



Treasury Board of Canada
Secrétariat

Secrétariat du Conseil du Trésor
du Canada

Canada

Evaluation of the Centre for Expertise on Real Property

Published: 2024-11-11

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Published by Treasury Board of Canada, Secretariat
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT66-97/2024E-PDF
ISBN: 978-0-660-73658-7

This document is available on the Government of Canada website, [Canada.ca](https://www.canada.ca)

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Rapport d'évaluation du Centre d'expertise en matière de biens immobiliers

Evaluation of the Centre for Expertise on Real Property

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Introduction

This document presents the results of an evaluation of the Centre of Expertise for Real Property (RP-COE), managed by the Acquired Services and Assets Sector (ASAS) of the Treasury Board of Canada Secretariat (TBS). This implementation evaluation was conducted by the Internal Audit and

Evaluation Bureau with the assistance of Goss Gilroy Inc. and in accordance with the Treasury Board *Policy on Results*. The evaluation was undertaken between May and December 2023.

Results at a glance

This evaluation shows that there is a need for centralized management of federal real property given the deterioration of assets essential to the delivery of federal programs and services to Canadians.

The RP-COE has made progress toward the two immediate outcomes that were assessed:

1. stronger leadership and horizontal governance
2. departments and agencies (DAs) have real property portfolio strategies in place for planning and management of their portfolio

Although horizontal coordination has improved, the growth rate of horizontal collaboration across custodian DAs is less vigorous. Nonetheless, the RP-COE has contributed to increased capacity in the real property community. Its focus on relationship development underpins much of its progress, both in its activities and in increasing the visibility and significance of federal real property.

The evaluation found a need for a government-wide vision and strategic plan, similar to those of other jurisdictions that were reviewed. Canada is the only country in the review that does not have:

- a centralized real property function
- central strategic direction
- a whole-of-government real property strategy

The RP-COE would benefit from a more strategic use of limited resources to increase effectiveness. Moreover, the Government of Canada (GC) would benefit from a clear vision and comprehensive strategy to manage its real property portfolio based on reliable data. DAs expressed a need for more

tailored support and more information dissemination of lessons learned and best practices. Notably, the evaluation revealed a significant interest from the real property community in stronger direction and monitoring from TBS.

Because real property is the second-largest area of federal spending, the risks and opportunities in real property are significant. The RP-COE has made important progress and has shown that it could play a key role in continuing to do so.

In a recent decision, the Minister of Public Services and Procurement Canada, with support from the Privy Council Office, was directed to:

- be the lead on the GC's public lands
- develop a *Public Lands for Homes Plan*¹
- launch an Action Council chaired by a newly appointed Deputy Minister responsible for implementing the government's public lands priorities

Recommendation

Given the government's recent decision to no longer fund the RP-COE, TBS's Internal Audit and Evaluation Bureau encourages ASAS to continue its support to DAs on real property, potentially through the Deputy Minister Real Property Committee, and help the professionalization of the real property community.

Significance

\$10 billion per year is spent on real property, which is second-largest government expenditure per year.

Objective

To evaluate the Centre of Expertise for Real Property (RP-COE).

Scope

The evaluation focused on the RP-COE of ASAS, TBS, covering the period from January 2022 to October 2023.

The evaluation targeted relevance, implementation and progress toward two immediate outcomes:

1. stronger central leadership and horizontal governance
2. DAs have real property strategies in place for planning and management of their portfolio

See [Appendix A](#) for the logic model used for this evaluation.

Overview

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Methodology

- Document and administrative data review
- 35 stakeholder interviews with RP-COE personnel and custodian DAs, including Senior Designated Officials (SDOs) and practitioners and partners²
- Community questionnaire administered online to practitioners in custodian DAs (n=46 of 104, response rate = 44%)
- Comparative study of four countries, namely New Zealand, the United States, Australia and the United Kingdom

Limitations

An online questionnaire targeted the practitioners who participated in the RP-COE's Real Property Portfolio Strategy training sessions during 2023 and was therefore not representative of the whole community. To address this

lack of full representation, evaluators ensured that the respondents who could provide views on the RP-COE reflected different working levels of real property practitioners.

