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Chair

The Honourable John McKay

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• (1100)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): Ladies and gentlemen, I call this meeting to order. I see a quorum.

It's our great honour today to welcome to the committee Parliament's Auditor General. She has been to many committees and therefore needs no introduction.

I'll ask the Auditor General to make her opening statement, and then we'll move to questions from members.

Ms. Fraser.

Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada): Mr. Chair, we thank you for this opportunity to meet with the committee to discuss chapter 3 of our 2010 spring report, "Rehabilitating the Parliament Buildings".

I'm accompanied today by Sylvain Ricard, Assistant Auditor General, who was responsible for this audit.

[Translation]

The importance of the buildings on the Hill cannot be overstated. The Parliament buildings are the centrepiece of our national political life. The site, the architectural style, and the building layout were designed to convey an image of ceremony and order. With time, the buildings and the grounds have become a symbol of Canada's parliamentary democracy and the federal government.

The Parliament buildings have been in need of major repairs and upgrading for over two decades. Through its assessment of building conditions, Public Works has identified serious risks that could affect the continued operations of Parliament.

The heritage character of some buildings is also threatened. Furthermore, the Senate and the House of Commons have indicated that their current and future needs cannot be met by the buildings in their present state.

[English]

The governance arrangements are hindering rehabilitation work while the buildings continue to deteriorate. We found that decision-making and accountability are fragmented. We also found that the current arrangements do not allow for reaching consensus on priorities and committing resources to implement long-term plans.

These weaknesses, which cannot and should not be attributed to any organization alone, result in delays in making decisions and

implementing projects, and contribute to increasing project costs and risks.

We have reported similar findings in audits we carried out in 1992 and in 1998. We believe that unless governance is fixed, only limited progress will be made on the rehabilitation of the Parliament buildings.

Three critical issues need to be dealt with: accountability relationships; long-term planning to rehabilitate buildings and meet the requirements of their main users; and finally, stable and long-term funding to complete planned work.

[Translation]

The ultimate purpose of these buildings is to support Parliament's unique operations. In our view, the Parliament buildings are a special purpose space and the control and responsibility for these buildings need to rest with Parliament.

We recommended that the Minister of Public Works and Government Services, in cooperation with the principal players, should develop and propose mechanisms to ensure that the responsibility and accountability for the Parliament buildings rest with the Senate and the House of Commons.

At the time of the audit, the department acknowledged the recommendation and undertook within its mandate and authorities to work with other stakeholders to strengthen governance. Should the committee want an update on their progress, it may wish to invite officials from the department.

• (1105)

[English]

We understand that the committee has also been looking at contracting related to work on the precinct. I would just like to point out that our audit, which was completed in October 2009, did not look at contracting activities.

In conclusion, the long-standing governance problem, which we and others have raised over many years, has to be resolved.

This concludes my opening remarks. We would be pleased to answer any questions that committee members may have.

The Chair: Thank you, Ms. Fraser.

The first round goes to the Liberal Party.

Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Thank you for being here, Ms. Fraser. It's always a pleasure to have you come before the committee. I must say that I find it even more pleasant now that I am in opposition.

I want to reiterate some of what you said. In fact, I'm going to quote from page 11 of your report. You said:

The governance framework in place is inadequate to guide the overall rehabilitation of the Parliament buildings. In particular, decision making and accountability are fragmented, and the framework does not allow for reaching consensus on priorities and committing resources to implement long-term plans.

...These gaps in governance contribute to the delays in addressing the continuing deterioration of the Parliament buildings.

It's worrisome because what this seems to suggest is that these buildings may be deteriorating faster than the ever-so-slow work to repair them is occurring. Can you tell us if there's been any meaningful progress since you tabled your audit?

Ms. Sheila Fraser: Chair, we have not done any follow-up work per se. We are of course aware that members have been moved from the West Block and that work will begin—I presume imminently—or has begun on the West Block. But we have not done any follow-up, so I think that's a question that the department would be best placed to answer.

Hon. Geoff Regan: Do you think there is a need for a single body or agency to take over the responsibility, to take over a strong oversight role, for this kind of work on the Parliament buildings?

Ms. Sheila Fraser: Chair, it was probably pretty easy for us to recommend that Parliament assume control of the buildings. As they say, the devil is in the details on how this would actually be structured. I think it is up to Parliament and government to determine.

There has been work done in the past on looking at different models, and we recommended to the department and the minister that they come forward with proposals. To my knowledge, that has not been done yet. But again, that would be something to ask the department: where they are at, what discussions have been held with the parliamentary partners, and if there is a common agreement on a model that would work. But clearly we believe the responsibility has to be given back to Parliament.

Hon. Geoff Regan: So you'd say, I guess, that a single oversight body led by Parliament would be a better role than leaving this with Public Works and Government Services.

Ms. Sheila Fraser: At the current time, Public Works and Government Services Canada is the custodian of the building. The two houses of Parliament will express their needs to Public Works, but then Public Works has to try to negotiate the funding. Parliament is not involved in those discussions. There are often conflicting priorities, as we mentioned, between Parliament and the government, and there are too many sort of intermediary steps.

