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our portfolio
our story
2010-2011

REAL PROPERTY BRANCH



Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada 

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Douglas Jung Building—401 Burrard Street, Vancouver, British Columbia, Crown-owned





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our portfolio
our story
2010-2011

message

from the deputy minister
and associate deputy minister



François Guimont
Deputy Minister



Andrew Treusch
Associate Deputy Minister

It is a pleasure to present Public Works and Government Services Canada's (PWGSC) third annual publication of *Our Portfolio – Our Story* for fiscal year 2010-2011.

The Department's mission is to deliver high-quality services and programs that meet the needs of federal organizations and ensure sound stewardship on behalf of Canadians. One of the nine program activities contributing to this mission is Accommodation and Real Property Asset Management. This program activity provides federal departments and agencies with office and common-use accommodation and provides stewardship on behalf of Canadians for various buildings, bridges and dams, and national treasures such as the Parliamentary Precinct and other heritage assets owned by PWGSC across Canada. The Department also provides other federal departments and agencies with expert professional and technical real property services.

In 2010-2011, the Department was actively involved in delivering its projects during the second year of Canada's Economic Action Plan. Through its Parliamentary Precinct Branch, PWGSC continued to renovate its core buildings and other key Crown assets identified in its long-term recapitalization plan to protect their architectural integrity and heritage value. In addition, PWGSC continued to develop tools and business processes to enhance business performance and improve portfolio management and asset integrity.

We are delighted to share our improvement and modernization initiatives. We hope that you find this document useful.

François Guimont
Deputy Minister

Andrew Treusch
Associate Deputy Minister

message
from the assistant deputy minister



John McBain
Assistant Deputy Minister
Real Property Branch

As Assistant Deputy Minister of PWGSC's Real Property Branch, PWGSC, I am pleased to present the third annual publication of *Our Portfolio – Our Story* for fiscal year 2010-2011.

On behalf of the Department, the Real Property Branch manages one of the largest and most diverse real estate portfolios in the country, and we are proud of our long history of serving Canadians. For more than a century and a half, our employees have helped build and manage many of Canada's most important landmarks, from bridges and dams to federal buildings, including the Parliament Buildings in Ottawa.

Today, PWGSC provides federal departments and agencies – our clients – with affordable, productive work environments, a full range of real property services and expert advice to support the delivery of programs to Canadians and contribute to our country's economic, political and cultural vitality from coast to coast to coast. In addition to providing an overview of our organization and portfolio, this publication profiles a number of priority initiatives

underway and celebrates some of our notable achievements.

This year's publication highlights the Department's significant contributions to its real property portfolio. The Department developed innovative ways to manage service delivery and assets, made investments in capital infrastructure in support of Canada's Economic Action Plan, established new client service delivery standards, undertook several major projects across the country and increased partnerships with the private sector. PWGSC's dedicated team of professionals, along with industry partners, continue to make a positive contribution to the Government of Canada's mandate to provide value to Canadian citizens.

Finally, I would like to thank and compliment my colleague, Pierre-Marc Mongeau, Assistant Deputy Minister, Parliamentary Precinct Branch, PWGSC, for his contribution to this publication.

John McBain
Assistant Deputy Minister
Real Property Branch

context

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This document is the third annual public report on PWGSC's real property portfolio. It provides detailed reporting on the financial, operational and functional performance of the Department's Crown-owned office portfolio. It also provides summary results for other components of the national portfolio, including leased office facilities, engineering assets, and the Parliamentary Precinct.



overview

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Public Works and Government Services Canada is the Government of Canada's service provider for federal office space and, as such, helps the federal government to be more efficient. The Department has the necessary real estate expertise to acquire, manage and operate federal office space. When departments, agencies and other federal organizations need office space, they turn to PWGSC. This allows them to focus on their core business: providing programs and services to Canadians.

The needs of PWGSC's clients are diverse. The Department's role is to clarify client requirements, find the right space and ensure the space offers the best value to the Crown. Client considerations vary greatly and include such things as: space requirements, duration of requirement, level of security, proximity to other departments, and access to public transportation. In managing its portfolio, PWGSC complies with acts and policies with respect to broader government objectives such as heritage preservation, accessibility and environmental stewardship.

Building on the last two editions, *Our Portfolio – Our Story* 2010-2011 reports on the inventory of PWGSC's core office portfolio, as well as its engineering assets and the Parliamentary Precinct.

This edition also describes PWGSC's business and systems transformation project, project management system, renewed client service strategy and

performance management framework. Notable achievements in 2010-2011 include a number of milestones reached for various real property development projects across Canada and a public-private partnership procurement model used to deliver a new headquarters facility for the Royal Canadian Mounted Police in British Columbia. In addition, through its Accelerated Infrastructure Program, PWGSC completed its second year of contribution to the federal government's Economic Action Plan to inject stimulus funding into the economy while renewing elements of its Crown-owned inventory.

Looking ahead, PWGSC will be moving toward an Integrated Investment Plan; and creating demonstration sites in the National Capital Area with the innovative elements of Workplace 2.0, an initiative to modernize federal workplaces.

PWGSC has a responsibility to:

- provide federal organizations with the office space they need to deliver their programs;
- carry out space procurement processes in an open, fair and transparent manner that achieves best value for Canadian taxpayers; and,
- enforce federal standards in areas such as accessibility and environmental sustainability.

our story

Managing a large and diverse real property portfolio is a complex business that requires expertise in many areas. This chapter of the publication describes the Department's business and systems transformation project, project management system, renewed client service strategy and performance management framework.





Supreme Court Building—301 Wellington Street, Ottawa, Ontario, Crown-owned

Business and Systems Transformation Strategic Initiative – “NOVUS”

The objective of the Real Property Business and Systems Transformation Project is to implement industry-standard real property business processes supported by an integrated information technology system. The combined solution, known as NOVUS, will integrate the functionality of some existing systems with the management of key real property functions.

■ 2

The transformation project is strongly aligned with industry best practices, the federal government’s priorities, the Branch’s strategic objectives and other modernization initiatives currently underway at PWGSC. Further, in support of Treasury Board direction, NOVUS is being developed as a potential whole-of-government real property solution.

Recent Developments

In June 2010, Treasury Board reaffirmed its support for the NOVUS project by providing approval to proceed with the definition phase.

A request for proposals was then posted on the Canadian public tendering system to procure a

combined business process and information technology solution, as well as implementation and change management expertise.

In March 2011, a contract was awarded to Accenture to define the NOVUS solution, complete its preliminary development, and outline an implementation plan that would facilitate the transition to standardized business processes and tools.

Engaging the Real Property Community

To build understanding, gain commitment and facilitate change, the NOVUS project team has engaged real property management and subject matter experts from across the country on all key project activities.

Similarly, to ensure that NOVUS will also support the real property management requirements of other government departments and serve as a whole-of-government solution, the Department of National Defence and the Canada Revenue Agency participate as Steering Committee and project network members.

What’s Next

The National NOVUS Network, which is comprised of representatives from all sectors, regions, branches and government departments, will continue to serve as a conduit to support efficient and effective two-way communication.

The Real Property Branch will continue to engage the real property community in the solution development and implementation of planning activities.

Workshops, in support of the project definition phase, will provide staff with their first opportunity to explore and review NOVUS functionality.

Effective project approval is planned for spring 2012 and deployment of the solution remains targeted for 2014.

**Integrating Complementary Functions // NOVUS "RADAR"
integration of business line**



National Project Management System

In PWGSC's Real Property Branch, project management is more than the delivery of distinct projects, it is part of a broader real property environment that involves the entire planning cycle, including: strategic portfolio management, maintenance, asset management and operations. From a real property perspective, projects are an essential component of an asset's life cycle, in order to create or acquire an asset, keep the asset operational through retrofits or modifications, and to complete decommissioning at the end of an asset's useful life. Awareness of this broader context by all staff involved in projects allows for better integration of specific project objectives in Real Property Branch strategies.

The Real Property Branch created the National Project Management System to be used as the standard project management framework across the country. It provides a generic project management model and adopts some Project Management Institute concepts to describe the core project management functions in the context of business practices. The system provides a comprehensive project management toolkit that is constantly evolving and reflective of industry best practices for use in all Real Property Branch projects.

Important changes were introduced in 2010-2011 with the migration of the National Project Management System from its intranet site to the Internet. This was required to facilitate access for client departments and private industry partners who are often involved in real property projects. In addition, a slightly modified National Project Management System methodology was formally extended to information technology projects in December 2010. A National Project Management System policy and related directive were issued to ensure that the methodology is applied to establish and maintain efficient, effective and standardized project management practices. The policy mandates the use of the National Project Management System for all PWGSC real property projects and information technology-enabled business projects, and at the discretion of branch heads, for non-routine initiatives that have characteristics analogous to a project.

The national system is an essential component of the Department's portfolio-based approach to real property management. It facilitates informed and effective decision-making for project investments by ensuring alignment with building and asset management plans, regional and community-based strategies, and the Department's Integrated Investment Plan (the plan will be discussed in further detail on page 72).

Client Service Strategy

PWGSC plays a key role in the daily operations of government. Every day, it delivers a broad range of common, shared and central services to other government departments and agencies, each with its own specific needs and operational priorities. Our raison d'être, as captured in our mission statement, is "to deliver high-quality services and programs that meet the needs of federal organizations and ensure sound stewardship on behalf of Canadians." Real Property Branch with spending authority in excess of \$5.2 billion per year is clearly a key part of PWGSC's service strategy delivery.

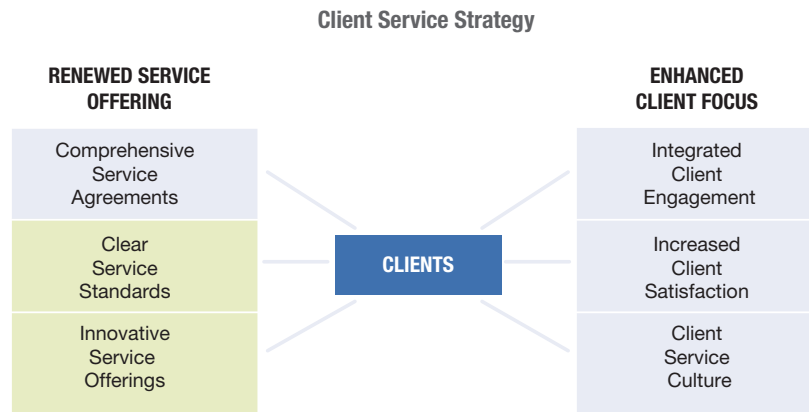
Clients not only count on PWGSC to meet their needs, they expect the Department to raise the bar on service excellence by adapting and modernizing services as well as improving the way they are delivered. In the spring of 2010, PWGSC unveiled a department-wide Client Service Strategy that adopts a client-focused and personalized approach to the way that it presents, delivers and manages services. The strategy's overarching goal is to position PWGSC as an integrated, innovative service organization with a consistent set of values, practices and client service management tools.

The strategy is based on industry and government-wide best practices and encompasses six interrelated goals designed to bring tangible benefits to the Department’s clients. Its goals are to:

- 1 Clarify the unique nature of our business relationships and provide a forum for collaboration on priority setting, and joint business planning, through the establishment of service agreements.
- 2 Codify our commitment to service performance by setting out and regularly reporting on specific service standards.
- 3 Ensure that our service offerings are well-defined, clearly communicated and easily accessible.
- 4 Enhance our client engagement by introducing measures to encourage open and transparent communication, address risks cooperatively and manage ongoing business needs.

- 5 Improve client satisfaction by introducing robust measures and tools such as a client satisfaction barometer, designed to take stock of and respond to, issues raised by clients.
- 6 Champion a client service culture by integrating service excellence into all facets of our organization from staffing, orientation and training, to performance measurement and recognition.

In more general terms, these six components of PWGSC’s Client Service Strategy inform our clients about the Department’s service offering: what they can expect; how services will be delivered; and what mechanisms exist for ongoing communication and improvement. In short, the intention is to make doing business with PWGSC easier and more reliable for public and private sector partners.



Performance Management and Benchmarking

PWGSC's real property portfolio represents a significant long-term investment for the Government of Canada and Canadians, and one requiring sound asset management strategies, practices and policies. To this end, PWGSC undertakes ongoing and detailed life cycle analyses on a number of levels including: asset, community, regional and national. Accommodation investment decisions are also subject to a consistent, national real property business process.

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In recent years, a number of policy instruments have placed increased emphasis on performance management and evaluation (benchmarking). These drivers include Real Property Branch's adoption of a corporate real estate model and enhanced public reporting through publications such as *Our Portfolio – Our Story*. In addition, the introduction of the

government-wide Management Accountability Framework, revised Treasury Board policy suite on the Management of Real Property and the Government of Canada Sustainable Development Strategy, are driving instruments for improved performance management by all real property custodians across the Government of Canada.