Program context

The GC owns and manages the largest real property portfolio in Canada. The Horizontal Fixed Asset Review (FAR) final report shows that by 2020 the GC owned:

- 32,000 buildings
- approximately 20,000 engineering assets (for example, ports, bridges and highways)
- 23 million square metres of floor space
- 39 million hectares of land ³

Data from 2017 shows the GC was spending approximately \$10 billion per year to administer this portfolio. Interviewees noted that the cost of real property is the GC's second-highest expenditure area, after defence.

Despite the size of expenditure, real property assets continue to deteriorate at an accelerating pace. This deterioration compromises the portfolio's ability to support federal programs and services, and increases financial, legal, operational, and reputational risks and liabilities. The real property portfolio across the GC is complex, is a necessary for service delivery to Canadians, and is a large user of natural, human and financial resources.

Real property management tends to lack resources and leadership attention, as noted in the FAR's study, ⁴ which was conducted in 2019 and 2020.

The FAR's final report recommended the establishment of a Centre of Expertise for Real Property and that government transform how it manages real property. Combined, these recommendations call for a modernized portfolio that:

- is more proactive and innovative
- shifts perception of real property from a cost driver and liability to being a strategic platform

The RP-COE was launched in January 2022⁵ to:

- facilitate the implementation of FAR recommendations
- help DAs adapt to changes to real property resulting from the COVID-19 pandemic

According to its documentation, the RP-COE sees its role as:

- facilitating consistency and horizontal collaboration across 28 custodian DAs
- supporting the improvement of federal real property management as well as competency and capacity of the federal real property community
- working to improve data integrity and availability at the enterprise level to support evidence-based decision-making

Results

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Relevance

To what extent is there an ongoing need for the RP-COE?

There is strong evidence of an ongoing need for the RP-COE to facilitate collaboration and provide leadership on the horizontal management of federal real property.

- Most interviewees and half of the community questionnaire respondents said that there is little horizontal collaboration across DAs.
- The document review indicates an ongoing need for a centralized or enterprise-wide perspective of real property and centralized management. Since the 1960s, multiple reviews and audits have

highlighted this need. The RP-COE's role is seen as key, as it also advances broader government priorities discussed under this evaluation report's Implementation section.

- Most interviewees supported the RP-COE's role and the current placement within TBS.
- Within this centralized role, almost half the interviewees identified the need for stronger authority and leadership for real property management within the federal government to mobilize the real property management community.
- The comparative study of international jurisdictions showed that having a central body to lead real property management and delivery was a best practice. Several interviewees suggested this model for Canada. They recognized that strategic leadership and government-wide direction would be well met through a central function.

Interviewees from small DAs called for more hands-on support from the RP-COE. Others identified a need for additional monitoring and tools, emphasizing a need for policy compliance as opposed to merely encouraging DAs to advance their real property management practices.

Implementation

To what extent has the RP-COE been effectively implemented?

The RP-COE's implementation has been effective to a large extent. Implementation was less effective as the RPCOE's focus became less strategic over time..

- The document review confirms that the RP-COE monitors the progress of all 119 FAR recommendations with a government-wide view. The RP-COE:
 - created a GC work plan that identifies which DA is responsible for each recommendation

- developed tailored work plans for each of the 28 custodians to implement the recommendations for which they are responsible
- According to the document review and interviewees, the RP-COE has:
 - implemented many different activities (see [Appendix B](#))
 - collaborated with DAs on broad issues such as housing
 - supported the Centre for Greening Government and Public Services and Procurement Canada's Office Footprint Reduction Plan

The RP-COE has also directly supported emerging areas, such as right-sizing the real property portfolio and disposal. Both the document review and interview evidence show that these varied and complex activities drew heavily on the RP-COE's modest resources. This demand resulted in a move away from the original focused approach on FAR recommendations, particularly those related to governance and portfolio management and post-COVID-19 return-to-work arrangements. These more immediate needs impacted the RP-COE's ability to simultaneously advance work on pre-existing priorities such as real property portfolio strategies intended to further support the creation of a GC real property strategy.