Under government policy, if there are special usage or special purpose buildings, they generally will belong with the agency or department that is using those buildings, and clearly, the Parliament buildings, I think we can all agree, are special purpose, so Parliament needs to be much more involved, responsible, and accountable for the rehabilitation of the Parliament buildings and their ongoing maintenance.

•(1110)

Hon. Geoff Regan: In your report, you set out the context for your report and you talk a little bit about how the present system functions and the history of the Parliament buildings. You mention the Parliamentary Precinct Oversight Advisory Committee. What was your reaction when you learned that the committee could not even secure a meeting with the minister to outline their concerns about this process?

Ms. Sheila Fraser: I really can't comment on that, Chair. We looked at the role that committee plays. We know there have been meetings and recommendations by that committee, but beyond that, I have no comment to make.

Hon. Geoff Regan: Okay. Well, should we be concerned that the advisory committee could not even get a meeting with the minister to present their advice to her?

Ms. Sheila Fraser: Again, I'm reluctant to comment on that.

Hon. Geoff Regan: Well, I think you should, but....

Now, I understand that the West Block work is expected to cost just over \$750 million by the time it's finished, in about eight years from now—if it is. We hope it's eight years and not longer.

It's reported to be the largest of the \$5 billion in renovation projects that are planned. But unfortunately, in the last year, it's been linked to illegal lobbying, biker gang ties, ministerial incompetence, unfinished work, companies going bankrupt, and suspicious fundraising dinners.

From your experience with this file, can you say that it's currently on budget and on time?

Ms. Sheila Fraser: We have not looked at the project for over a year. I would say that in the long history my office has had with this project, it has never been on time. When we go back to the audits of 1992, there was a plan that all of the renovation and rehabilitation work would be completed by 2013. Obviously that's not going to happen.

The budget at the time I think was around \$1 billion. Given, of course, increasing costs and a number of other issues, the costs have gone up. We mention in the report an estimate of \$5 billion, but even that is very preliminary and dates back to I think 2005, so I would not think that it would be a precise number either. It's really only when they start the work and probably begin to do some of the exploratory initial work that they will be able to do more precise cost estimates.

Personally, I would not be at all surprised if the cost estimates increase over the project. As anyone who has ever renovated a house probably knows, even if you have a good contingency, there are always a few surprises along the way.

Hon. Geoff Regan: How would you describe the management of the project for the West Block, particularly for the north tower?

Ms. Sheila Fraser: We looked at very specific elements of project management. Were they considering the heritage aspect? Were they doing proper costing? We looked at a few elements like that, and we found that the department was using good practices and generally accepted practices. We had no recommendations as regards the specific issues we looked at.

Hon. Geoff Regan: So I take it, then, that you felt adequate safeguards were in place to mitigate any risk to taxpayers? Or did you...?

Ms. Sheila Fraser: We didn't look at issues like contracting. We looked at sort of the general framework of project management. We did not get into specifics, for example, as I mentioned in my opening statement, like contracting or issues like that.

Hon. Geoff Regan: I have a lot more questions, but I guess my time is up, Mr. Chair.

The Chair: Actually, you have 45 seconds.

Hon. Geoff Regan: Good.

Looking at what happened on the north tower, we saw LM Sauvé win the bid over other firms that seemed to be much more qualified, only to go bankrupt. I assume they would have posted a performance bond to protect the government's interest. That's the normal practice, I understand, for Public Works contracts.

But would you agree that the work on the north tower was mismanaged? And do you know if the performance bond was called in when LM Sauvé ran into its financial difficulties?

Ms. Sheila Fraser: Mr. Chair, that's not an issue we looked at in this audit.

The Chair: Thank you, Mr. Regan.

Madame Bourgeois.

[*Translation*]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chairman.

Ms. Fraser and Mr. Ricard, hello and welcome to this committee. The observations and the reports of the Office of the Auditor General of Canada are always greatly appreciated by members of this committee.

Ms. Fraser, in your report, you indicate that the decision-making and accountability processes were fragmented. What do you mean by that?

Ms. Sheila Fraser: There are several major financial players, including the two houses of Parliament, the Department of Public Works and Government Services and, obviously, Treasury Board.

• (1115)

Ms. Diane Bourgeois: In 2004, a report was given to the Real Property Branch of Public Works and Government Services Canada. At the time, this report was handed to Mr. Tim McGrath. The report said that PWGSC was having a lot of trouble managing its projects well. The study had been requested by the Real Property Branch, and its purpose was to compare the level of professional and technical resources, as well as the cost of service delivery involving major architecture and engineering projects, with the best practices of similar organizations.

The report mentioned that in almost every case, service providers indicated that when a project manager was assigned to a project in the private sector, this person remained in place until the project was completed. However, this is in stark contrast with the turnover within PWGSC. The report therefore corroborated something a long-term employee of Parliament had said: he followed the renovations closely, and said that there was far too much turnover within the ranks of management within the department. Managers continually came and went, and as a result, there was no organizational memory as far as the overview of a project was concerned. This created a dysfunctional system which made it harder to quickly create a project management structure. Further, project knowledge was lost, and it slowed down the projects themselves.

You also say that there was no consensus with regard to priorities. Can you tell us what you mean by this?

