 14 and 15 of the Parliament of Canada Act performed as the Senate conflict rules during the interim while the upper house completed its own guidelines. Upon completion of these guidelines, cabinet was empowered to repeal sections 14 and 15 of the Parliament Act. This repeal happened on June 1. I have a copy of the order in council repeal in the document that I've submitted to fellow committee members.

So from the time that his company started receiving payments, while he was a senator, on December 1, 2003, until the repeal of sections 14 and 15 of the Parliament Act on June 1, Senator Massicotte was in contravention of the law. I'll just repeat that: From

the time he started receiving payments, as a senator, from the government for the rent of this building, on December 1, until the time the law prohibiting such a practice was repealed, on June 1, he was in contravention of the law.

The Chair: Mr. Poilievre, I want to ask you to complete your comments very quickly because we have only a couple of minutes left in the meeting and we want to deal with the motion.

Mr. Pierre Poilievre: Okay, I'll complete the comments.

So \$200 a day for that entire period is the amount owing. Now, members opposite will say and have said that the repeal of sections 14 and 15 of the Parliament Act means that the law no longer exists, and they're right. The law does no longer exist, but it does not mean the law never existed. It did exist, and in the Interpretation Act, section 43 says the following about laws that no longer exist:

(1) If all or part of an enactment is repealed, the repeal does not...

(c) affect a right or obligation acquired, accrued, accruing or incurred under the enactment so repealed,

So in essence what that means is if I drive 60 through a 30 zone today and then tomorrow...no, no, I'm going to finish my point.

• (1730)

Mr. Francis Scarpaleggia: No, I think we understand it, Mr. Chair.

Mr. Pierre Poilievre: I'm going to finish my point.

The Chair: We understand it.

Mr. Francis Scarpaleggia: We understand it.

Mr. Pierre Poilievre: I'm presenting a very important motion here. Let me conclude.

The Chair: Mr. Poilievre, you will have to be very quick.

Mr. Pierre Poilievre: I'll be done in 20 seconds.

What this means is if I drive 60 through a 30 zone and I'm caught and the next day council raises the speed limit to 60, I still owe my fines from the previous day.

Mr. Francis Scarpaleggia: I think you know, Mr. Poilievre, that I have a point of order—

Mr. Pierre Poilievre: Do you have a point of order? What's your point?

The Chair: Mr. Scarpaleggia, I heard no call of a point of order, so—

Mr. Pierre Poilievre: What is your point?

Mr. Francis Scarpaleggia: My point is, Mr. Poilievre, with all due respect, that when Mr. Beaudry was talking about the evolution of the real estate market in Ottawa—

Mr. Pierre Poilievre: That's a point of order?

Mr. Francis Scarpaleggia: —you said to him, "Look, we get it, we get it", and we're saying the same thing: We understand your point.

Mr. Pierre Poilievre: Mr. Chair—

The Chair: Mr. Scarpaleggia, really, I've asked Mr. Poilievre to finish his comments very quickly. You must have a point of order to interfere in a presentation.

Mr. Francis Scarpaleggia: Proceed.

The Chair: Mr. Poilievre, please wrap it up quickly.

Mr. Pierre Poilievre: I'm doing the best I can, but I've been interrupted about five times now. I will try one more time.

Mr. Paul Szabo: You have fifteen seconds.

Mr. Pierre Poilievre: If I drive 60 through a 30 zone and I get a fine today and the law changes tomorrow, that doesn't mean my fine is removed.

Mr. Paul Szabo: Agreed.

Mr. Pierre Poilievre: This fine is still in place. And it's the responsibility of this committee to uphold the law for all people of the land, even if they should happen to be politically well-tied or even if they should happen to be members of the Liberal Senate. So I urge this committee to strongly support the law and support this motion.

The Chair: Okay. You've got to move the motion, Mr. Poilievre.

Mr. Pierre Poilievre: All right. Joe, do you want to move it officially?

Joe will move it officially.

Mr. Joe Preston: I move the motion as written.

The Chair: Is there any debate on the motion?

Mr. Szabo.

Mr. Paul Szabo: Mr. Chairman, I think it's an important issue to be resolved.

I thought the committee had agreed to request that Senator Massicotte appear before us. I also thought that the Senate legal counsel, and McCarthy Tétrault, and the former ethics counsellor, Howard Wilson, all three of whom advised Senator Massicotte when he was appointed senator, believed there was no conflict. It's important that we get that information.