The Real Property Branch's performance management strategy includes monitoring and reporting on numerous performance indicators. These indicators can be assessed at a program or portfolio level, for specific assets or asset groups, or for a specific project or project group.

Key performance indicators are reviewed and evaluated in three ways:

- against themselves over time (i.e. multi-year trends);
- against standards of service or targets (e.g. a space allocation limit); and
- against other public and private sector real property organizations (i.e. benchmarking).

While simple comparisons across organizations can be made based on reported results, benchmarking is the practice of adjusting, where possible, for differences in performance indicator definitions, calculations and methodologies. It also requires consideration of differences in organizations' mandates and objectives, scope, portfolio characteristics (e.g. age or heritage) and the costs of legislative or policy requirements or targets (e.g. sustainable development and accessibility) for which adjustment factors may not be possible but where differences in results may be explained.

As one of the largest real property custodians in Canada, PWGSC's Real Property Branch is playing an active and lead role in working with public sector real property organizations across Canada to share best practices and experience to improve performance. Significant effort and progress have been made toward the adoption of common performance indicators and standardizing methodologies that allow for meaningful comparison of results. To this end, PWGSC chairs a federal-provincial-territorial deputy head committee and is a co-champion of a benchmarking study being undertaken by federal, provincial and municipal members of the National Executive Forum on Public Property.

The Branch will continue to work with numerous partners in both the public and private sectors to evaluate project, asset, portfolio and program performance. This evaluation includes efforts to improve the quality and compatibility of data to afford fair and meaningful comparisons. Information and results derived from public sector and private sector best practices and benchmarking are used to guide Real Property Branch's decision-making and refine the Branch's performance indicators and targets.

Real property and real property information are significant corporate resources that, when managed well, enable the delivery of effective and efficient government programs, inform strategic decision-making and facilitate horizontal initiatives. Through comprehensive planning, monitoring and analysis, the Real Property Branch seeks to obtain value for money (i.e. optimize value and minimize costs and risks) from its real property and engineering assets throughout their life cycle.



our portfolio

This chapter presents the 2010-2011 asset report describing the state of PWGSC's real property portfolio nationally and in its six regions: Atlantic, Quebec, Ontario, National Capital Region (Ottawa, Gatineau and Nunavut), Pacific and Western. Also included are overviews of the revitalization plan of the Parliamentary Precinct, and the activities of the Engineering Assets Strategy Sector.

In accordance with Treasury Board's Guide to the Management of Real Property, PWGSC evaluates a wide range of financial, non-financial and risk factors in making an investment decision that reflects and balances multiple objectives of the Crown. This "best value" to the taxpayer analysis focuses on the lowest cost solution over the long-term and a range of non-financial factors

such as client, social, policy/legislative and strategic objectives. Market risks, operating risks and client risks are also considered and quantified when possible.

PWGSC analyzes a wide range of accommodation options, undertakes detailed analysis of each option and provides sound justification for the preferred option. While a consistent approach is taken nationally, local market conditions along with the relevance and interdependence of non-financial factors, varies considerably from project to project. These factors can lead to divergent "best value" decisions, such as the Crown constructing a new building in one market, while simultaneously selling an asset or entering into a lease-purchase, build-to-lease or public-private partnership elsewhere.



In addition to making investment decisions to meet new requirements for space, investments are routinely made to meet health and safety, asset integrity, client, financial and other asset management, portfolio management and Government of Canada priorities and objectives. As a corporate real estate organization, PWGSC leverages a wide range of industry partners to execute the delivery of these investments from coast to coast.

In the publication, all building space figures are in rentable square metres. Building rentable area is calculated by subtracting building services and inside parking areas from the total inside gross area. Areas outside the exterior walls, such as balconies, terraces, or corridors, are also excluded.

Asset Report

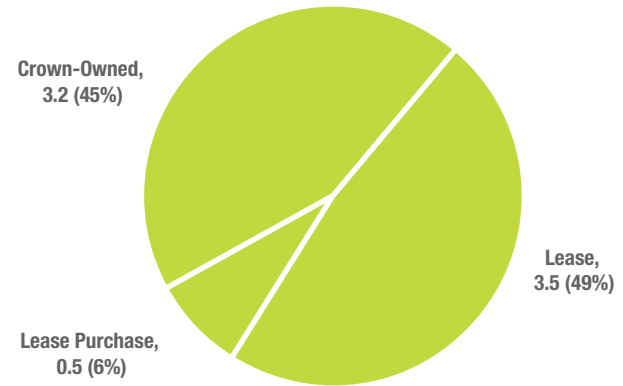
National Portfolio

PWGSC provides work environments for 109 federal departments and agencies. These environments accommodate approximately 269,000 employees.

With more than 1,800 locations in Canada, the Department's inventory consists of 341 Crown-owned buildings, over 2,000 leases in 1,500 locations and nine lease-purchase buildings. Building space in which PWGSC provides accommodation totals approximately 7.2 million square metres (m²), of which 3.2 million m² (45%) is Crown-owned, 3.5 million m² (49%) is leased, and 0.5 million m² (6%) is under lease-purchase agreements.

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National Portfolio Profile by Interest Type (m² in millions)



Approximately 6.2 million m² (87%) of the Department's 7.2 million m² of real property is office space, with the remainder being comprised of common-use buildings (e.g. warehouses), special properties (e.g. training centres) and designated

properties (e.g. the Parliament Buildings). The national inventory also includes central heating and cooling plants, engineering assets (e.g. bridges and dams) and housing.

National Portfolio Profile ¹

Interest Type	Data	Pacific	Western	Ontario	National Capital Region	Quebec	Atlantic	Total
Crown-owned	# of buildings	38	39	46	104	38	76	341
	Space m ²	190,223	227,160	350,342	1,811,085	326,144	287,596	3,192,550
	% of total	2.7%	3.2%	4.9%	25.3%	4.6%	4.0%	44.6%
Lease-Purchase ²	# of buildings	1	0	2	5	1	0	9
	Space m ²	25,558	0	13,501	374,649	52,354	0	466,062
	% of total	0.4%	0.0%	0.2%	5.2%	0.7%	0.0%	6.5%
Lease	# of locations	207	272	262	240	207	311	1,499
	Space m ²	275,386	497,459	481,253	1,638,284	309,507	291,291	3,493,180
	% of total	3.9%	7.0%	6.7%	22.9%	4.3%	4.1%	48.8%
Total	# of buildings / locations	246	311	310	349	246	387	1,849
	Space m ²	491,167	724,619	845,096	3,824,018	688,005	578,887	7,151,792
	% of total	6.9%	10.1%	11.8%	53.5%	9.6%	8.1%	100.0%

¹ This table describes the entire PWGSC real property portfolio of office and non-office (e.g. warehouse, training centres) facilities.

² Lease-purchase: lease with an option to purchase

National – Principal Clients

Office space location, and size, are important to client departments to ensure effective delivery of their programs. The Real Property Branch acquires space on behalf of its clients and ensures the space provided is safe and adequate for the client's requirements, affords the maximum long-term

economic advantage for government and is consistent with environmental objectives and relevant government policies.

The 10 largest clients in PWGSC's portfolio, based on m², are listed in the table below. The space they occupy represents over 50 percent of the total space that PWGSC manages.

Ten Largest Client Departments in Terms of m²

Client Department / Agency	Crown-owned (m ²)	Lease-Purchase (m ²)	Lease (m ²)	Total Space (m ²)
Canada Revenue Agency	423,226	1,143	501,673	926,042
Human Resources and Skills Development Canada	259,671	28,770	423,314	711,755
National Defence	216,675	39,659	200,098	456,432
Public Works and Government Services Canada	197,872	5,085	137,246	340,203
Royal Canadian Mounted Police	187,953	0	104,577	292,530
Health Canada	119,175	5,386	118,237	242,799
Library and Archives Canada	153,129	0	84,204	237,333
Canada Border Services Agency	76,795	2,169	146,264	225,228
Statistics Canada	138,391	3,717	59,166	201,274
Environment Canada	58,604	42,394	84,901	185,898
Total	1,831,491	128,324	1,859,680	3,819,494

National – Office Accommodation Metrics

RPB monitors and reports on the following three core accountability indicators:

- square metres of office space per employee (m²/employee);
- cost of office space per employee (\$[rent]/employee); and
- cost of office space per square metre (\$[rent]/m²).

These indicators are based on areas of each building that are appropriate for office-type work and do not include non-office areas (e.g. storage areas).

All costs for accommodation are based on imputed gross market-based rents for:

- leased and lease-purchase accommodation: building rent is composed of the contract (net) rent, operating and maintenance expenses, taxes, and escalations (or de-escalations) using the Consumer Price Index; and
- Crown-owned accommodation: building rent is composed of a survey-based market (net) rent, operating and maintenance expenses and taxes.

Annual Accountability Indicators	2007-08	2008-09	2009-10	2010-11
Square Metres per Employee (m ² /Employee)	19.5	19.3	18.9	18.9
Cost per Employee (rent\$/Employee)	\$5,315	\$5,499	\$5,572	\$5,689
Cost per square metre (rent\$/m ²)	\$273	\$284	\$295	\$300

Client Satisfaction

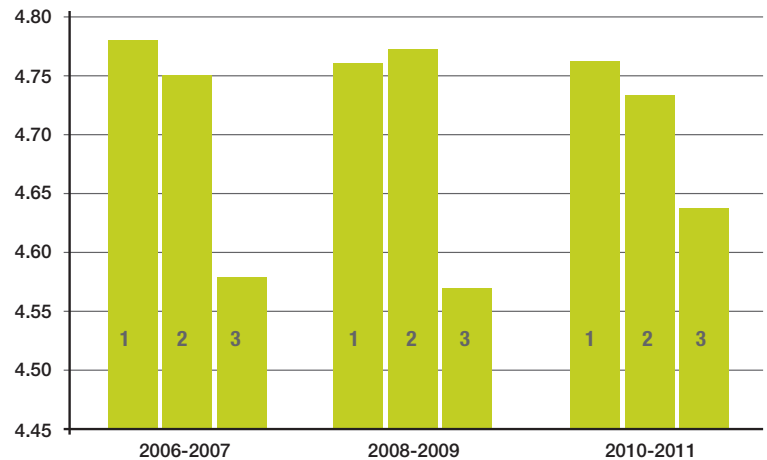
The National Tenant Satisfaction Survey is a tool that gauges federal government employees' satisfaction with the quality of services in buildings under the responsibility of PWGSC (leased buildings, as well as those managed by PWGSC and other government departments). It helps the Department better understand the needs of its tenants and improve existing building services. Conducted every two years and covering different buildings in each round, the survey has evolved from a paper-based approach to a telephone survey administered by Statistics Canada. Survey results are released in Statistics Canada's *The Daily* publication.

For the third consecutive time, the 2010-2011 survey results show that tenants are satisfied with the quality of services in the buildings under the responsibility of PWGSC, with 91 percent of respondents reporting they were either "very satisfied" or "somewhat satisfied." The three most important services identified by tenants were: air quality, washroom cleaning and drinking water. The chart below shows the trend for the past three surveys.

■ 14

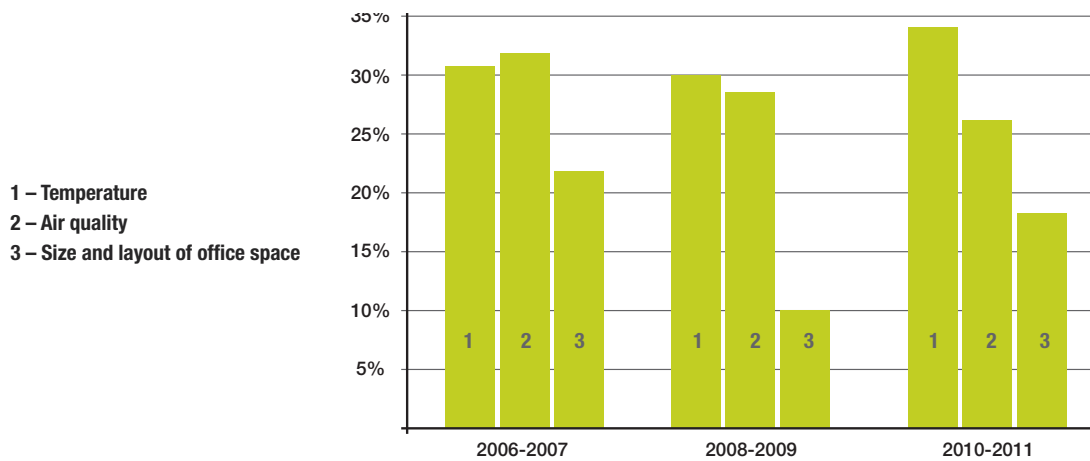
- 1 – Air quality
- 2 – Washroom cleaning
- 3 – Drinking water

Three most important services (importance out of 5)



Fifty-five percent of all tenants surveyed nationally said they would like to see improvements to their physical work environment and related services; the top three desired improvements related to the temperature, air quality, and size and layout of the office space. The chart below shows the trend for the past three surveys.