- Some interviewees noted that, as a temporary program, the RP-COE's ability to quickly resource itself with qualified personnel was hampered by short-term positions and the highly specialized nature of the work.
- The RP-COE raised its profile and that of real property management more generally. Nonetheless, the evaluation found that there is mixed awareness of the RP-COE and its mandate. Most interviewees (senior designated officials and real property practitioners) participating in real property committees were aware of the RP-COE's mandate, but less than half of community questionnaire respondents were familiar with it. Interviewees indicated that information dissemination from senior executives to real property practitioners has not taken place as expected.
- According to interviewees, although the RP-COE's roles and responsibilities have become clearer over time, confusion remains

among a few DAs about the role of the RP-COE and other areas of ASAS (for example, the policy centre).

- Additional documentary evidence shows that the RP-COE established a GCXchange page to spread information and host discussions such as those with the science custodians community of practice and external bodies such as the Real Property Institute of Canada and the Centre for Greening Government.

Lessons learned and best practices from DAs were shared at the Senior Designated Officials (SDO) Council through:

- departmental presentations
- participation in working groups such as those on housing and Laboratories Canada performance indicators
- ad hoc requests and training

The document review found no evidence that the RP-COE proactively shared lessons learned with practitioners across the community.

Although the RP-COE has provided hands-on guidance, interviewees from small DAs gave it mixed reviews. Because DAs have such a wide variety of capacities and needs, interviewees indicated that products that are more tailored would be more helpful. Respondents to the community questionnaire, on the other hand, had high praise for the RP-COE, with a large majority saying they were satisfied with the advice and guidance provided.

Effectiveness

Expected outcome: stronger central leadership and horizontal governance

The RP-COE strengthened central leadership and horizontal governance. The lack of a GC-wide strategy and a central decision-making body were identified as gaps.

- All lines of evidence suggest that the RP-COE provided central leadership in advice, guidance, collaboration and support to the development of DAs’ real property portfolio strategies.
- Unlike the comparator jurisdictions, the evaluation found that there is no central decision-making body on real property for the federal government. Rather, decisions are made by deputy heads. Nonetheless, the RP-COE has enabled departmental connections for ad hoc enterprise-wide decisions on housing and footprint reduction.
- The comparative study also showed that other jurisdictions have an enterprise-wide real property strategy that helps drive actions, commitments, transformation and resourcing. This model is currently used in Canada for the Centre for Greening Government.

Characteristics	United Kingdom	New Zealand	Australia	United States	Canada
Central real property function ⁶ that provides an enterprise view of the entire real property portfolio and central oversight and coordination	✓	✓	✓	✓	✓
Central strategic direction for the entire real property portfolio that identifies a vision and goals at enterprise level	✓	✓	✓	✓	✓
Whole-of-government real property strategy	✓	✓	✓	✓	✓

- The RP-COE implemented a horizontal governance structure that includes committees at the deputy minister, assistant deputy minister

and director general levels. It is the secretariat for the Deputy Minister Real Property Committee and is a co-chair of the Senior Designated Officials (SDO) Council on Real Property. The latter comprises assistant deputy ministers, chief financial officers and directors general.

- The RP-COE also participates on other senior level committees and working groups related to real property with various areas of focus (for example, greening government, laboratories, flexible work models).
- Some interviewees commented that the RP-COE took a leadership role by influencing the agenda at the Deputy Minister Real Property Committee. Similarly, some interviewees indicated that the RP-COE's role with the SDO Council on Real Property provides a central meeting point for custodians. A few interviewees, notably from small DAs, mentioned that they felt the conversation at committees is dominated by the larger DAs, which suggests that their unique issues may not be addressed.
- Most interviewees and half of the questionnaire respondents thought that the RP-COE enabled DAs to advance key real property management activities and helped improve interdepartmental collaboration through departmental clusters, for example, security. Recently, the RP-COE partnered with Laboratories Canada, which leads the science custodians community of practice, to facilitate horizontal collaboration and discussion. Some interviewees indicated that the RP-COE could facilitate similar collaboration with other real property clusters.
- The evaluation found that the RP-COE helped advance the community's knowledge and skills, as indicated by most interviewees and more than half of questionnaire respondents. Nonetheless, there was a general call for more information-sharing with the real property community to better support DAs across all levels.
- The RP-COE advanced knowledge and skills by:
 - delivering eight training sessions in 2023 on real property portfolio strategies to more than 100 participants

- updating two real property courses in collaboration with the Canada School of Public Service
- contributing to the competency framework update for real property
- exploring opportunities for real property executive talent management
- collaborating with the Real Property Institute of Canada to organize annual real property executive sessions
- Some interviewees indicated that the RP-COE's role could be improved by acting as a champion for custodian DAs and continuing to strengthen the professionalization of the real property community. Given that the ASAS's Community Development Office owns this role further illustrates a lack of understanding of ASAS's roles and responsibilities among DAs.