Ms. Sheila Fraser: I believe that we gave the example of the renovations and temporary space that was to be built or modified while the Parliament buildings were being emptied. Parliamentary partners wanted all of the activities to be held on Parliament Hill, to the extent possible, although other space was available on the other side of Wellington Street. There were, for example, some differences of opinion regarding the amount of time required, the number of members who were to be located outside of the parliamentary precinct, the acceptability of the costs, the investment that was to be made, the question as to whether or not buildings were to be renovated or the matter of whether people would be located there for only a few years or a longer amount of time. There were many hurdles to overcome. In order to meet Parliament's requirements, Public Works had to grapple with the constraints of government policies and rules, which led to a certain amount of tension.

Ms. Diane Bourgeois: If I am not mistaken, these constraints and government policies came from the Treasury Board Heritage Buildings Policy.

In 2007, you issued a report which said that the Treasury Board policy made it difficult to make sound choices and set conservation priorities. Your report has alluded to this as well since you indicate that irritants hamper people from taking action.

Ms. Sheila Fraser: There is an even more fundamental difference of opinion. Are parliamentary buildings and activities subject to government rules?

Ms. Diane Bourgeois: Oh, yes, the legislation is ambiguous.

Ms. Sheila Fraser: I think that the...

Ms. Diane Bourgeois: You had requested amendments and this did not happen, if I understand correctly.

Ms. Sheila Fraser: I believe that the people from Parliament would say that they are not subject to government rules and that they can establish their own. That we are to meet their specific needs, without necessarily taking government rules into account.

Ms. Diane Bourgeois: The worst thing is that you are saying that there isn't any long-term financial commitment.

In your report of this year, on pages 17 and 18, you indicate very clearly that, even if parliamentarians are consulted when projects are set, they have no access to the government decision-making process. You indicated that the government does not always approve funding to cover the estimated costs, and you also stated that stable funding would make it easier to carry out projects.

That is, Ms. Fraser, how I see the current situation. There is a power struggle going on. In my opinion, on the one hand you have users and legislative partners. On the other hand, you have Public Works and Government Services Canada and the Treasury Board which hold the political power. So you have the legislative power, which needs space and services, and you have the political power.

PWGSC is authorized to award contracts. So there is a risk of influence-peddling. We know that there have been some instances where PWGSC has been taken to court because contract awarding rules have not been followed properly. I am saying this as an aside.

Supposedly, PWGSC held consultations. However, the requests made by legislative partners are not found in these plans, these five-year plans, when, in reality, we should have a comprehensive plan detailing the structures required in order to facilitate the renovation of the buildings. Let us not forget that PWGSC is asking Treasury Board for the funding required to do this work.

Treasury Board, which has the financial power, does not make it possible to make any adequate financial commitments, opening the door to influence-peddling.

Finally, Treasury Board is fully aware of how important it is for its partners, departments, to receive the money in order to proceed with this renovation policy.

If I understand correctly, all of the parties have known, for many years, that PWGSC did not have an effective decision-making process, for a wide variety of reasons...

• (1120)

[English]

The Chair: Madame Bourgeois—

[Translation]

Ms. Diane Bourgeois: ... and everybody knew that the Treasury Board policy was not effective. Who is it serving, if not politics?

Thank you, Mr. Chair.

[English]

The Chair: Unfortunately, we're out of time on the question.

If you wish, Madam Fraser—

Ms. Sheila Fraser: No, thank you.

The Chair: Thank you.

[Translation]

Mr. Gourde, you have eight minutes.

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

Ms. Fraser, Mr. Ricard, thank you for coming here.

Ms. Fraser, in your report, you stated that management of the Parliamentary Precinct project was generally good. Nevertheless, in the findings of your report, you no doubt noted challenges and these led you to form some conclusions.

In your opinion, what will the challenges be over the next few years with respect to the Parliamentary Precinct?

Ms. Sheila Fraser: It is clear that, for the past few years, we have noted a significant deterioration of the Parliament buildings. We noted in the report that some systems in West Block were deemed to be in a critical state. There is a risk. If ever the systems no longer operated, Parliament would no longer be able to function.

The situation is becoming increasingly critical. Renovation work has to be carried out. To do this, we need plans. There are five-year plans, but we also need a plan with a longer-term view. I think that it is appropriate to prepare plans for a five-year period of time. We need to provide stable funding given that, over the years, projects have often been stopped and restarted owing to a lack of stable funding. We have also noted that the whole issue of governance has been problematic for 20 years. Furthermore, Public Works is somewhat caught between two bodies, namely the parliamentary partners who are expressing their requirements and the Treasury Board that approves funding. So the department has to try to satisfy all of these requirements.

We believe that responsibility for the buildings should be put back into the hands of Parliament. Parliament must be given greater responsibility for this work and the funding and it must be accountable with respect to the progress achieved.

• (1125)

Mr. Jacques Gourde: With respect to this governance system that you are referring to, does Parliament have the required expertise to follow up on this work?

Ms. Sheila Fraser: Parliament needs to find a credible and solid mechanism to manage buildings and projects. I am assuming that Public Works would be used to carry out the work, but it is really a matter of governance, namely, deciding on priorities and providing for the funding. I would even say that the funding needs to be negotiated with the governments and there must be adequate monitoring. So Parliament needs to have a mechanism that will enable it to carry out the work.