Top three desired improvements (%)



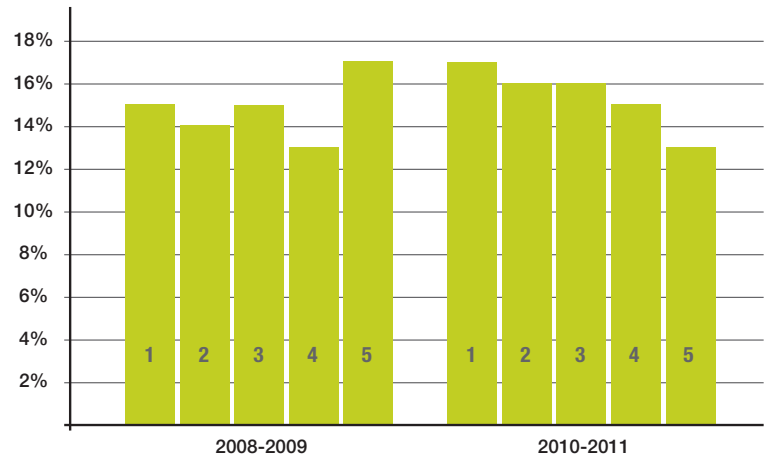
Among the top services that tenants indicated have improved compared to one year ago, we can cite: food services, fitness/bicycle racks and common area cleaning. These services were identified by 23 percent of tenants surveyed. The chart below shows the trend for the past two surveys. Top-ranked services have changed from the 2006-2007 survey,

with 'other' services, building security and elevators ranking second, fourth and fifth respectively in the 2006-2007 survey.

The 2010-2011 survey included a sample size of 9,525 respondents out of 10,486 phone numbers contacted, for a 91 percent response rate.

- 1 – Food services
- 2 – Fitness facilities/bike racks
- 3 – Common area cleaning
- 4 – Office cleaning
- 5 – Building security^

Top improved services



^ The category "Other services" ranked higher than "Building security" in 2010-2011, at 14%

Sustainability – Environmental Stewardship

Incorporating sustainable development into Government of Canada operations involves a commitment to environmental stewardship as well as culture change.

Green stewardship, the integration of sound environmental practices and the principles of sustainable development into everyday office activities, is the primary enabler for achieving objectives and targets for key priority areas such as resource conservation, green procurement, green meetings, paper reduction and green commuting.

As an advocate of green stewardship, PWGSC promotes corporate and employee-level participation in various initiatives, such as Canadian Environment Week, Clean Air Day, Earth Hour, Waste Reduction Week and the Commuter Challenge. The Department also encourages the greening of offices, events, meetings and major conferences, and promotes telework arrangements and green travel, as well as the use of green hotels. Through its Environmental Policy, PWGSC seeks to incorporate environmental considerations into its operations. This is accomplished through a clear focus on two key areas contributing to the Department's environmental priorities: compliance and environmental commitment.

As part of its mandate and commitment to delivering high quality services and ensuring sound stewardship on behalf of Canadians, PWGSC will:

- carry out its operations and activities in a manner that meets or exceeds all applicable environmental laws, codes and regulations;
- strive for excellence and continual improvement with regard to its environmental performance, particularly in those areas outlined in the Federal Sustainable Development Strategy; and
- commit to the principles of sustainable development and the prevention of pollution.

Crown-owned Office Portfolio

This section of the report provides information on PWGSC's Crown-owned office buildings.

The Crown-owned office portfolio has a significant concentration in eight major urban centres, namely, Halifax, Montreal, Ottawa-Gatineau, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. Half of the national Crown-owned office building inventory (in m²) is found in the National Capital Region, which is almost exclusively urban, and includes the Crown-owned office buildings that serve the needs of parliamentarians.

Over the years, the size of the portfolio has fluctuated, as buildings were sold or removed from the inventory and new properties were acquired. The portfolio currently consists of 226 Crown-owned office buildings totalling 2.5 million m² out of the Department's total office space inventory of 6.2 million m². Nationally, the average size of a Crown-owned office building is 11,038 m². Significant regional variations exist; for example, 68 percent of buildings in Atlantic Region are below 5,000 m², whereas the average office building size in the National Capital Region is more than 30,000 m².

Summary Chart of PWGSC's Crown-owned Office Portfolio

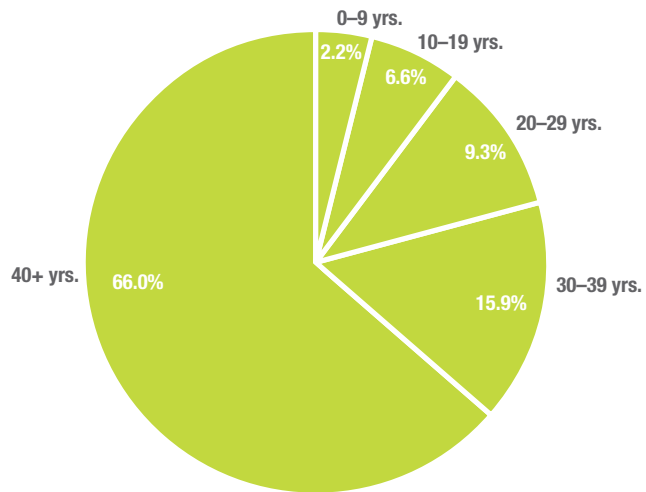
	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	239	231	233	224	226
Space (m ² in 000s)	2,635	2,369	2,405	2,352	2,495
Average Age (years)	46	47	49	50	50

Note: the Parliamentary Precinct Branch is included in these numbers.

The average age of PWGSC's Crown-owned buildings is now 50 years, with nearly two-thirds of the buildings being more than 40 years old, a significant number of which are located in rural areas. However, the effective age of the portfolio is much lower as PWGSC continuously maintains, repairs and upgrades its assets to meet high standards for federal accommodation.

Age of PWGSC's Crown-owned Office Portfolio

% of total PWGSC's Crown-owned Office Portfolio office facilities



Operating and Maintenance Expenses

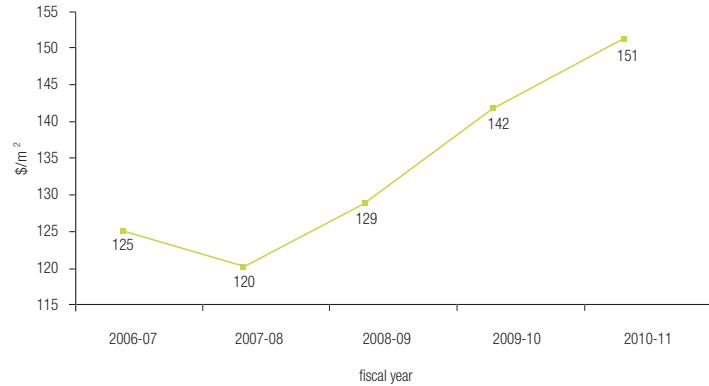
Operating and maintenance (O&M) expenses include costs associated with cleaning, utilities, administration, repair/maintenance, security/roads/grounds, leasing (cost of managing commercial operations inside the buildings) and preparing space for tenants.

The national portfolio's average O&M expenses were \$151/m² in 2010-2011, up from \$142/m² in 2009-2010. This represents an increase in total O&M expenses in the Crown-owned office portfolio of approximately \$42 million over the year.

The five-year trend shows a sustained increase in average O&M expenses in 2009-2010 and 2010-2011. This can be largely explained by the fiscal stimulus under the Accelerated Infrastructure Program³ which enabled regions to carry out a number of backlog repair projects. Repair/maintenance costs represent the largest portion, around 40 percent, of the total O&M expenses, followed by utilities, cleaning, administration, security/roads/grounds and leasing.

As 2010-2011 was the last year of the stimulus funding, average O&M expenses have started to level off. Over the last five years, operating expenses have increased an average of five percent annually.

Operating and Maintenance Expenses (O&M) of PWGSC's Crown-owned Office Portfolio



Capital Expenditures

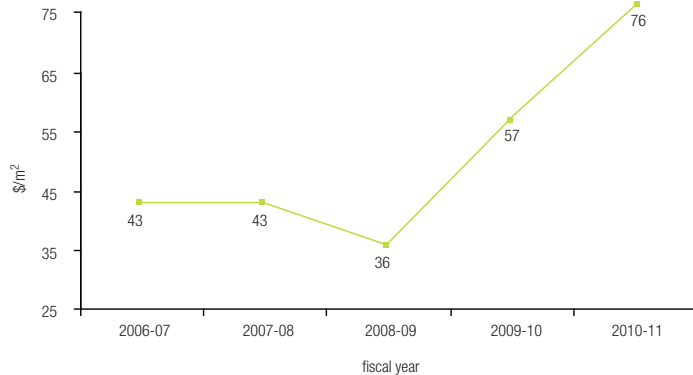
PWGSC follows generally accepted accounting principles and applies set criteria to record expenditures as “capital.” Capital expenditures are costs that meet one or more of the following criteria: are greater than \$25,000 and extend the original life expectancy of the asset, improve the quality of the asset’s output, increase its service capacity, or lower its operating costs.

Capital expenditures increased from \$57/m² in 2009-2010 to \$76/m² in 2010-2011. This equates to an increase from \$133 million in 2009-2010 to

³The reader can refer to the Accelerated Infrastructure Program section, on page 65 of the present publication, for greater detail.

\$189 million in 2010-2011. As in 2009-2010, the increase in the amount of capital expenditures on real property assets was driven by a funding increase arising from the Department’s Accelerated Infrastructure Program. The fiscal stimulus enabled regions to address numerous capital projects carried over from previous years and also address some projects originally scheduled for future years.

Capital Expenditures of PWGSC’s Crown-owned Office Portfolio



Vacancy

PWGSC’s mandate is to provide office accommodation and real property services to federal departments and agencies which, in turn, deliver programs and services to Canadians. PWGSC

manages its real property portfolio to achieve best value for taxpayers. As such, vacancy is tracked to identify potential space efficiencies and consolidation opportunities and to evaluate the Department’s performance. PWGSC benchmarks its vacancy rate performance against external organizations. While there are differences in respective approaches, PWGSC vacancy rates are typically lower than private sector rates.

PWGSC requires a degree of flexibility and vacancy in its portfolio to respond to constantly changing client requirements that can include the need to quickly acquire space to deliver a new program or service to Canadians. Changing client requirements can also lead to small pockets of space scattered throughout the portfolio that cannot be easily back-filled by other clients.

PWGSC also limits the space it leases commercially (“lettings”) to businesses offering services (e.g. food, retail) to federal employees. Though extending access to other companies (e.g. technology) could reduce vacancy, it would deviate from PWGSC’s mandate.

Vacant space is tracked for the entire PWGSC portfolio of office and non-office (e.g. conference or

training centres, storage) facilities in Crown-owned, lease-purchase and leased buildings. PWGSC evaluates its performance based on “marketable vacancy” as opposed to “total unoccupied” space.

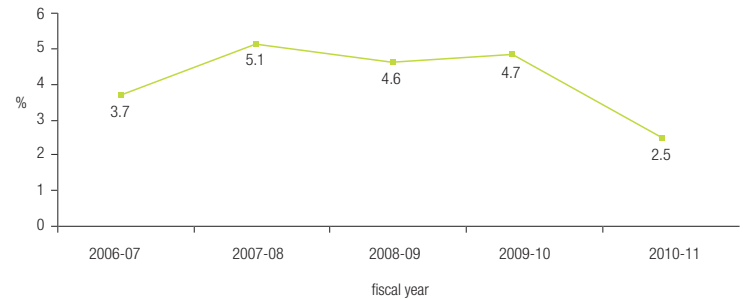
The marketable vacancy rate for Crown-owned office space is the percentage of total Crown-owned office building space that is vacant and marketable (i.e. space that is suitable for occupancy by any federal or non-federal client/tenant). This figure is PWGSC’s official metric on vacant space.

In comparison, total unoccupied space consists of vacant marketable space and space that is currently unsuitable for occupancy. This includes, but is not limited to, office space being fit up for clients, buildings / offices under renovation, buildings in a non-usable condition and buildings that have been approved for disposal.