Expected outcome: DAs have real property portfolio strategies in place for planning and management of their portfolio

DAs have real property portfolio strategies to some extent. Hands-on, tailored support and sharing best practices would help these DAs further develop their strategies.

- Evaluation evidence shows that the RP-COE has supported the advancement of real property portfolio strategies through the delivery of training and the provision of tools, advice and guidance. Some interviewees and two thirds of questionnaire respondents noted that the RP-COE has supported the advancement of their organization's Real Property Portfolio Strategy to some extent.
- The document review shows that the readiness and maturity of DAs to develop portfolio strategies vary across the GC. As of December 2023, only a quarter ⁷ of DAs submitted a Real Property Portfolio Strategy. The data shows that another 10 DAs plan to submit their strategies by March 2024.
- Those DAs that have portfolio strategies hold the largest proportion of real property in the GC. According to interviewees, they did so largely

independently of the RP-COE given their higher capacity, maturity level, experience and resources and/or by hiring consultants.

- Key informants shared that capacity for real property management at custodian DAs varies widely, making it a challenge for the RP-COE to meet needs. They added that an organization that has a very high level of capacity (or is a high user of consulting services) does not need the RP-COE in the way that DAs that have lower levels of capacity would. This difference suggests that the RP-COE will need to adapt its approach to support these differences.
- Interviewees suggested that greater action on developing real property portfolio strategies could be achieved if the RP-COE had the authority to require DAs to develop and submit their strategies.
- Similarly, interviews suggested that the RP-COE could do more to share best practices and lessons learned, which would advance the development of portfolio strategies.

RP-COE recommendation

Strategic planning

Although the evaluation concludes that there is an ongoing need for a government-wide strategic plan for real property, given the government's recent decision to no longer fund the RP-COE, TBS's Internal Audit and Evaluation Bureau encourages ASAS to continue its support to DAs on real property, potentially through the Deputy Minister Real Property Committee, and help the professionalization of the real property community.

Appendix A: Logic Model

Longer-term

LT1 – GoC has a modern, right-sized real property portfolio to support program delivery

LT2 – Real property is a strategic enabler to broader government objectives

Intermediate

IN1 – Departments implement consistent, integrated portfolio management practices

IN2 – Departments consistently manage and steward real property assets throughout the asset lifecycle

IN3 – TBS (central agency) has a comprehensive view of the GC Real Property portfolio

Immediate

IM1 – Stronger central leadership and horizontal governance

IM2 – Departments are addressing the Fixed Asset Review (FAR) recommendations

IM3 – The federal Real Property community has improved capacity

IM4 – Departments collect and provide more relevant and reliable Real Property data

IM5 – Departments have real property portfolio strategies in place for planning and management of their portfolio

Reach

Deputy heads

Custodians and tenants

Federal real property community

Outputs

**Governance ToR and RoDs
Advice and guidance**

Tailored custodian work plans
RP Capacity Assessment Model
Professionalization Action Plan
GoC Real Property Portfolio and Data Strategies
Workshops and courses
Enhanced Directory
Reports

Activities

Portfolio management

People

Data

Appendix B: RP-COE Activities to Date

Since its establishment in 2021–22, the RP-COE has:

Central leadership

- Established government-wide governance to facilitate coordinated approaches to key issues
- Advanced 116 of 119 FAR recommendations; as of February 2024:
 - 26% (31) were completed and ongoing
 - 61% (73) were on track
 - 7% (8) were not initiated
 - 7% (8) were at risk ⁸

