At your request we made a limited analysis of your proposal, using the information available in the records of the Property Management Division. As a basis for making the analysis we assumed that the rental rate charged by the Department of External Affairs should be competitive with the market rate for similar accommodation. In order to establish the current market rate for each type of accommodation in which the Department is involved, we obtained from the records the annual rental charges and the number of "space units" rented (square feet for chanceries, and homes for official residences and staff quarters). Our findings are summarized below.

(a) Chanceries

The Department presently rents 63 chanceries at a total cost of $1,400,000 per year, not including maintenance, operating and alteration costs. The Department of External Affairs' share of the rent is approximately $1,000,000 per year. The gross rented area is 420,000 square feet for an average of 6,700 gross square feet per rented chancery and an average cost of $3.43 per gross square foot.

(b) Official Residences

Thirty-nine official residences are rented at a cost of $440,000 per year, not including maintenance, operating and alteration costs, except in those cases where some of these costs are included in the rental charges. Thus, the average annual rental cost per residence is $11,280.

(c) Leased Staff Accommodation

A total of 1,100 units are presently rented at a cost of $3,193,400 per year for an average annual rental cost of $2,900 per unit. Only 315 of the 1,100 units are leased by the Government, the balance being private leases. The Government leased accommodations have an average annual rental cost of $3,000.

We then compared these figures with the cost of acquiring equivalent space. Methods of calculating the cost of owning property can become very complicated if one tries to take into account factors such as the depreciation of the dollar, the appreciation of property, and the physical depreciation of the buildings. In order to keep the number of variables down to a minimum, we made the arbitrary assumption that the appreciation of the property due to the increased cost of real estate would be at least equal to the physical depreciation of the building. We also made our analysis on the basis of constant