■ 22

The marketable vacancy rate of the Crown-owned office portfolio in 2010-2011 was 2.5 percent, down from 4.7 percent in 2009-2010. The decline in the marketable vacancy rate over the previous year is largely attributed to the removal of a large, vacant building deemed unsuitable for occupancy and scheduled for demolition.

Vacancy Rate of PWGSC’s Crown-owned Office Portfolio

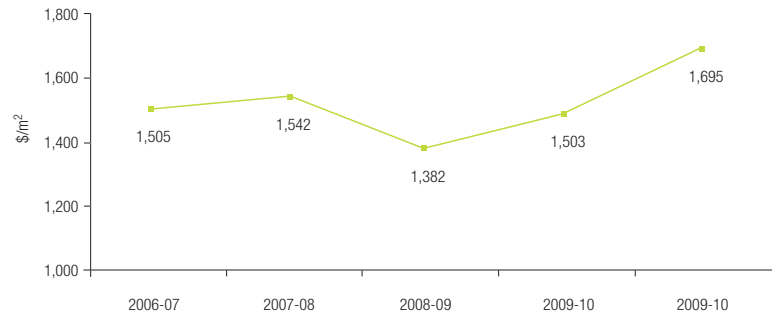


Market Value

Market values for 2010-2011 were calculated using an index applied to the previous year’s valuations.

Due to an economic downturn in 2008-2009, market values declined that year for the first time in 12 years (since 1996-1997), but recovered in 2009-2010. In 2010-2011, the average national market value of PWGSC’s Crown-owned office portfolio was \$1,695/m², representing a 12.8 percent increase from the previous year.

Market Value of PWGSC’s Crown-owned Office Portfolio



Heritage Inventory Profile and Performance

Of all Crown-owned office buildings, 75 (33%) have been designated as federal heritage buildings following their evaluation by the Federal Heritage Buildings Review Office. Although their average age is 83 percent higher, and their average office space is 60% smaller than non-designated office buildings, their operating costs are nearly identical.

The higher capital expenses spent on designated buildings in 2010-2011 reflects the strategic investment in large projects to protect the heritage character of landmark heritage buildings in both large cities, such as Vancouver’s Sinclair Centre in British Columbia and Montreal’s Edifice des Douanes in Quebec, as well as in smaller cities, such as Belleville’s Government of Canada Building in Ontario

and Saint John’s Postal Station ‘A’ in New Brunswick. The higher average vacancy rate⁴ for designated buildings reflects several in-progress disposal projects, where buildings are being vacated prior to leaving the PWGSC inventory.

The table below summarizes the performance of the designated heritage portfolio versus the non-designated portfolio. While the portfolio of designated heritage office buildings presents some challenges, the buildings’ prominent central location in the historic core of their respective cities ensures a continued strong federal presence and a prized location for tenants.

Fiscal Year 2010-2011	Building Count (#)	Average Age (yrs)	Space (m ²)	Vacancy (%)	Market Value (\$/m ²)	O&M Expenses (\$/m ²)	Capital Expenses (\$/m ²)
Buildings Recognized for Heritage Significance	75	73.0	703,334	3.9%	\$1,503	\$150.22	\$96.22
Other Office Buildings	151	39.9	1,791,367	1.9%	\$1,770	\$149.83	\$67.64
All Office Buildings	226	50.0	2,494,701	2.5%	\$1,695	\$151.03	\$75.70

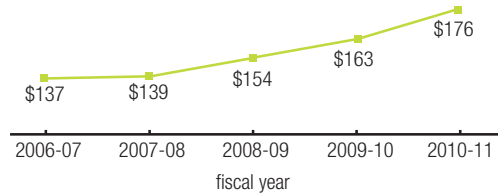
⁴PWGSC’s vacancy rate is explained in detail on page 21 of the present publication.

Regional Facts

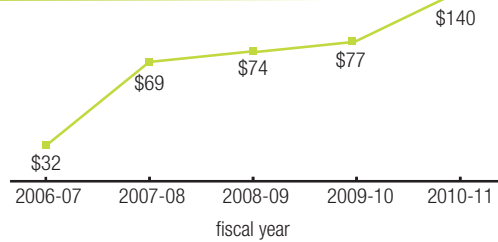
This section of the publication provides information on the Crown-owned office portfolio in each of our six regions: Atlantic, Quebec, National Capital Region, Ontario, Western and Pacific. A project of interest is also included with each regional description.

Atlantic Region

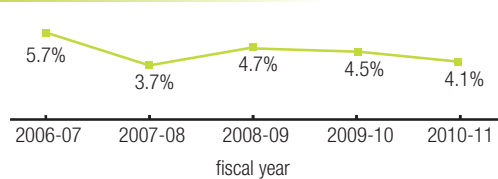
O&M (\$/m²)



Capital (\$/m²)



Vacancy Rate (%)



The Atlantic Region consists of the provinces of Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick. Key urban markets include Halifax, Moncton, St. John's and Charlottetown.

In 2010-2011, the Atlantic Region represented 28 percent of the national Crown-owned office portfolio based on building count, and 11 percent of the national Crown-owned office portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the Atlantic Region's Crown-owned office portfolio has steadily decreased reflecting the disposal of assets in rural locations where demand has been decreasing. The Region's overall inventory has remained comparatively stable over this period with an increasing reliance on the lease market to supply office space requirements.

The Atlantic Crown-owned office portfolio currently consists of 63 office buildings totalling 277,000 m². As illustrated in the graphs below, there has been an upward trend in the Atlantic portfolio's average O&M expenses and capital expenditures, largely due to the fiscal stimulus from the Accelerated Infrastructure Program. Conversely, there has been a slight downward trend in the vacancy rate.

Real Property Highlights

The implementation of a major electrical system project at Nova Scotia's Amherst Government of Canada Building was delivered successfully by PWGSC's contracted service provider, SNC-Lavalin O&M. This Accelerated Infrastructure Program-funded project to modernize the building's electrical system was delivered under budget and on time for \$1.3 million. The investment brought the building up to code requirements and will contribute to a reduction in operating costs and an increase in long-term energy savings.

The Atlantic Region also delivered the second and final year of the Accelerated Infrastructure Program successfully. While assisting other government departments with their projects, this region also delivered more than \$16.5 million in capital projects and more than \$5 million in repair and maintenance projects for PWGSC buildings. These projects have provided needed repairs and maintenance, while increasing the life and value of the federal portfolio.

The Region also completed its commitments to the Argentia Project in 2010-2011. The Argentia Project was a large capital environmental remediation project with a total expenditure of over \$100 million. The

project involved the clean up and containment of hazardous waste resulting from an abandoned American Air Force base in Argentia, Newfoundland and Labrador. PWGSC engaged private sector companies to deliver the project, which was one of the main projects in the region for a number of years. The project stems from the fact that PWGSC is also the custodian of last resort for the Government of Canada, inheriting property following the application of a federal law. Examples of such properties include properties deemed federal contaminated sites, such as the abandoned air base in Argentia.

The region continues to improve the performance of its portfolio by disposing of fully or partially vacant and poorly performing assets located in rural locations, and reintegrating them into Atlantic communities. Three properties were sold in 2010-2011; two were Government of Canada office buildings in St. Andrews, New Brunswick and Dildo, Newfoundland and Labrador, while the third was a Canadian Coast Guard Base in Charlottetown, Prince Edward Island. In addition, the disposal process is underway for 11 other buildings that have been declared surplus.

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	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	73	72	71	67	63
Space (m² in 000s)	295	287	287	283	277
Average Age (years)	43	43	44	44	45
Market Value (\$/m²)	\$866	\$927	\$834	\$840	\$995

Government of Canada Building—40 Havelock Street, Amherst, Nova Scotia, Crown-owned





Project of Interest

Government of Canada Building

Amherst, Nova Scotia

The Amherst Government of Canada Building accommodates Canada Post, Aboriginal Affairs and Northern Development Canada, and Natural Resources Canada. Constructed in 1976, various components of the building's electrical and telecommunications systems were identified as outdated and in need of replacement. Under the Accelerated Infrastructure Program, this building underwent a \$1.3 million upgrade to bring the building up to code requirements. Components replaced included mechanical, architectural and structural building items, as well as electrical and telecommunications systems.

High-efficiency lights and occupancy sensors were installed that will contribute to a reduction in operating costs and result in long-term energy savings. This project also replaced the existing voice-data cabling with new cabling to meet current telecommunications standards, thus improving computer performance. Delivered by SNC-Lavalin O&M on behalf of PWGSC, the project was completed on time and on budget.

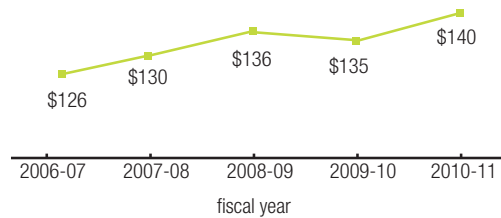
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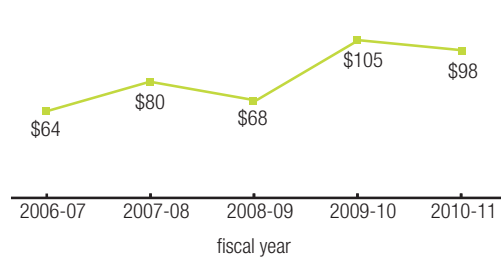
Atlantic Region

Quebec Region

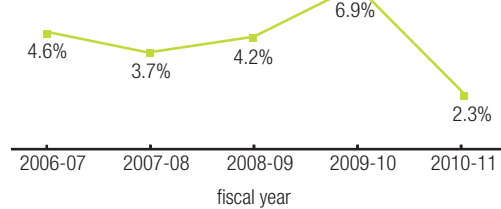
O&M (\$/m²)



Capital (\$/m²)



Vacancy Rate (%)



The Quebec Region consists of the province of Quebec, with the exception Gatineau, which is part of the National Capital Region. Key urban markets include Montréal and Québec City. About 45 percent of the region's inventory is located in Montréal, 22 percent in Québec City, and 33 percent throughout the rest of the province.

In 2010-2011, the Quebec Region represented 15 percent of the national Crown-owned office portfolio based on building count, and 11 percent of the portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the Quebec Region's Crown-owned office portfolio decreased slightly. It currently consists of 34 office buildings totalling 272,000 m². As illustrated in the graphs on the left, there has been an upward trend in the portfolio's average O&M expenses and capital expenditures, largely due to the fiscal stimulus from Accelerated Infrastructure Program. There has been a downward trend in the vacancy rate.

	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	39	35	35	34	34
Space (m² in 000s)	329	272	275	272	272
Average Age (years)	48	51	51	53	55
Market Value (\$/m²)	\$1,011	\$936	\$841	\$907	\$965



Real Property Highlights

The region completed \$22.5 million of the Accelerated Infrastructure Program capital projects in the portfolio, upgrading the quality of assets and significantly reducing deferred maintenance.

The region also completed \$12.5 million of regular capital projects in the portfolio that contributed to help maintaining the integrity of its assets.

Decontamination continued for the rehabilitation of the Grande-Allée Armoury in Québec City and work began on developing architectural concepts.



Project of Interest

New federal building

1550 d'Estimauville Avenue, Québec City, Quebec

Work on the new federal building in Québec City continues to move forward at a rapid pace. The project remains on time, on budget and on scope and is to be completed by fall 2011 when it will accommodate seven client departments.

Key facts:

- 18,000 m² facility;
- Anticipated completion date – November 2011;
- Multi-client complex;
- Leadership in Energy and Environmental Design Canada Gold certification is targeted;
- Consolidation of two surplus Crown properties, one of which is slated for deconstruction, and the other for disposal.

New Tax Services Office

Québec City

A Request for Qualifications was launched to solicit proposals from potential proponents to house the new Tax Services Office in Québec City.

Key facts:

- 10,000 m² facility;
- Anticipated completion date – March 2015;
- Leadership in Energy and Environmental Design Canada Gold certification is targeted;
- Consolidation of two surplus Crown properties slated for disposal.

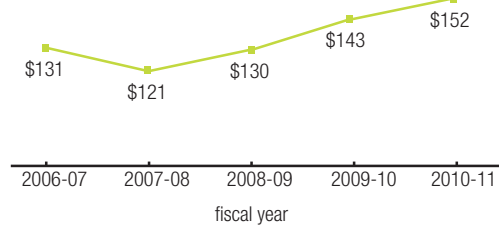
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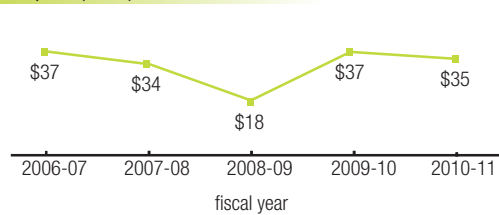
Quebec Region

National Capital Region

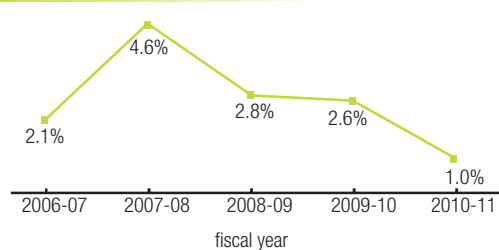
O&M (\$/m²)



Capital (\$/m²)



Vacancy Rate (%)



The National Capital Region consists of the National Capital Area (comprised of Greater Ottawa and Gatineau), as well as Nunavut.