Mr. Jacques Gourde: These mechanisms will have to be approved in the annual budget. Are you suggesting another way to do this?

Ms. Sheila Fraser: I think that this is a matter that needs to be examined. There needs to be stable funding which could be a multi-year vote for projects. Moreover, this is something that we think is needed for longer-term projects. If we always start work wondering whether or not, in six months time, we will have the money required to continue, this can have a significant impact on the effectiveness of the work and the staff. This situation could create a great deal of uncertainty and could also lead to delays, such as the ones we have seen over the past 20 years.

So I think that there are some existing mechanisms to provide for funding stability, so that work can be continued, without frequent stoppages.

Mr. Jacques Gourde: In light of your experience, do you know of something similar in other departments, or will a system have to be created?

Ms. Sheila Fraser: This is a fairly particular case, since it involves a mechanism which would fall under the purview of Parliament. In the past, other options were studied. The department indicated clearly, in response to our audit, that it would study the various options. We noted in the report examples from other countries. I believe that this situation is fairly unique, given the fact that Parliament is responsible for this project.

Mr. Jacques Gourde: Therefore, we can expect the study process to be very meticulous. We will have to reinvent our benchmarks.

Ms. Sheila Fraser: As I mentioned, there have been studies in the past where different options were reviewed by the parliamentary partners and the government. The government has clearly indicated that it was willing to begin the study anew and consider different options. This was almost a year ago. I would have thought that the government was close to starting, if it has not done so already, and that there would have been discussions with the parliamentary partners, and that the government would have recommended options.

Obviously, some work needs to be done after a legislative or other type of change, in order to implement the chosen mechanism.

Mr. Jacques Gourde: Thank you very much.

The Chair: Are you finished?

Mr. Jacques Gourde: Yes.

[*English*]

The Chair: I think we still have time left on the Conservative watch. There are two minutes left.

Ron.

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

Thanks, Ms. Fraser. The constituents of Kelowna—Lake Country are looking forward to having you at the UBC Okanagan talk in a couple of weeks. I hope to have a chance to visit with you then as well.

Thank you for being here today for this very important discussion. I believe that for all of us around the table, it's not a partisan issue. The Parliament buildings are a national historic icon. I can still remember the first time I brought my family here a little over a decade ago. I said that it's one of those bucket list things: every Canadian should have a chance to come here and visit Parliament Hill. It makes you even prouder to be a Canadian.

Just quickly, with my limited time, I'll say that I know you've had a great deal of research and have extensive knowledge, working with the Speaker and Ms. O'Brien. I'm just wondering if you have governance models from any other countries that you might be able to identify and that would help our committee in looking at them as we continue the study and come up with something that would help future parliamentarians as well.

• (1130)

Ms. Sheila Fraser: Thank you very much for the question.

Chair, in the report we mention the models of three countries—I'm just trying to find it here—the U.S., Great Britain, and Australia. In each of those cases, the responsibility for their Parliament buildings rests with Parliament. There are different models that have been set up. In some cases, there are organizations that are directly within the Commons administration. In other places, there's the architect of the Capitol Hill in the U.S. But in all three models, the responsibility for the buildings rests with Parliament.

It's interesting when we go back to the report that was issued in 1992. That was just at the time that Great Britain had transferred responsibility from a government department to Parliament, and one of the recommendations then was that the government here should be studying that and keeping track of how that model was working. I think we all agree that any model is going to have some challenges with it, but certainly, by looking at these three countries.... And I believe that Public Works has or would have as part of its study looked at the various models elsewhere to see the advantages and disadvantages and to determine what would be the most appropriate mechanism to put in place here in Canada.

The Chair: Thank you, Mr. Cannan.

Madam Coady, for five minutes.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): Thank you very much.

We certainly appreciate your being here today. This is a very important topic.

I was speaking with a constituent today. I think this is where Ron was going. As I was speaking with Joe, my constituent, we were talking about the fact that I was coming to committee today and talking about this important issue and how long the renovations have been going on at Parliament Hill and how much they cost. I noted that and I mentioned it to him, and Joe came back with a point that I'm going to raise now.

We were talking about how you talked about the increasing project costs and the risks involved, and Joe's point as a Canadian and as a taxpayer was, "My goodness, why can't we get this right?" I mean, this has been going on a tremendously long time and costing us a tremendous amount of money. Can you elaborate, perhaps, on the costs and the risks you see?

Ms. Sheila Fraser: Well, on the costs, Chair, in the report we note that there had been an estimate done in 2005 that the total cost of the project would be somewhere in the order of \$5 billion. I think we have to all recognize that it was a very preliminary estimate done at that time.

Costs have likely increased since then. There may have been, as well, different requirements—either building requirements or security requirements—that have been put in place since then. I think it can kind of give us a bit of an idea of what the extent of costs will be, but as I said earlier, I would not at all be surprised if those costs will increase as the projects are undertaken and, as well, as the actual state of the buildings is better understood.

Ms. Siobhan Coady: That is one of the risks, I would imagine—

Ms. Sheila Fraser: It is a huge risk—

Ms. Siobhan Coady: —the functionality of the buildings, the function of Parliament.