- Among the 39 recommendations led by the RP-COE, 31% (12) are completed and ongoing, 46% (18) are on track, 13% (5) are not initiated and 10% (4) are at risk; the RP-COE gave priority to the professionalization of the real property community, development of portfolio strategies, and data improvement.
 - Of the 23% (9) recommendations at risk and not initiated, seven have been identified as foundational (the full text of these recommendations is detailed in [Appendix C](#))
- Begun studies to help identify how to improve the financial sustainability of the office portfolio and how to optimize service delivery

People

- Developed a Professionalization Action Plan with the engagement of the federal real property community
- Developed training on real property portfolio strategies to support the upskilling of the custodial community
- Actively engaged in efforts to bring the community of practice together to facilitate horizontal collaboration

Data

- Identified data gaps at the enterprise level
- Started work to address some priority data gaps (for example, surplus assets, financials)
- Facilitated collaboration between Statistics Canada and custodians to address data analytics capacity gaps

Appendix C: FAR Recommendations

► In this section

[Full text of FAR recommendations for which the RP-COE is responsible which are at risk and not initiated]

At risk

- **Recommendation 2.2:** Develop the first Government of Canada Real Property Portfolio Strategy to provide direction, identify priorities and set performance targets for managing federal real property. Initial Government of Canada strategy will be in the form of principles-based direction to departments to help guide portfolio strategy content expected to be included for TBS consideration.
- **Recommendation 3.2:** Develop accounting protocols for real property to gain accurate information on expenditures at the custodian and enterprise level. Create a unique identifier for each asset to enable linkages between financial and real property information systems.
- **Recommendation 7.3.1:** Pay particular attention to engineering assets at the enterprise level and manage them as an asset class, noting the risks and opportunities associated with these assets.
- **Recommendation 7.3.2:** To facilitate a whole-of-government approach, develop and maintain an inventory of engineering assets at the enterprise level.

Not initiated

- **Recommendation 3.3:** Explore accrual-based budgeting for real property as an option to achieve sustainable funding and improved real property management. As part of this effort, assess whether it would be beneficial to fence funds for real property within custodial departments and agencies and/or across the federal government.
- **Recommendation 6.6:** Establish and maintain an information management / information technology community of practice for real property to facilitate discussions on common challenges, identification of potential solutions, and sharing of best practice and lessons learned.
- **Recommendation 7.3.3:** Develop and maintain an enterprise-level risk framework and risk registry that include mitigation strategies that are systematic, integrated and targeted.

Appendix D: Management Response

Since the completion of the RP-COE evaluation, Budget 2024 was tabled. The budget did not include funding for the continuation of the organization. The RP-COE and related activities have now sunset.

Although the RP-COE's mandate has concluded, certain activities aligned with the core mandate of OCG-ASAS will continue, in particular:

- secretariat support for the Deputy Minister Real Property Committee
- limited support for professionalization of the real property community

The scope of these continuing activities will be modified based on the limited capacity.

Departments and agencies will continue to drive individual departmental initiatives in response to the Fixed Asset Review's recommendations.

Footnotes

- 1 See the Department of Finance Canada's [Key Measures](#).
- 2 Quantity terminology used for interviews and the questionnaire was as follows: None: 0% of responses; Few: 1% to 20% of responses; Some: 21% to 50% of responses; Most: more than 50% of responses.
- 3 Source: Horizontal Fixed Asset Review: Final Report 2020.
- 4 The FAR, completed in February 2021, was the most extensive study of GC real property in over 35 years and provided an evidence-based understanding of the state of the federal real property portfolio.
- 5 The Executive Director for the RP-COE started at TBS in June 2021, and immediately commenced work on the Treasury Board submission to access funding to establish the RP-COE and to ramp up staffing of the RP-COE.

- 6 Public Services and Procurement Canada is the GC real property manager and controls approximately 17% of GC properties, 0.04% of GC land, 5% of GC buildings and 27% of the GC's floor area. Canada has no centralized oversight of real property, contrasting with other jurisdictions.
- 7 National Defence, the Canada Border Services Agency, Fisheries and Oceans Canada, Parks Canada, Library and Archives Canada, the Royal Canadian Mounted Police, and Public Services and Procurement Canada.
- 8 The sum of percentages presented equals 101% due to rounding error. Raw values presented in brackets sum to the expected total value of 120.
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ISBN: 978-0-660-73658-7

Date modified:

2024-11-15