In 2010-2011, the National Capital Region represented 18 percent of the national Crown-owned office portfolio based on building count, and 50 percent of the national Crown-owned office portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the National Capital Region's Crown-owned office portfolio stayed relatively constant. It currently consists of 41 office buildings totalling 1.2 million m². As illustrated in the graphs below, there has been an upward trend in the portfolio's average O&M expenses, largely due to the fiscal stimulus from the Accelerated Infrastructure Program. The region's capital expenditures remained relatively constant over the period, while the vacancy rate fell below that of five years ago.

	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	42	39	39	36	41
Space (m² in 000s)	1,184	1,148	1,148	1,101	1,242
Average Age (years)	45	47	55	53	49
Market Value (\$/m²)	\$1,665	\$1,831	\$1,694	\$1,906	\$1,979

Real Property Highlights

Over the past five years, the 2007-2011 National Capital Region Office Accommodation Strategy was instrumental in guiding actions and decisions related to the National Capital Region portfolio. During this period, the focus was on responding to federal program expansion pressures of approximately 267,000 m² of space.

Expansion forecasts from federal client departments for the next five years (2012-2016) have dropped significantly. The focus involves a shift to portfolio modernization by replacing and renovating assets.



Project of Interest

Redeveloping 90 Elgin Street

Ottawa, Ontario

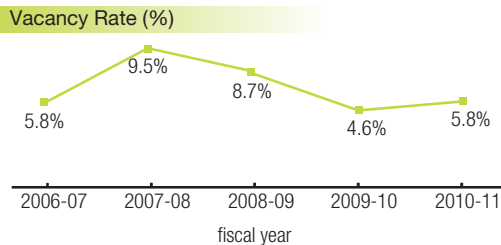
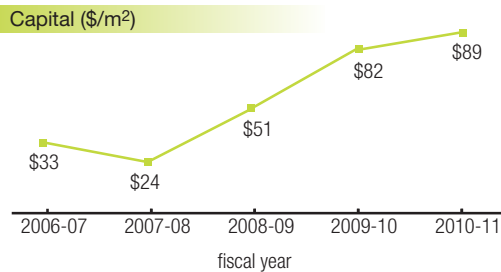
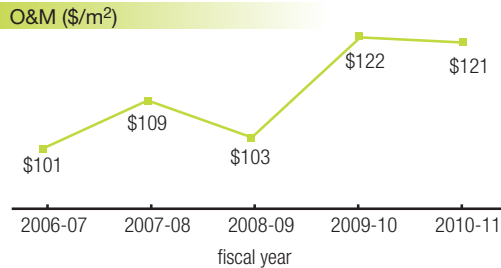
The 90 Elgin Street property is prominently situated on Ottawa's Ceremonial Route, directly across from the National Arts Centre and Confederation Park, and south of the National War Memorial. The National Capital Commission designated this site as a National Interest Land Mass, as it is considered essential to realizing the "Vision for Canada's Capital".

The 90 Elgin Street redevelopment project involves the demolition of the 13,000 m² Lorne Building (complete) and the construction of a new 60,000 m², 17-storey Leadership in Energy and Environmental Design Gold office building. The project is being delivered through a lease-purchase approach. Following a competitive tender process, the Great West Life Assurance Company was awarded a contract for deconstructing the existing building, and designing, financing and constructing the new structure. Upon completion, the new building will be leased to the Government of Canada for a period of 25 years. At the end of that lease period, ownership of the building will be transferred to the Crown.

This project will play a large part in achieving objectives for the National Capital Region portfolio. Redeveloping 90 Elgin Street will contribute to rejuvenating and modernizing the National Capital Region's asset base. The new building will also provide replacement space, facilitating the renovation of other properties and office space where tenants of existing buildings are at the end of a lease. Furthermore, this project provides an opportunity to implement our latest green building and accessibility standards in the new office building.



Ontario Region



The Ontario Region consists of the province of Ontario, with the exception of Greater Ottawa. The Greater Toronto Area dominates the Ontario Region inventory. Other notable urban markets include Hamilton, London, Windsor, Sudbury and Kingston.

In 2010-2011, the Ontario Region represented 17 percent of the national Crown-owned office portfolio based on building count, and 14 percent of the national Crown-owned office portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the Ontario Region's Crown-owned office portfolio stayed relatively constant. It currently consists of 38 office buildings totalling 342,000 m². As illustrated in the graphs below, there has been an upward trend in the portfolio's average O&M expenses and capital expenditures, largely due to the fiscal stimulus from the Accelerated Infrastructure Program. The vacancy rate fluctuated to return to the same level as five years ago.

	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	36	34	38	37	38
Space (m² in 000s)	353	299	335	334	342
Average Age (years)	56	58	57	59	60
Market Value (\$/m²)	\$1,071	\$975	\$768	\$863	\$1,124

Real Property Highlights

The Ontario Region completed \$17.3 million of Accelerated Infrastructure Program projects in the portfolio. The investment in the federal appropriated office portfolio was beneficial as it resulted in updated building systems and significantly reduced future maintenance.

The Ontario Region received various building awards in 2010-2011 for its Crown-owned properties:

- 55 Bay Street in Hamilton received the Building Owners and Managers Association BEST Level 3 Certification, and won the Building Owners and Managers Association BEST Award in 2011
- 55 Bay Street also won the SNC-Lavalin Operating and Maintenance Trillium Award for the Province of Ontario and the Trillium Award for Canada
- 457 Richmond Street in London received the Building Owners and Managers Association BEST Level 2 Certification

The Ontario Region received preliminary project approval from Treasury Board for the renovation of the Crown-owned building at 451 Talbot Street in London.

The region also completed a multi-year renovation of the Crown-owned building at 11 Station Street in Belleville, which is occupied by the Canada Revenue Agency. The renovation improved the building's efficiency, while the fit-up significantly supported the Agency's business lines in serving Canadians.

In addition to investments via the Accelerated Infrastructure Program, the Ontario Region's capital program in 2010-2011 focused on asset integrity investment. New roofs were provided for the Crown-owned buildings at 1 Front Street in Toronto, 185 Ouellette Avenue in Windsor and 58-70 Dalhousie Street East in Brantford. Accessibility upgrades were undertaken to six Crown-owned buildings in Ontario Region. Investment was made in upgrading or replacing heating, ventilation and cooling systems in the Crown-owned buildings at 1 Front Street in Toronto, 120 Wellington Street in Chatham and 457 Richmond Street in London.

In 2010-2011, a historically significant office relocation program began for our public contact federal departments, specifically Passport Canada and Human Resources and Skills Development Canada. The Ontario Region implemented many projects to establish these two federal clients in their new ground-floor delivery models. The new property is designed to improve access to these public offices and to enable improved customer service to Canadians.

Key lease projects included the opening of the new Human Resources and Skills Development Canada Call Centre in Cornwall, consolidation of two public interface offices for Citizenship and Immigration Canada in Mississauga, and 12 offices for the Statistics Canada Census Program.



Project of Interest

G8 and G20 Summits

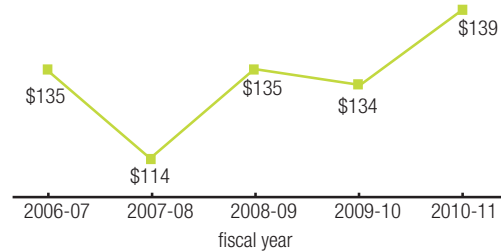
Toronto and Huntsville, Ontario

The main real property highlight in PWGSC Ontario Region was the real property projects related to the G8/G20 summits in Toronto and Huntsville, Ontario. The delivery of the G8/G20 program of work included many accomplishments by Ontario Region business lines. Highlights of the activities include:

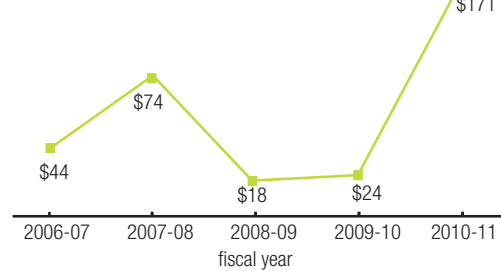
- rental of approximately 4,100 hotel rooms in Toronto;
- rental of buildings and lands at Pearson Airport to facilitate dignitary and press aircraft parking as well as ground transportation between Pearson Airport and Toronto and Huntsville;
- rental of the Toronto Congress Centre, the centre of the G20 meetings;
- rental of Deerhurst Resort, the centre of the G8 meetings;
- rental of land and structures in both locations for parking activity;
- implementation of real property fit-up to facilitate meetings at various venues; and
- implementation of real property fit-up to facilitate meetings at various venues and installation of the security perimeter fencing.

Western Region

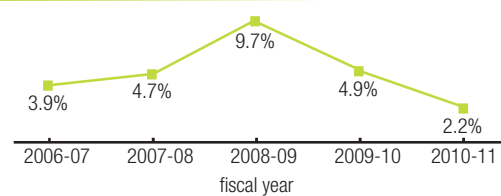
O&M (\$/m²)



Capital (\$/m²)



Vacancy Rate (%)



The Western Region consists of the provinces of Manitoba, Saskatchewan and Alberta, as well as the Northwest Territories. Key urban markets include Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Yellowknife.

In 2010-2011, the Western Region represented 10 percent of the national Crown-owned office portfolio based on building count, and seven percent of the national Crown-owned office portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the Western Region's Crown-owned office portfolio stayed relatively constant. It currently consists of 22 assets totalling 182,000 m². As illustrated in the graphs below, the portfolio's O&M expenses stayed relatively constant while capital expenditures fluctuated and increased sharply in 2010-2011. The increase in capital expenditures is largely due to the fiscal stimulus from the Accelerated Infrastructure Program. The region's vacancy rate also fluctuated before decreasing to its lowest level in five years.

	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	24	22	22	22	22
Space (m² in 000s)	305	182	181	182	182
Average Age (years)	40	43	46	47	49
Market Value (\$/m²)	\$2,308	\$1,570	\$1,340	\$1,265	\$1,578

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Real Property Highlights

The Western Region manages a portfolio of 372 leases in over 85 communities across the region, as well as Crown-owned facilities in 14 communities.

In addition, it manages a housing portfolio of 350 Crown-owned and 100 leased units in five communities in the Northwest Territories.

The most unique properties managed in the Western Region are the St. Andrews Lock and Dam and the Selkirk Shipyard near Winnipeg, Manitoba.

The Western Region acquired more than 7,000 m² of temporary space in seven locations across the region to provide offices for the 2011 Statistics Canada Census.

Alvin Hamilton Building—1783 Hamilton Street, Regina, Saskatchewan, Crown-owned



Project of Interest

Alvin Hamilton Building

Regina, Saskatchewan

The Alvin Hamilton Building is a 10-storey office building with a total area of 21,340 m² in downtown Regina, Saskatchewan. The facility was purchased by PWGSC and was subsequently refit in 2006 to a Leadership in Energy and Environmental Design Canada Silver certification.

Above the building's atrium is a large skylight, which is part of the building's original construction. It consists of standard curtain wall framing and is set into an insulated metal flashed curb. In recent years the skylight began leaking during periods of heavy rain and winter thaw, causing damage to the interior drywall bulkheads and creating slipping hazards for the tenants and the public.

Having considered the options of eliminating the skylight or improving its design, a project team made up of both PWGSC and SNC-Lavalin O&M employees concluded that replacing and upgrading the skylight would be the best solution. The solution addresses the leak issues while ensuring that the skylight continues to provide high levels of natural light to the atrium, a key feature of the building's design.