Ms. Sheila Fraser: —and as we note in the report, the buildings are deteriorating, and some of them are at a pretty serious stage. In the West Block, the risk of failure of key building systems is rated now as critical. In the Centre Block, by 2013 that risk is rated as high, and by 2019 as critical.

Ms. Siobhan Coady: So I guess if we can sum up, one risk would be the costs escalating far above the \$5 billion, and on the amount we really have no idea at this point. The second risk is the functionality of our actual government, and our governance of our country is at risk, based on what you've just said.

I've read your report with interest. In your report on page 7, you talk about how in 2005—and you just referenced that date—Public Works and Government Services Canada and its parliamentary partners “established a task force to review governance”. That was six years ago. In its report, “A New Approach to Governance of the Parliamentary Precinct”, they talked about the “key flaws” and made a recommendation for “a new governance model”.

Now, it is five-plus years ago that this report came out, and we're today still talking about the poor management and how that governance model has to change because of the significant risks to both the dollar value and the operation of government. Could you speak to that, please?

• (1135)

Ms. Sheila Fraser: The question of governance, as you mentioned, was studied about five or six years ago and a recommendation made. Nothing has changed since then.

But quite honestly, this is an issue that is at least 20 years old. There have been a number of reports. I think it's really time, quite honestly, that the governance issue has to be addressed, because we can see that it is affecting the projects and the rehabilitation of the buildings. If you don't have clear priorities, if you don't get stable funding, and if you don't have plans that you can actually execute, we're going to be back into 20 years again, and the buildings, quite frankly, are not going to last another 20 years.

Ms. Siobhan Coady: That's one thing, the operations of government, and we recognize that as a risk.

The other one.... I thought this was really interesting. I just recently had an order paper question answered. I asked a question regarding the long-term vision plan for the renovations, and the question was around the contracts. Of the 27 contracts that I reviewed, 25 were overbudget, and they were overbudget by over \$33 million.

So when you look just at the particular section that I was looking at—those 27 contracts—25 of the 27 were overbudget by a significant amount of money, and when you talk about \$5 billion, all you have to do is surmise how much more dollar value this is going to cost us, and how significant this is, not only to our treasury but also to our governance model, so I think we do have to act very quickly on this.

The Chair: Thank you, Siobhan.

Do you wish to offer any observation on Ms. Coady's comment?

Ms. Sheila Fraser: We didn't look at the contracts, so I can't really talk to that. But I think it's important for the committee to realize that these are very complex projects that are being undertaken in heritage buildings. As I mentioned earlier, anyone who has ever done a renovation of an old house knows that when you open up the walls, you sometimes find things that you never expected to find.

What might interest the committee—I don't know if you have done it—is to actually go with Public Works to see some of the rehabilitation work going on and some of the challenges they have in managing this. I was fortunate enough when we were doing the audit to be able to visit the site of the work that was being done in the West Block on the tower. It was actually very impressive to see the kind of care they were taking, obviously with the historic...but to see some of the challenges they had to deal with as well in doing that work. That might be a suggestion for the committee.

[Translation]

The Chair: Thank you.

Mr. Lemay, you have the floor for five minutes.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you, Madam Auditor General and Mr. Ricard. I am impressed by what I see in these documents. I went back to 1992. I don't know whether you read the report by Mr. McGrath, the Executive Director of the Real Property Branch of Public Works and Government Services Canada. I will quote you an excerpt. This is what he says on page 37 of the 69-page report:

If you make a comparison with every other organization, in every project where there is an overlap of reviews, there is an escalation in costs and delays. PWGSC explained that the reason for this practice is that it helps government save money in the long term by ensuring that the concept is acceptable.

After having read this and after having heard from you, I thought that someone must be mistaken, and I don't think it is you, since you have told us the exact opposite, namely that the more people there are involved, the longer it takes; and the more you study the study which was studied based on the study of the previous study, the more costs go up. That is my understanding.

Ms. Sheila Fraser: Obviously, the longer you wait to do the work, the more it will cost, first, because of the increase in costs, but also because the buildings deteriorate even more.

Mr. Marc Lemay: There is a beautiful graph on page 7 of your report. It is magnificent. The graph indicates that the West Block was in a critical state in 2007, and that by 2013, it will be in a state of total failure. What is the difference between “critical” and “total failure”? When a person is in a critical condition, that person is really not doing very well.

• (1140)

Ms. Sheila Fraser: No, it is not doing very well.

Mr. Marc Lemay: For now, that does not apply to me.

Ms. Sheila Fraser: Oh! Oh!

Mr. Marc Lemay: When you say “total failure”, do you mean death? What is the difference between the two?

Ms. Sheila Fraser: I suppose that the engineers could better answer that question. There is no doubt that “critical” means that there is a very high risk that a system does not work. By 2013, there is quasi-certainty that it will not be working any more.

Mr. Marc Lemay: This is in reference to the West Block?

Ms. Sheila Fraser: Yes.

Mr. Marc Lemay: But that has been settled; it is closed.

Ms. Sheila Fraser: Yes.

Mr. Marc Lemay: It is settled, the occupants have left. What I am really worried about is the Centre Block. For now, it is occupied. In 2007, there was a mid-level risk. In 2013, which is less than two years away, the risk will be high.