Indeed, Mr. Chairman, this is a matter that directly relates to the other place. We have not dealt with anybody on this from the other place. Most of the senators whom I've talked to have satisfied themselves that there is not a conflict.

I think we have to hear the other side of the story, particularly since it relates not to the current ethics commissioner and not to today's rules, but to what happened then. There are facts and we should know them.

So my question, basically, Mr. Chairman, is—

Mr. Pierre Poilievre: We know the facts. The minister admitted them.

The Chair: Mr. Poilievre, please allow Mr. Szabo to complete his comments.

Mr. Paul Szabo: Mr. Chairman, the committee did request and approve that we call these witnesses.

Mr. Pierre Poilievre: We never agreed.

Mr. Paul Szabo: Mr. Chairman, the committee did request that these people be invited to appear before us. We have not had a report back on—

Mr. Pierre Poilievre: Mr. Chair, I have a point of order.

The Chair: On a point of order, Mr. Poilievre.

Mr. Pierre Poilievre: I just want to make the point that the request has already gone out to the senator. He has refused to accept the invitation thus far.

And we have already had legal briefings from the deputy parliamentary law clerk, who came here, and we have had briefings from the public works minister as well. So this has already been done. The member is merely trying to delay.

The Chair: Yes, Mr. Poilievre, I was going to make the point that in fact the senator has been asked to come and has refused to come.

Mr. Paul Szabo: That is the first time I've heard that, Mr. Chair.

Mr. Pierre Poilievre: Now you know.

Mr. Paul Szabo: But you know what, Mr. Chairman? The member gets a point of order and then proceeds to answer the question for the chair. I think it's a little disrespectful to the chair to do that.

Having said that, there are some facts related to this. When the Senate, the Senate legal counsel, McCarthy Tétrault, an independent legal counsel, and Howard Wilson, the former ethics counsellor, advised the senator that there was no conflict and that he need not do anything—this is an issue referred to as detrimental reliance. If indeed there is a violation, he has relied on the advice he was given; I don't think it was done maliciously. But in fairness, I think we need to have the answer from somebody in the Senate as to why they believe there is not a violation. That's a very simple question, and we need to have that answered. So I'm asking it again.

Maybe Senator Massicotte has received advice that he should not try to represent those who gave him advice. But the Senate itself has to protect its position; I mean, the senator is still a senator. Let me say this, it appears—it appears—that they have concluded there is no conflict, because they've not applied the rules that the member has brought to the committee here and based his conclusions on. We need to know why they've made that conclusion. And if they've made it for the wrong reasons, I will be happy to support the member's motion, but I would please like to have the answer.

•(1735)

The Chair: Thank you, Mr. Szabo.

Is there any other debate?

Monsieur Sauvageau.

[*Translation*]

Mr. Benoît Sauvageau: I am prepared to support Mr. Preston's motion. In his wisdom, he states that if the senator proves he wasn't breaking the law, it will be reimbursed out of his rent. In other words, even if you are a senator, you should respect the same principles and the same philosophy as other Canadians.

In this regard, the principles of the Income Tax Act should apply. These principles stipulate that when Canadians owe taxes, the amount due is asked for straight away, and if they can prove that Canada Revenue Agency is mistaken, the amount will be reimbursed. If this applies to tax-paying Canadians, it should also apply to senators.

The motion states that we believe he is not complying with the law, and should therefore pay; if he can prove to us that he is in fact complying with the act, we will reimburse his rent.

This is a reality which applies to Canadians and should also apply to senators. Otherwise, there would be two categories of persons in Canada: on the one hand, senators and some politicians, depending on the party they belong to, and the other hand, ordinary Canadians for whom there is reverse onus when it comes to the Income Tax Act, in other words they are guilty until proven innocent. These are the principles and the philosophy underlying the Income Tax Act.

[English]

The Chair: Following the list here, Mr. Preston, followed by Mr. Scarpaleggia.

Mr. Joe Preston: I will also be supporting the motion tonight. In answer to Mr. Szabo's points, I think if the senator found that we were incorrect in applying this motion, he'd be here pretty quickly to tell us otherwise and we would have to figure out what to do at that point. I'll be supporting the motion. Let the senator come to us and see then what he has found in the Senate.

The Chair: Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: I have a point of information. I wasn't here, unfortunately, when the minister addressed this. Was this point brought up about the consequences of this supposed infraction?

The Chair: Yes, it was, Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: Could someone tell me what came forth as an answer?