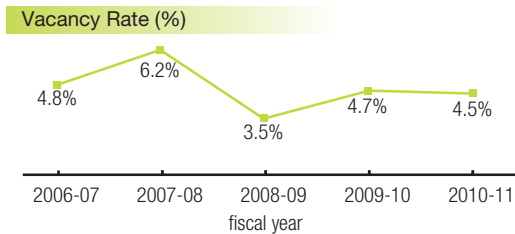
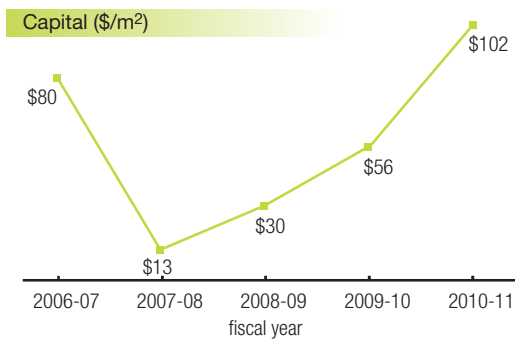
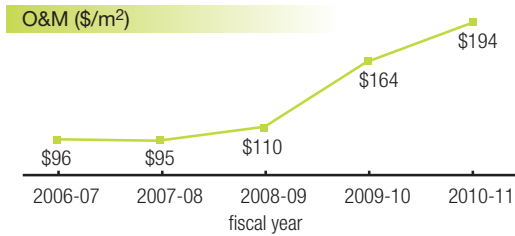
The new skylight eliminates the health and safety issues that were experienced with the original, and improves indoor air quality. The new fixture has also reduced O&M costs. Its high-performance glazing uses tinting and reflective coatings to reduce solar heat gains experienced in the summer months and contributes to the building's thermal comfort.

The project, started in December 2009, was completed in mid-February 2011, at a total cost of \$2.5 million. This is the first project over \$1 million delivered by SNC-Lavalin O&M in Western Region, and its success is the direct result of the creative partnership and solutions-oriented creativity of the project team.

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Western Region

Pacific Region



The Pacific Region serves British Columbia and the Yukon. Key urban markets include Vancouver, Victoria and Whitehorse.

In 2010-2011, the Pacific Region represented 12 percent of the national Crown-owned office portfolio based on building count and seven percent of the national Crown-owned office portfolio's building floor area (m²).

Over the past five years, as presented in the table below, the Pacific Region's Crown-owned office portfolio increased slightly. It currently consists of 28 office buildings totalling 180,000 m². As illustrated in the graphs below, there has been an upward trend in the portfolio's average O&M expenses and capital expenditures, largely due to the fiscal stimulus from the Accelerated Infrastructure Program. The portfolio's vacancy rate fluctuated to return to a level comparable to five years ago.

	2006-07	2007-08	2008-09	2009-10	2010-11
# Office Buildings	25	29	28	28	28
Space (m² in 000s)	169	182	179	179	180
Average Age (years)	41	40	43	44	44
Market Value (\$/m²)	\$1,918	\$2,500	\$2,283	\$2,413	\$3,118

Real Property Highlights

The region completed \$19.3 million of the Accelerated Infrastructure Program projects in the portfolio, upgrading the quality of its assets and significantly reducing deferred maintenance.

The Douglas Jung Building, located at 401 Burrard Street in downtown Vancouver, received The Outstanding Building of the Year award from the Building Owners and Managers Association in 2010, in the government-owned category. In 2004, the Douglas Jung Building received the Building Owners and Managers Association Green Building Award for new construction.

The region received Treasury Board approval for a Canada Border Services Agency consolidation project, a new “build to lease” facility which will be located in East Vancouver.

In the Fraser Valley in Abbotsford, approximately 5,000 m² of leased space was acquired through a tender for a new regional headquarters for Correctional Services Canada. Construction is underway and the occupancy start date is May 2012.



Project of Interest

Royal Canadian Mounted Police (RCMP) E Division Headquarters Relocation

Surrey, British Columbia

Construction work on the Royal Canadian Mounted Police E Division Headquarters relocation project began in May 2010. By the end of March 2011, the shell structure for Building A (main building) was complete, and work on the shell structures for Building B and C had begun. The project remains on time, on budget and on scope and is to be completed by December 23, 2012. The Royal Canadian Mounted Police are scheduled to move in during the spring of 2013. The project is the largest federal accommodation project undertaken outside of the National Capital Region in recent history. It has been procured as a public-private partnership, in that the private sector designs, builds, finances and maintains the property, while the federal government retains ownership of the asset at all times. The project is portrayed in greater length in the Achievements section of this publication.

Key facts:

- 76,162 m² facility
- Ground breaking – May 7, 2010
- Anticipated completion – December 23, 2012
- 14.8 hectare site located in Green Timbers Urban Forest in Surrey, British Columbia (14200 Green Timbers Way)
- Multi-building complex including a seven-storey office building
- Complex will provide office and a number of special-purpose areas for more than 2,700 Royal Canadian Mounted Police E Division Headquarters personnel
- Leadership in Energy and Environmental Design Canada Gold certification is targeted

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Pacific Region

Parliamentary Precinct

The Parliamentary Precinct Branch manages the Parliament Buildings, the adjacent grounds and all the properties across from Parliament Hill, north of Sparks Street from Elgin Street to Bank Street. It is the Parliamentary Precinct Branch's mandate to ensure that the Parliament Buildings, an iconic symbol of democracy for Canadians and a national historic site, are properly maintained and renovated. Many of the buildings in the Parliamentary Precinct are over a century old and must be modernized,



PierreMarc Mongeau
Assistant Deputy Minister
Parliamentary Precinct Branch



both inside and out, to meet 21st century standards while preserving their character.

The Parliamentary Precinct portfolio comprises 34 Crownowned buildings (284,119 m²) and 16 leased office and specialpurpose facilities (74,252 m²), located on and near Parliament Hill. These buildings accommodate parliamentarians and their staff, the Prime Minister's Office, the Privy Council Office, federal government employees, and commercial and retail tenants on Sparks Street. The Parliamentary Precinct has 26 buildings that are designated as heritage properties, resulting in one of the highest concentrations of federally designated heritage properties in Canada.

Our commitment

PWGSC is committed to providing functional accommodation for those who work in buildings within the Parliamentary Precinct. To achieve this goal,



**Entrance to the newly renovated La Promenade Building,
Sparks Street, Ottawa, Ontario**



**Newly renovated Rideau Committee Rooms,
1 Wellington Street, Ottawa, Ontario**

PWGSC has a dedicated team of inhouse experts, from project, real property and asset managers to building technicians, who ensure that ongoing life cycle maintenance and repair programs are successfully implemented for all buildings. Our work also includes upgrading systems to meet current building codes, address health and safety issues, and improve the environmental sustainability of the buildings. As always, PWGSC is dedicated to preserving the architectural integrity and heritage of these historic buildings for the benefit of future generations of Canadians.

The Long-Term Vision and Plan

In 2007, in conjunction with its Parliamentary Partners, the Senate, House of Commons and Library of Parliament, PWGSC updated the Long-Term Vision and Plan. The updated Long-Term Vision and Plan provides a coordinated long-term approach to

rehabilitating the heritage buildings in the Parliamentary Precinct, meeting the accommodation requirements of Parliament, and providing a secure and welcoming environment for parliamentarians, staff and visitors. The map on the next page identifies completed, current and future work. The arrows indicate activities to relocate occupants in temporary “swing space” or in permanent locations during construction.

The Long-Term Vision and Plan confirms the vision and guiding principles for future development in the Parliamentary Precinct. The vision ensures that changes within the Precinct meet the evolving functional needs of parliamentarians and other stakeholders, while keeping in mind the historic, environmental and symbolic character of the site. The guiding principles are expressions of values and attitudes towards development within the Precinct and they set out essential areas for consideration when change is contemplated. Together with the vision, the guiding principles establish a qualitative context for project evaluation and decision making. The Long-Term Vision and Plan also includes an implementation framework designed to improve results and enhance accountability. This framework establishes short-term objectives in the context of the long-term vision and provides a strategy for starting and completing projects in an efficient and timely manner.

Long-Term Vision and Plan achievements

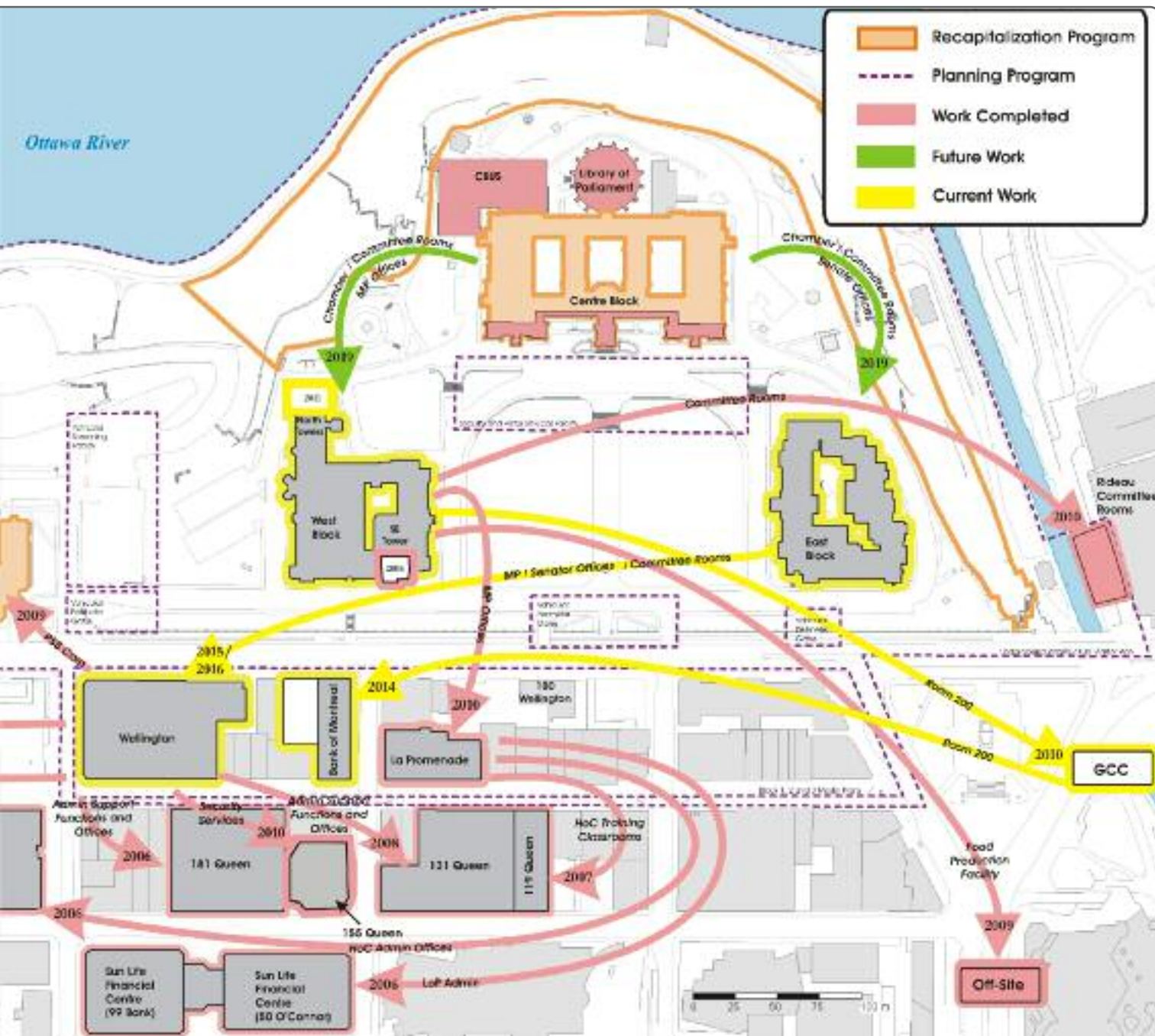
As part of the Long-Term Vision and Plan planning process, PWGSC has developed a strategy for

relocating parliamentarians, their staff and other functions to interim accommodation off Parliament Hill while their building is being restored. Under this strategy, construction on interim accommodation is completed prior to moving occupants from their building in order to allow for major restoration.

Since the Long-Term Vision and Plan was updated, PWGSC has completed several projects off Parliament Hill through the relocation strategy. More recently, in 2010-2011, PWGSC completed two major projects (the 1 Wellington and La Promenade Buildings), adding seven committee rooms and 63 parliamentary offices. The completion of these projects enabled PWGSC to empty the West Block Building, the restoration of which officially began in February 2011.

- 52 Moving into 2011-2012, PWGSC will begin renovating the Parliament Buildings, starting with a major renovation of the West Block Building. Work will also continue on projects off Parliament Hill, including the restoration of the Wellington Building, which will add 69 parliamentary offices and 10 committee rooms to parliamentary operations and enable PWGSC to empty and restore the East Block Building, starting with the restoration of the East Block Northwest Tower. Construction will also begin on the Sir John A. Macdonald Building at 144 Wellington Street (the former Bank of Montreal Building) to provide a permanent replacement for the West Block's ceremonial room. In addition, work will begin on several projects to restore the landscape of Parliament Hill.