Can you tell me what might happen? Will the Peace Tower come crumbling down? What should we expect?

Ms. Sheila Fraser: The risks are more linked to the heating, electricity and cooling systems. These are the basic systems which make the building functional. If there is no cooling system, or if there is no electricity in the building, it will not be functional.

Mr. Marc Lemay: Do you think it would be a good idea to have a committee, which we could call the Committee on the Parliamentary Precinct, which would help everyone become more aware of the situation? It would have to be a neutral organization. I really don't know who could get the job done. Do you still believe in the Department of Public Works?

Ms. Sheila Fraser: As we indicated in our report, when priorities are clear and everything has been ordered, Public Works does a good job.

Mr. Marc Lemay: Perfect.

Ms. Sheila Fraser: The problem is deciding on priorities, making them long term and obtaining the money to finish the job.

Mr. Marc Lemay: The problem is that politicians are in politics to be re-elected. Therefore, a politician—and this is reflected in programs—works on the basis of deadlines which extend one, two or three years into the future. Instead, your recommendation is that we approve a budget of \$5 billion or \$6 billion spread over 10 years, so that the process does not have to be repeated every year. This is what you are recommending.

Ms. Sheila Fraser: Yes. We have picked up on this problem with regard to other projects, not only the one involving the renovation of the Parliament buildings. When you start a major computer project which is spread over two, three, four or five years, and when you have to go back every year to request new funding, this undermines the project. People are hired for a certain period of time, and there is no stability to ensure that the work is carried out efficiently.

Mr. Marc Lemay: Thank you.

The Chair: Thank you, Mr. Lemay.

Mr. Calandra.

[English]

Mr. Paul Calandra (Oak Ridges—Markham, CPC): Thank you very much, Mr. Chair.

Madam Fraser, I have to tell you that it's very good to have you here. One of the biggest disappointments I've had, and I've been

talking about this a lot ever since I was elected in 2008, has been the condition of the buildings since I've been here.

I make no secret of the fact that although they're great occupations, I never really wanted to be a police officer or a firefighter; I always wanted to be the Prime Minister of Canada, ever since I can remember. I was so proud to be sworn in—right here in this room—but when I toured around the place and saw how badly it had deteriorated, it left me somewhat upset that we had all allowed this to happen.

We've been focusing this committee so much on trying to find a hidden skeleton in someone's closet, or something that we can pin on a government or something, but the reality is that when we had the architects here, they said:

When we did our first building assessment back in 1995, we found certain problems. When we came back in 2003-04, we were quite surprised at the amount of deterioration that had happened since that time. The project was stopped in 1999 for a period of time, and we felt that during that time the deterioration was tremendous. And it's continuing.

As you said earlier today, you found that once Public Works has the commitment of parliamentarians...and we've found that too, in the investigations we've had. They've done spectacular work. It's done properly. It's done ethically. The contracts are all top-notch. It's just a matter of getting the political will to get it done, even when we're in difficult circumstances.

You have a couple of models. I know that in Ontario the speaker is in control of the renovations of the legislature. He's provided a budget. In essence, since the mid-nineties, the structures every year are just being repaired. There's no question about it. The scaffolding just makes its way around the building and that's the end of it. After many years, we finally started to take care of that building.

I also want to quickly fold official residences into this, because it's not just the parliamentary precinct that's important. It's also the Prime Minister's home, the leader of the opposition's home, Rideau Hall—those structures as well. I think we've all failed miserably, no matter who's been the government in charge.

It's not a criticism of Public Works. They do spectacular work. But is there a way we can fold official residences into this?

• (1145)

Ms. Sheila Fraser: I wish I'd brought it, Chair, but we did do an audit of the management of official residences in probably 2006 or 2007. I can certainly provide a copy to the committee, if you're interested.

They fall under the National Capital Commission and Public Works. We found that actually there had been a lot of improvement made in most of the official residences, with the exception of 24 Sussex. Again, 24 Sussex is in need of serious repair. The difficulty there is that the Prime Minister and his family will have to move out for over a year. That has been one of the major factors, I think, that have delayed the work there.

For those residences, the funding does appear to be in place. There's a little more progress being made on that side, I think, than on the parliamentary precinct, but it certainly is something that could be looked at going forward.

Mr. Paul Calandra: Okay.

Go ahead, Ed.

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

Thank you, Madam Fraser and Monsieur Ricard.

Could I ask you, please, through the chair, to undertake to provide that audit of the official residences to the committee? I think that would be well received. We can factor that into our considerations.

Madam Fraser, you made a suggestion as well, which I think is a very good one, that this committee see what Public Works is doing and actually go take a look. I sat on the board of governors of the University of Western Ontario in London, and certainly the notion of building and renovating buildings was a very important part of our role. I can tell you that when you see some of the things first-hand, it increases your understanding.

For us, I think, particularly as you're making some suggestions about what Parliament's role might be, the notion of having a sense of exactly what they do.... I think Pat Martin might be the only one who has really hands-on construction experience, although Mr. Lemay, I think, looks pretty handy. I am not.