The Chair: Would you mind if Mr. Poilievre answers the question? He's studied this a little more than I have, and more recently.

Mr. Pierre Poilievre: I'll just read you the minister's remarks. The minister said, "When our department became aware of the fact that he was not acting in compliance with section 14, we, in fact, acted."

Mr. Paul Szabo: Alexis Nihon, Mr. Chairman. Get the facts straight. As long as we have the truth on the table, I'm happy. Alexis Nihon is the lessee.

Mr. Pierre Poilievre: No, I'm sorry—

The Chair: You can intervene later if you'd like.

Mr. Pierre Poilievre: Mr. Szabo has again got his facts wrong.

Mr. Paul Szabo: Who's the lessee?

Mr. Pierre Poilievre: I'm going to read the quote as it's written, as it was stated before this committee.

The Chair: Mr. Szabo, Mr. Poilievre has the floor.

Mr. Pierre Poilievre: This is what the Minister of Public Works said—

Mr. Paul Szabo: The minister does not determine whether a senator is in violation of anything; it's the Senate.

The Chair: Order.

Mr. Szabo, Mr. Poilievre has the floor.

Go ahead, Mr. Poilievre.

Mr. Pierre Poilievre: While Mr. Szabo composes himself, I will answer the question that was very respectfully posed to me. Here's

what the minister said: "When our department became aware of the fact that he was not acting in compliance with section 14, we, in fact, acted." Secondly, I reminded him—speaking of the senator—"You learned that he was contravening section 14 of the Parliament of Canada Act from me in question period." Mr. Brison answered, "That is correct."

The minister admitted on two occasions before this committee that he was in contravention of the law.

Mr. Paul Szabo: He didn't know.

Mr. Pierre Poilievre: He admitted on two different occasions that the law was violated.

The law is very clear, and I have the relevant section quoted in my background brief. It indicates exactly what fine is owed. It's \$200 a day for the period of the infraction, which calculates out to \$109,400.

● (1740)

The Chair: Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: I guess the reason I asked the question is that I'm not a lawyer. When a law has been alleged to have been somehow violated, I'm not sure what steps are taken. In other words, if we see anything that is a contravention of the law, can we bring it up and say that the government should impose a fine? I guess I don't understand the inner workings of the government or the law on this particular matter or on similar matters. I understand the thrust of the motion; personally, though, I just feel that I may have to abstain on this if I don't have more information.

Mr. Marc Godbout: Mr. Chair.

The Chair: Yes, just a minute, Mr. Godbout.

Mr. Marc Godbout: It is a point of order.

The Chair: On a point of order, yes, Mr. Godbout.

Mr. Marc Godbout: Is that motion, as it is written now, receivable? We are making an accusation.

The Chair: Yes, the motion is in order. The motion recommends to the government that it collect the money.

Mr. Marc Godbout: But we are making an accusation against a parliamentarian. Is that receivable, Mr. Chairman?

The Chair: The motion has been declared in order, I believe.

Mr. Paul Szabo: Without hearing evidence.

Mr. Pierre Poilievre: We have our evidence.

Mr. Marc Godbout: I'm not asking you, Mr. Poilievre. I'm asking the chair.

The Chair: Just a minute, Mr. Godbout. We're checking it again.

Mr. Marc Godbout: Mr. Chair, if I can just continue on that point of order, the Speaker just ruled that we cannot accuse a fellow parliamentarian. This is what we're doing right here. I just want to know if it's receivable, and I will ask for a ruling on this.

The Chair: We are checking it once again, Mr. Godbout.

Mr. Francis Scarpaleggia: Sorry, Mr. Chair. I sensed a bit of exasperation that it was Mr. Scarpaleggia again.

The Chair: We do have a list. We actually have three people before you, Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: But I have one point I'd like to make just very briefly. It seems to me there is a process in place that kicks in when somebody violates the law, and I don't think it has anything to do with the parliamentary committee.

The second point I'd like to make is that with this recommendation we're acting somewhat like a court of law here. I'll tell you, if I were being accused of something, I wouldn't want my peers here judging me, because it's obvious that on that side of the table there are political axes to grind and so on.

The Chair: That isn't a point of order, sir. That's debate, and we did have others on the list. We're just awaiting the ruling.

Mr. Francis Scarpaleggia: I'm sorry. It was just a point I wanted to make.

Mr. Paul Szabo: I think the ruling of the Speaker today on the privilege issues raised on this matter were very clear about dealing with people from the other place or in the House.