Long-Term Vision and Plan: Project status as of March 31, 2011

Engineering Assets

The Engineering Assets Strategy Sector was created within PWGSC in January 2007, in response to a need for a greater focus on the specific needs of the Department's public infrastructure assets. Prior to 2007, the responsibility and accountability for these assets was divided among the regional offices but an overall national coordination role did not exist. The sector's portfolio consists of seven bridges, four dam complexes, nine specialized assets, and an inventory of marine assets.

Its assets are unique structures that are located throughout Canada. Many of them are vital to the public they serve, from the "Camère"-styled St. Andrews Lock and Dam in Manitoba, to the LaSalle Causeway, which includes a basculelift bridge in Kingston, Ontario, to the Alaska Highway, an artery that is woven into the heart of the North.

The sector is responsible for developing strategies related to the long-term stewardship of PWGSC's inventory, including the potential divestiture of these public infrastructure assets. In addition, the sector has operational responsibility for 835 kilometres of the Alaska Highway located in northern British Columbia and the Esquimalt Graving Dock in Victoria, British Columbia.

The 1985 Nielsen Task Force directed departments to divest of assets no longer required for program purposes. The Laniel Dam is the most recent divestiture, having been transferred to the province of Quebec on October 15, 2010, reducing the number of assets in the Department's inventory to 20.

Over the past three years, the sector has worked diligently toward completing phase one of the Engineering Assets Strategy program.

In Budget 2008, \$125 million in short-term funding was allocated to the engineering assets portfolio for three initiatives:

- \$47 million for studies and inspections over four years;
- \$53 million for health and safety repairs over three years; and
- \$25 million for the Wharf and Marine Assets Disposal program over five years, for the disposal, demolition and divestiture of all wharf and marine assets.

Over the past three years, the sector used its entire budget of \$53 million to recapitalize critical health and safety projects on assets.

The sector spent 96.3 percent of a three-year budget in developing a portfolio management strategy and made substantial progress in understanding the

complexities surrounding this unique portfolio as it completed the following: 18 portfolio studies, 119 individual asset studies and 83 inspections during phase one of the sector's program.

In 2010-2011, the sector also removed 10 wharf and marine structures from its inventory, reducing the total number to 68. Expenditures for this initiative over the past three years are 91.6 percent of the three-year budget of \$12 million. Since 2007, the sector has removed 27 wharf and marine assets from its portfolio.

Moving forward, the sector will soon finalize a long-term strategy on the future governance of its portfolio.

Accelerated Infrastructure Program

The Accelerated Infrastructure Program was a program that supported the federal government's Budget 2009 Economic Action Plan to stimulate economic growth. It allowed the department to advance key infrastructure projects across the country and make a positive contribution to the Canadian economy.

The sector was able to support the Government's Economic Action Plan by delivering 97.4 percent of the sector's portion of the Accelerated Infrastructure Program budget of \$52.5 million. The following projects were completed under the second year of the Accelerated Infrastructure Program:

Burlington Lift Bridge: steel structural repairs and rehabilitation of the coating system to the lift portion of the bridge were finished in March 2011. This project was completed on time, on budget and on scope.

LaSalle Causeway: a structural steel and coating repair project was finished in June 2010. This project was completed on time, on budget, and on scope.

Chaudière Crossing: the rehabilitation of the two Chaudière arches was completed in winter 2010-2011. The project included relining the existing masonry arches with pre-cast concrete arches. The project was successfully completed ahead of schedule, on budget and on scope.

Alexandra Bridge: this Accelerated Infrastructure Program project involved seismic reinforcement of the piers and masonry work, steel reinforcement, replacement of the old centre-lane deck, and rehabilitation of the wood-plank pedestrian and cycling lanes. This project was completed on time, on scope and on budget.

List of Major Assets:

New Brunswick/Quebec

- J.C. Van Horne Bridge (Campbellton, New Brunswick/Pointe-à-la-Croix, Quebec)

Quebec

- Wharf at Parc Portuaire de Trois Rivières (Trois Rivières, Quebec)

Ontario/Quebec

- Alexandra Bridge (National Capital Area)
- Chaudière Crossing (National Capital Area)
- Macdonald-Cartier Bridge (National Capital Area)
- Des Allumettes Bridge (Pembroke, Ontario/Des Allumettes Island, Quebec)
- Timiskaming Dam Complex (Thorne, Ontario/Témiscamingue, Quebec)
- Des Joachims Bridge (Rolphton, Ontario/Rapides-des-Joachims, Quebec)

Ontario

- Rideau Falls Dam Complex (Ottawa, Ontario)
- French River Dam Complex (Dokis, Ontario)
- Burlington Lift Bridge (Burlington, Ontario)
- Kingston Dry Dock and Marine Museum (Kingston, Ontario)
- LaSalle Causeway (Kingston, Ontario)
- Latchford Dam (Latchford, Ontario)
- Old Welland Canal Properties (Thorold, Ontario)

Manitoba

- St. Andrews Lock and Dam (Lockport, Manitoba)
- Selkirk Marine Assets (Selkirk, Manitoba)

British Columbia

- Alaska Highway (Northern British Columbia)
- Esquimalt Graving Dock (Victoria, British Columbia)
- New Westminster Railway Bridge (New Westminster/Surrey, British Columbia)



Burlington Lift Bridge—Hamilton, Ontario

achievements

Fiscal year 2010-2011 was a particularly active one for the Real Property Branch. The Branch is proud of its achievements made possible by the dedicated efforts of its employees and partners. These included a number of milestones for various real property development projects across Canada and the delivery of a new headquarters facility for the Royal Canadian Mounted Police in British Columbia using a public-private partnership procurement model. In addition, the Real Property Branch and the Department contributed to the second year of the federal government's goal of ensuring that Canada emerges from the economic downturn with a greener, more modern infrastructure through the Accelerated Infrastructure Program.



In the publication, all building space figures are in rentable square metres. Building rentable area is calculated by subtracting building services and inside parking areas from the total inside gross area. Areas outside the exterior walls, such as balconies, terraces, or corridors, are also excluded.



Portfolio of Project Approvals

Background

PWGSC is committed to delivering the right space for clients and ensuring the cost-effective use of Crown funds over the long-term. While the volume of project approvals remains relatively constant from year to year, the size and nature of projects can vary considerably. In 2010-2011, an unusually high number of large and complex real property development projects were approved from coast to coast. The acquisition of the Carling Campus from Nortel Networks Corporation in Ottawa, and the approval to construct three new buildings in Gatineau, Quebec, are among many noteworthy accomplishments over the past year.

The Year in Review

Over the years, the Real Property Branch has built a reputation for producing high-quality Treasury Board submissions. In 2010-2011, the Branch successfully obtained 10 Treasury Board approvals, consisting of lease renewal, build-to-lease, lease-purchase, renovation, Crown construction and public-private partnership approvals. These achievements are outlined below.

National Capital Region

The majority of the development projects are located in the National Capital Region, as it is home to half of the Department's national inventory.

As previously mentioned, the National Capital Region obtained effective project approval for three new buildings to be constructed in Gatineau, Quebec. The first building, consisting of 37,000 m² of space, will be constructed by October 2012. The remaining two buildings, each consisting of 41,900 m² of space, will be constructed by April 2013. Upon delivery, the Department will lease all three buildings for terms of 25 years.

Another milestone achieved this year was lease project approval to consolidate various leases totalling 103,900 m² in the Place de Ville Complex in Ottawa. To meet the long-term needs of the Canada Revenue Agency, Transport Canada and several smaller occupants, space is being leased at the Place de Ville Complex for seven-year and 15-year periods beginning in November 2013. The National Capital Region also received effective project approval to replace approximately 22,800 m² of leased space for the Canada Revenue Agency in Ottawa. The new lease will begin in January 2013, for a period of 15 years.

Project approval was obtained for the renewal of an omnibus of major leases in downtown Ottawa. The leased space ranges from 14,300 m² to 38,300 m² for periods of 10 to 12 years. The lease start dates vary from April 2012 to December 2013. The tenants in these buildings include Canada Border Services Agency, Human Resources and Skills Development Canada, Canadian Nuclear Safety Commission, Department of National Defence, Immigration and Refugee Board of Canada, Canadian Human Rights Commission, and Fisheries and Oceans Canada.

Moreover, the Department received effective project approval to purchase the Carling Campus in Ottawa. The acquisition is one of the largest in the Department's history. The campus is located at 3500 Carling Avenue and was procured for use by the Department of National Defence. The 186,000 m² property is comprised primarily of office space in 12 buildings, and is situated on 28 hectares of land purchased from Nortel Networks Corporation and 121 hectares of land leased from the National Capital Commission.

Finally, the National Capital Region obtained effective project approval for the development of a new office building in Ottawa for the Department of Finance. The building will provide approximately 47,000 m² of space and will be leased for 25 years beginning in October 2014.

Ontario Region

In the Ontario Region, a contract was successfully awarded for a lease renewal for Canada Revenue Agency's offices in Toronto. The new lease covers approximately 18,500 m² of space for a period of seven years beginning in May 2013.

The region also obtained preliminary project approval from Treasury Board for the Agency to renovate a 19,000 m² Crown-owned building in London, Ontario. The project is scheduled to be completed by October 2015.

Pacific Region

The Pacific Region successfully received lease project approval for a lease renewal for PWGSC and Transport Canada in Vancouver, British Columbia. The lease provides approximately 19,000 m² of space, for a five-year period beginning in July 2013.

Western Region

The Western Region obtained project approval to conduct a lease tender for approximately 7,000 m² of space to accommodate client growth for Environment Canada. The new lease will be for a 15-year period, with a lease commencement date of July 2013.

Challenges

As the Government of Canada's centre of expertise for delivering real property services, the Real Property Branch is making every effort to continuously improve its project delivery by enhancing planning, client engagement, research and reporting, and applying lessons learned from the Accelerated Infrastructure Program.

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Public-Private Partnership: Royal Canadian Mounted Police E Division Headquarters Relocation Project

The year in review was truly an exciting time for the Royal Canadian Mounted Police E Division Headquarters relocation project. Following effective project approval, the project broke ground on May 7, 2010. By the end of the fiscal year, construction work on the structure for the main building was complete and work had begun on the other two buildings that comprise the facility.

The Royal Canadian Mounted Police E Division Headquarters relocation project is a major Crown initiative to relocate and consolidate existing Royal Canadian Mounted Police headquarters units throughout Metro Vancouver to a new site in Surrey, British Columbia. The Royal Canadian Mounted Police E Division provides provincial policing services to most of the municipalities in British Columbia and makes up a large percentage of the national force.





Aerial View of RCMP E Division Headquarters—14200 Green Timbers Way, Surrey, British-Columbia, Lease Purchase

Procured as a public-private partnership between the Government of Canada and Green Timbers Accommodation Partners, the new headquarters facility is PWGSC's largest federal accommodation project outside of the National Capital Region to date. It is also the first federal public-private partnership for an accommodation project. The new 76,162 m² facility will meet current safety and security standards and provide accommodations for over 2,700 E Division personnel.

The facility is designed to achieve LEED Canada Gold certification, incorporating the latest green technology and standards for construction and facility management.

Green Timbers, the private partner, agreed to a fixed price of \$966 million to design, build, finance and maintain the facility for a term ending 25 years after construction (the Government of Canada will pay an additional \$8.9 million in insurance costs over the 25-year period). Green Timbers also agreed to a

schedule that would see the construction of the facility completed by December 23, 2012.

In addition to using a public-private partnership procurement model, the project team introduced a number of tools and processes focused on strategic management, client service, design and construction to better manage the project. These processes and tools are influencing not only how PWGSC does business, but have also been described by the private partner, Green Timbers, as influencing industry best practices.

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The public-private partnership model is known for its ability to deliver projects on schedule due to efficiencies created in the design and construction process. Throughout the 2010-2011 fiscal year, the PWGSC project team engaged in an intensive user consultation process with both the client and the private partner. This process allowed designers to refine their understanding of client needs, resulting in a facility that appropriately meets the current and future needs of the Royal Canadian Mounted Police and incorporates Workplace 2.0 elements, an initiative to modernize public service workspaces. User consultations took place simultaneously with construction, so as not to hinder the project delivery timeline.

As the design and construction work took place, the project team also began assisting the Royal Canadian Mounted Police project team in planning for the transition phase of the project, the period from construction completion to full occupancy. This phase

includes both the logistical concerns of relocating and consolidating approximately 25 separate office sites into one new facility, as well as the change management aspects of the move that affect individual Royal Canadian Mounted Police employee experiences in the new facility. To this end, the project team instituted an integrated partnership committee to ensure that all work streams are working together to meet their critical targets and are doing so within the larger context of client service excellence.