So the notion of being able to see what they do I think would be useful for all of us, and I hope that we would as a committee imagine that we could do that.

I'm wondering—

The Chair: That's it.

Mr. Ed Holder: Okay.

I might have another round, so I'll be able to ask that, but again, thank you both for attending.

Ms. Sheila Fraser: Thank you.

The Chair: Thank you.

I have an image of Pat Martin in construction overalls—

Voices: Oh, oh!

The Chair: —fixing the Parliament buildings, which probably we shouldn't go for.

Thank you, my Liberal colleagues, for an opportunity to ask some questions.

I agree with Mr. Cannan that it should be on every Canadian's bucket list to visit this place, although I don't relish the end of the bucket list, because it's usually....

This is unfortunately a bit of a whited sepulchre, because they look nice on the outside, but on the inside these buildings are pretty grim and they need something done. And essentially, as I see it, the governance structure is unfixable. There are just way too many fingers in the pie, and there needs to be a new governance structure. That responsibility falls to us—nobody else.

You mentioned an interesting point: that the devil was in the details. The U.K., Australia, and the U.S. all have a separate entity to take care of not only the governance structure but also the capital and operating functions. Could you offer the committee an opinion with

respect to the limitations, the pros and the cons, if you will, of that form of separate modelling?

Ms. Sheila Fraser: First of all, I would think that if an organization like that were established, it would be an officer or agent of Parliament. Ahead of that, there would have to be questions around how the appointment process is made, the qualifications, how that office would be established, who they would report to, what would be the role of parliamentarians, what committee would that organization report to, and what authorities they would have.

I think one of the big issues that has to be resolved is the whole question of funding. How do you interface the funding requirements here with the fiscal framework of the government? That, I think, has always been a bit of tension between the priorities and the needs that the parliamentary partners would establish and the funds that government has available to do these renovations. So that whole issue about how that would play out I think has to be given some serious consideration.

• (1150)

The Chair: Why would you disaggregate the funding that Parliament currently receives, which is, I don't know, \$300 million or \$400 million? Why would you disaggregate that or make it more difficult if in fact Parliament took on more responsibility for its own capital improvements? Why would that be more complicated?

Ms. Sheila Fraser: I would say just probably because of the amounts of money involved and—

The Chair: So it's an issue of amount rather than an issue of model.

Ms. Sheila Fraser: Yes, it would be an issue of amount, and if this body or intendant or whatever decided they needed a billion dollars per year, will that work in the fiscal framework of the government?

The Chair: But that money is being spent now, one way or another. The issue is that it's being spent inefficiently or....

Ms. Sheila Fraser: Well, I wouldn't even say it's being....

The Chair: Okay.

Ms. Sheila Fraser: One of the problems was that it wasn't being spent.

The Chair: Yes.

Ms. Sheila Fraser: The projects would be designed, but the funding was never given to do the projects. I think that's one of the major reasons for delays through all those years: the funding was just not made available to be able to carry out the projects.

In approving of a plan, be it a five-year plan, the long-term funding should go with that. So it's I guess the tension with government to say how much money comes out of the fiscal framework for these projects.

The Chair: Mr. Gourde made an interesting point about Parliament not really being set up to manage its own physical premises. On the other hand, there's no real reason why Parliament could not take that on as a separate agency or take on that expertise as part of a parliamentary function.

Ms. Sheila Fraser: That's right. It's done elsewhere.

The Chair: Okay.

I run very hard on my colleagues about time, so I'll run on myself.

Colleagues, Mr. Martin has yet to have an opportunity, and I would propose, unless I see strenuous objection, giving Mr. Martin the last five minutes. Is that...?

Mr. Ron Cannan: Where are his coveralls?

The Chair: Yes.

And I'll give Mr. Holder the last couple of minutes.

Mr. Ed Holder: Thank you.

The Chair: Five minutes for Mr. Martin, the remaining time to Mr. Holder, and then we'll call it.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you very much to you and to the committee.

I apologize. I had to be away for some of your presentation, Madam Fraser.

Madam Fraser, in your brief to us today, you point out quite rightly that the Parliament buildings are the centrepiece of our national political life. The site, the style, and the building layout were designed to convey an image of ceremony and order. The difficulty we have is that the renovations now have become a metaphor for waste and indolence, and even corruption, and we observe an element of incompetence, not due to the individuals involved, but perhaps it's that there are just too many chefs spoiling the soup.

We in this committee have been studying the fact that the renovations of the West Block have turned from a fiasco to a farce. Everything on Parliament Hill... I come from a construction background. I'm a carpenter by trade. Everything on Parliament Hill costs 10 times as much and takes 10 times as long as building something in the real world.

I mean, there was that building we had to cancel because of cost overruns, which would have solved all of our committee room problems. The cost was getting up to \$350 million. We just built a full, huge, 350-bed hospital in Winnipeg for \$280 million, and office buildings don't cost as much as hospitals. For some reason, things are completely out of whack here. I appreciate and I agree with you that this long-standing government problem has to be resolved.

Just as an example for my colleagues here, I think a lot of Canadians would be shocked to learn that we're actually tenants in our own house here. We're not masters of our own house. We have to ask permission to do anything. I tried to have the flag lowered when a Canadian soldier was killed overseas. The reason that we couldn't wasn't because of any lack of political will: it was because we have no control over when the flag is raised and lowered. That's done by Public Works and Government Services and therefore we have no say.