Mr. Pat Martin: Is it a free-for-all now? What are the rules?

The Chair: We have to wait for the ruling.

Mr. Pat Martin: Actually, my point doesn't really hinge on the ruling.

The Chair: Go ahead, Mr. Martin.

Mr. Pat Martin: Thank you.

Mr. Szabo's main point, I believe, for calling in further witnesses is that he believes it would have some bearing if perhaps the senator had been given bad information and was acting on recommendations that were in error from the ethics commissioner, etc. I would only argue that it shouldn't have any bearing at all; breaking the law is breaking the law, and I'll use the speeding analogy again. My boss can tell me he wants me to drive faster on the way to work because he has good information that the speed limit is 90, but in actual fact the speed limit is 60. Well, ignorance of the law is no excuse in the law. Getting bad information from two, three, or five different sources is no excuse. If in fact he was in breach or contravention of the rules for that period of time, then the senator is still—

Mr. Paul Szabo: Do you want to enforce that rule?

Mr. Pat Martin: Well, I have the floor, and while I have the floor—

Mr. Paul Szabo: Do you want to start—

The Chair: Order. We have to have order at the committee.

Gentlemen, we've had a lot of interruptions here today. I try to allow as free a commentary back and forth as I can, but today things are getting out of control on both sides, and I would like order in the committee.

Mr. Martin, please continue.

Mr. Pat Martin: This is actually the first time I've asked to intervene, so I will share one other point I'd like to make.

First of all, I do support the motion, but I think we might want to revisit the dollar figure, because that \$200-a-day figure was put in place in 1874, when the Parliament of Canada Act was first enacted.

You can tell that the drafters of that legislation really wanted to punish somebody if he was in breach of this law. That was a severe penalty in 1874.

In this day and age it's almost meaningless, because with the value of the \$100 million lease deal compared to a \$200-a-day fine, he'd be well advised to simply pay the fine and carry on in contradiction of the law. I think we might want to consider amending this motion to say it should actually be \$200 a day but factoring in the accumulated inflation from 1874 to 2005.

• (1745)

The Chair: Are you proposing that amendment, Mr. Martin?

Mr. Pat Martin: No, I'm just having some fun, that's all.

The Chair: You were somewhat tongue-in-cheek?

Mr. Pat Martin: I'm just passing time.

The Chair: Thank you, Mr. Martin.

We now have the clerk's advice on this motion.

We've had a little discussion here. I do believe that I have to consider this; I will bring it back to the next meeting and we'll accommodate it then.

Mr. Lauzon.

Mr. Guy Lauzon: I would just like to know if the senator refused this.

• (1750)

The Chair: Yes, the senator refused to come.

Mr. Guy Lauzon: Did the clerk ask?

The Chair: Yes, the clerk asked, and the senator refused to come.

Mr. Guy Lauzon: I understood he was coming Thursday. Is he not coming Thursday?

The Chair: No, the Treasury Board minister is coming on Thursday.

Mr. Guy Lauzon: The senator is not coming.

The Chair: Madam Marleau.

Hon. Diane Marleau: On a point of order, I believe that if you want a senator to appear before the House of Commons, there has to be a motion from the House of Commons to the Senate. I think that's the way it works. Now, I'm rusty. I don't think I've ever seen that happen in all the years I've been here, but it seems to me that's the way it would work, that the House of Commons would pass a motion asking...

Find out some more about that, how exactly he can be asked to come. He doesn't answer to us. There's a formal way of doing it if you want that.

The Chair: Madam Marleau, the committee cannot order a senator to appear before the committee. What we have done is request that the senator appear, and the senator has refused. That's all we can do.

Hon. Diane Marleau: With a minister you can demand that he come.

The Chair: Mr. Martin.

Mr. Pat Martin: If I could, I'd like to serve notice of two motions. They're very brief. If I could, I'd like to read them into the record.

Motion one is that the committee notes that Alexis Nihon Real Estate Investment Trust has broken their contract with the government, and the committee recommends that the government therefore declare its contract with Alexis Nihon Real Estate Investment Trust for 550 de la Cité null and void for cause.

Motion two is that the committee undertake an examination of senators doing business with the Government of Canada, including any contracts between the government and Senators Massicotte or Eyton, and that based on this study, the committee develop recommendations for the government so the government avoids entering into business relationships with a senator that may place the senator in a conflict of interest.

The Chair: We've heard your motions, Mr. Martin.

The meeting is adjourned.

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