During this time, the project team worked to strengthen project governance by developing and issuing a monthly status report for senior stakeholders. The report provides a snapshot of critical issues and timeframes, allowing for early intervention as warranted.

The Canadian Council for Public Private Partnerships recognized the Royal Canadian Mounted Police E Division Headquarters relocation project team for its innovation and leadership with an award of merit during its annual conference.

The Royal Canadian Mounted Police E Division Headquarters relocation project continues to be delivered on time, on budget and on scope. The project team expects that the facility will be completed as scheduled, providing the Royal Canadian Mounted Police E Division with a truly functional, world-class headquarters complex that supports policing services in British Columbia.



C.D. Howe Building—240 Sparks Street, Ottawa, Ontario, Crown-owned

Accelerated Infrastructure Program (AIP)

Background

PWGSC's experience in providing real property services in its role as custodian of a significant number of publicly owned assets, and the nature of its business model, placed it in a good position to play an important role in Canada's Economic Action Plan. The Accelerated Infrastructure Program was launched under the Economic Action Plan on April 1, 2009. It focussed on the rehabilitation of PWGSC buildings and other infrastructure, with investments of over \$420 million over two years (2009-2010 and 2010-2011).

The Real Property Branch also supported other departments in delivering their infrastructure projects in response to the Economic Action Plan. Over the two-year plan period, PWGSC managed more than \$550 million through its Real Property Program on behalf of other departments.

The year in review

PWGSC was successful in accelerating the delivery of key infrastructure projects. The Department reached its investment objectives for the second year of the Economic Action Plan. Over 97 percent of the 2010-2011 budget was utilized, while the Real Property Branch worked on 1,200 projects across Canada (see Table 1).

Approximately 94 percent of funds spent on the Accelerated Infrastructure Program in the final year went to private sector companies. The balance of expenses went to cover project managers' salaries. Additional benefits to Canadians include: work carried out on close to 200 buildings to enhance accessibility, progress in the preservation of historic buildings and national treasures, and a reduced environmental footprint.



**Reconstruction of the Dufferin Terrace for Parks Canada
Quebec City, Quebec, Crown-owned**

While meeting the department's challenges, the Real Property Branch provided other government departments with assistance in meeting their Economic Action Plan infrastructure rehabilitation objectives. In the last year, the Real Property Branch spent over \$333 million, or 97.6 percent, of its client department Economic Action Plan infrastructure project funding (see Table 2). Projects for client

departments were highly varied and were carried out across Canada. Some examples of such projects are the repair or rehabilitation of laboratories, site decontamination, and reconstruction of historic or natural sites.



Challenges and lessons learned

During this second year, the Real Property Branch made use of what it learned during the first year of the Economic Action Plan. The lessons learned and best practices, based on its first year experience, were incorporated into the Branch's current business

practices. Challenges in the second-year were primarily related to project delivery for PWGSC and other government departments, audit and monitoring, information management and uncertainty surrounding the Economic Action Plan sunset strategy, including a potentially reduced workload in the regions.

Table 1 – 2010-2011 Accelerated Infrastructure Program Financial Results
(in millions of dollars)

Stream	Budget	Expenses
1) Buildings		
Facilities managed by real property management contractor	112.39	110.08
Facilities managed by Real Property Services	33.04	29.30
Facilities managed by Parliamentary Precinct	12.07	11.92
Sub-Total Buildings	157.50	151.30
2) Accessibility		
Facilities managed by real property management contractor	21.68	21.40
PWGSC	1.68	0.54
Sub-Total Accessibility	20.00	21.94
3) Bridges	15.00	14.88
4) Armoury	1.00	1.00
5) Alaska Highway	0.00	0.00
6) Contaminated Sites	4.63	3.82
Total	198.13	192.94
Percentage of funding		97.4 %

The governance and rigour put in place to respond to the challenges of the Economic Action Plan are now recognized throughout the Real Property Branch as best practice and are used to demonstrate PWGSC's accomplishments to clients. For example, the program put in place in response to the growing work programs of the Correctional Service of Canada is based on this model.

The Department also developed a robust sunset strategy to ensure that the lessons learned and best practices emerging from the Accelerated Investment Plan become part of its regular activities.

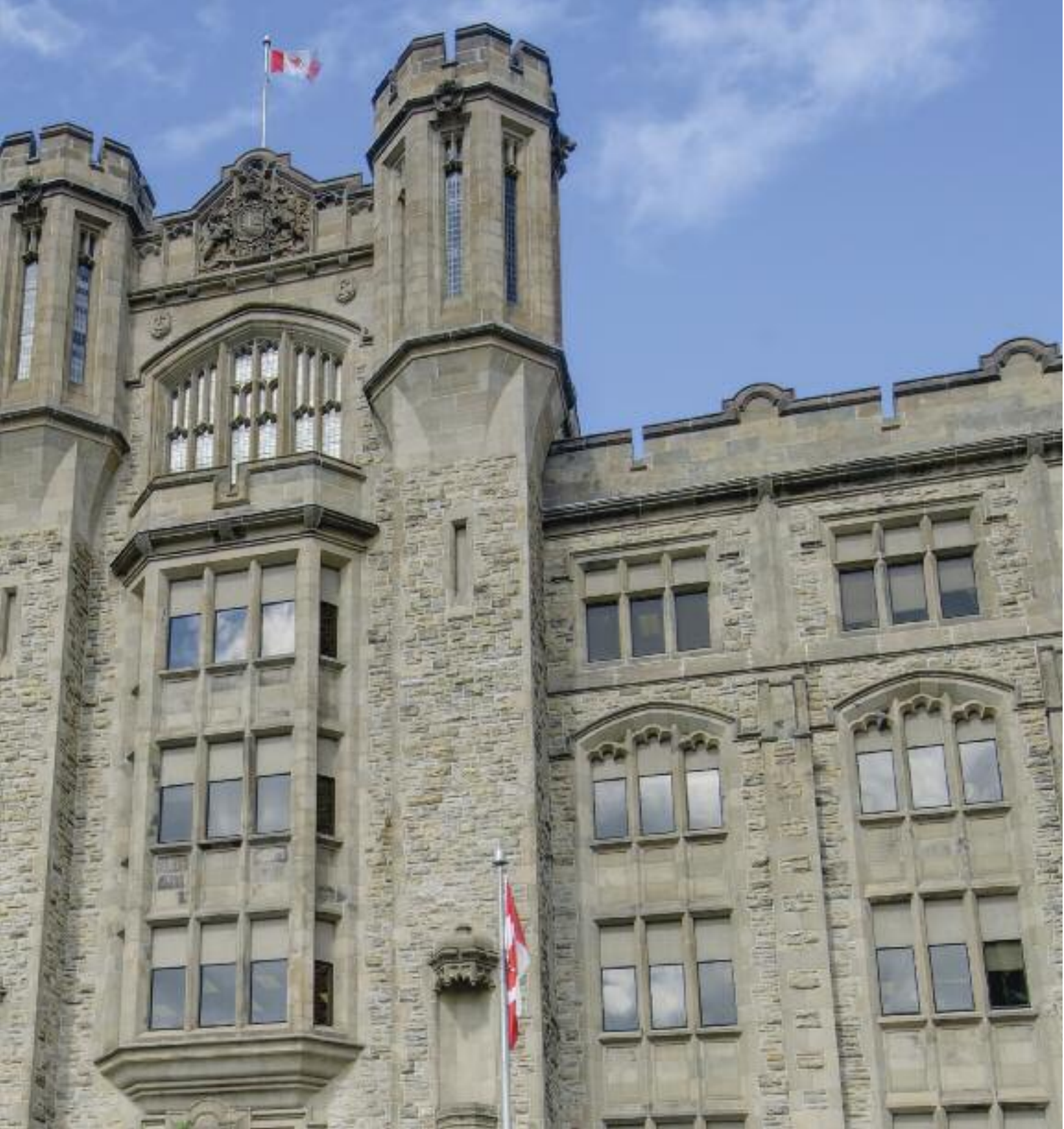
Department / Agency	Funding	Actuals
Fisheries and Oceans	90.1	88.2
Parks Canada	107.1	105.3
Natural Resource Canada	48.6	46.3
Health Canada	5.6	5.6
Transport Canada	17.4	17.2
Canada Border Services Agency	10.4	10.4
Agriculture and Agrifood Canada	15.5	15.4
Royal Canadian Mounted Police	8.5	8.3
Environment Canada	9.6	8.2
Public Health Agency of Canada	17.5	17.5
Industry Canada	2.5	2.4
Library and Archives Canada	1.1	1.1
Other	8.1	7.7
TOTAL	342.0	333.7
Percentage of Funding		97.6 %

**Table 2 – 2010-2011 Economic Action Plan, Other
Government Departments' Financial Results
(in millions of dollars)**

looking ahead

As sound stewards of real property for the Government of Canada, PWGSC prides itself on being a forward-looking organization. In order to meet future needs of the public service and overcome impending challenges, PWGSC will be moving toward an Integrated Departmental Investment Plan; and creating demonstration sites in the National Capital Region that showcase the innovative elements of Workplace 2.0.





Connaught Building - 555 Mackenzie Avenue, Ottawa, Ontario, Crown-Owned

Integrated Investment Plan

The departmental Integrated Investment Plan is being developed to adhere to a mandatory Treasury Board requirement regarding two new policies that came into effect on December 10, 2009:

- Treasury Board Policy on Investment Planning – Assets and Acquired Services
- Treasury Board Policy on Management of Projects

All departments are expected to comply with these policies by April 1, 2012. PWGSC is required to implement a departmental investment plan in fiscal year 2011-2012.

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The main intent of developing, implementing and monitoring an investment plan is to demonstrate a diligent and rational way of allocating resources for existing and new assets and acquired services within the existing departmental budget allocation. It will outline how the Department plans and manages its investments in order to achieve value for money and enhance stewardship. This entails strong project management capacity at the Branch and corporate levels. PWGSC has developed the required expertise within the Real Property Branch, the Parliamentary Precinct Branch and the Information Technology

Services Branch to deliver on the requirements of the Integrated Investment Plan.

The plan will have a five-year horizon and be submitted to Treasury Board for review and approval at least every three years. Internally, it will be updated annually so that it is kept in line with budgets and government priorities.

PWGSC's first plan will cover fiscal years 2011-2012 to 2015-2016. The plan is now in its final stage of revision and includes the total expenditure forecast for all assets, acquired services and projects for the five years it covers.

Delegations of Authority – Project Approval

The new Treasury Board policies will affect how project approval authority is delegated for investment planning and project management. Once a simple dollar-based approach, the process will now combine a risk-based approach with a dollar threshold.

PWGSC is targeting approval of the Treasury Board Submission for the plan by mid-2011.



Workplace 2.0

The concept for Workplace 2.0 was introduced by PWGSC in response to the Clerk of the Privy Council's commitment to workplace renewal. As a government-wide initiative, Workplace 2.0's objective is to create a modern workplace that will attract, retain and encourage public servants to work smarter, greener and healthier to better serve Canadians. It is a whole-of-government approach to modernize how the public service works, and PWGSC is leading the way.

The core principles of Workplace 2.0 are outlined under three pillars: the Workplace, the Back Office and the Way We Work. The Workplace is about modernizing the physical workspace by opting for new flexible and sustainable office designs that integrate technology to support an increasingly mobile workforce. The Back Office focuses on renewing policies, processes and systems that support public servants in their work. The last pillar, the Way We Work, promotes the use of technology to enable employees to connect, collaborate and communicate with each other and with Canadians.

Workplace 2.0 is about rethinking the way we use space and technology. It responds to demographic, environmental and technological trends. By using innovative, space-saving workplace designs and new technologies, Workplace 2.0 can meet the needs of a

multigenerational workforce and help attract and retain valuable employees. These sustainable office designs offer more natural light, leading to a decrease in energy consumption and costs, thereby reducing the government's environmental footprint.

A new office building in Kanata, Ontario, demonstrates some of the advantages of the Workplace 2.0 approach to Health Canada employees. Work areas designed in pods foster collaboration and information sharing, and allow natural light to flood the centre of the space. Each employee has a cell phone and a laptop instead of a landline and desktop computer, and the facility has wireless networking so employees can work from anywhere in the building. High-definition videoconferencing allows employees to have meetings with colleagues in other locations, saving time and travel costs. A nearby gym and shower facilities promote employee health and well-being.

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In addition, PWGSC is incorporating the principles and elements of Workplace 2.0 in new design projects, including office buildings currently under construction in Gatineau, Quebec. In the meantime, two demonstration sites will be constructed in the National Capital Region in 2011 to provide clients and employees with working examples of new, flexible workspaces that showcase modern furnishings and technology. PWGSC is driving innovation across the federal government, changing the way the public service works, and modernizing our workplaces for the future.