It's time for a tenants' revolt. We should take back direction and control of our Parliament buildings so it's by Parliament, because the other guys, frankly, have messed it up to the point that it's an untenable situation.

I know I've missed some of the questioning. This question may have been asked, but from a best practices point of view, do you have any model internationally, in other jurisdictions, that you prefer over others?

● (1155)

Ms. Sheila Fraser: Chair, I will just briefly remark that we note in the report examples from England, Australia, and the U.S., where in all cases the responsibility and accountability for their legislative buildings have been given back to their legislature.

There have been studies in the past of different models. Government certainly agreed with our recommendation that they come forward with an option.

I would just add, too, that at the time of discussing the recommendation, we did discuss it, of course, with government and with the parliamentary partners, and everyone seemed quite favourable to moving in that direction, so now it's really to decide upon the best mechanism to put in place and to move forward to do that.

Mr. Pat Martin: Could I ask, Mr. Chair, through you to the clerk, to find this out if we can? I understand that four globe-trotting senators went on a fact-finding mission on their own—unilaterally, I think, without consulting our committee—in February of 2010. They went to these jurisdictions to study the governance of those parliaments. I wish they had consulted us, because I think we would have a great interest in their findings.

Could we find out about the report that our globe-trotting friends may have written in conclusion? In their lucid moments maybe they made some notes, and we would benefit from those notes.

The Chair: After the meeting, you can be a bit more specific as to who these folks might be.

Mr. Pat Martin: Well, I believe it was in February of 2010. Four senators visited other jurisdictions to investigate how guardianship of Westminster and other capitals was undertaken and to help assess the viability of such a program in Ottawa. So clearly they had the same thing in mind when they took off to investigate this, and I think our study would benefit.

The Chair: Okay.

Mr. Pat Martin: I wonder if the clerk could ask for the cooperation of the Senate to share those documents with us. They may be useful.

The Chair: Okay. Is that fine?

Mr. Pat Martin: Thank you.

The Chair: I have a couple of minutes left in the hour here. I did say to Mr. Holder that I would give him a couple of minutes to finish his line of questioning.

Mr. Ed Holder: Thank you very much.

When we undertook to review the whole issue of the parliamentary precinct, Madam Fraser, I think one of the things that we all talked about was that this was an opportunity for this committee to effectively establish a legacy. There were some things that we could do that would be meaningful for this place, something that would live beyond all of us, and hopefully, it would not take as long as until after we die, but certainly we could set the framework for it.

I think it's really clear that what we all agreed we would do.... This isn't an issue of trying to find blame. This is an issue of trying to come together for the right reason. I think part of that is trying to find that balance between what I would call care and cost. It's always the kind of thing that we try to look at.

It seems to me that when you raised the three considerations—accountability relationships, long-term plans to rehabilitate the buildings, and stable and long-term funding—it struck me that the stable and long-term funding piece was probably the glue that makes this work.

Is there a way from a funding standpoint...? I would imagine that any government of the day.... Because this problem isn't just today's. It didn't occur just in this last year or in the last five, ten or fifteen years. It has been something that, frankly, it's critical for us to tackle.

Acknowledging that we want to balance budgets or work towards that as we go forward—and the Canadian people are asking us to do that—from your perspective, how do we fix that with the notion that these are considerable expenses that need to be undertaken to make this place work? From a budgeting standpoint, how do you imagine that could work, please?

● (1200)

Ms. Sheila Fraser: Chair, we've called for, and I will continue to call until the end of my mandate...I think there need to be longer fiscal projections. We see the Parliament buildings, but there are also a number of other challenges facing government fiscal pressures that are going to come.

Almost every review that we do of crown corporations points to funding rusting infrastructure, be it the ferries to Newfoundland or

postal modernization, and when we talk about IT systems in government, there are going to be needs there. So there has to be I think a really clear portrait drawn of what are all these requirements that are going to be coming over the next few years. How is government planning to deal with that, in addition to an aging population and climate change, which are both going to put pressure on the fiscal situation? So I think longer-term projections and engaging in a dialogue with Canadians about how government is going to pay for all of this....

Then, on the mechanics of all of this, this committee in the past actually undertook a study of accrual appropriations—certain members will recall that—and actually made a recommendation concerning multi-year appropriations. I really think that's the way to go. On some of these very large projects that are going to span several years, there needs to be more assurance of the funding. It doesn't mean, of course, that a subsequent government or Parliament can't come in and then stop it. But there needs to be more stability in funding.

The committee might wish to go back and actually look at some of the really good work that was done on the whole question of accrual appropriations and multi-year funding. That would have been done about three or four years ago, probably.

I think there needs to be a change in the way we look at some of the challenges that are coming and the way these projects are funded.

The Chair: Thank you, Mr. Holder.

On behalf of the committee, I want to thank Madam Fraser, thoughtful and well researched as always.

We appreciate your contributions to this discussion.

Ms. Sheila Fraser: Thank you.

The Chair: I'm going to suspend for a couple of minutes while we go in camera.

[Proceedings continue in camera]

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