

the various property activities covered in this bill. Without discussing each of them in detail, I would like to make a few comments. There has been a considerable evolution since the time when the Public Works Act was passed, some 114 years ago, Mr. Speaker. No major amendment has been made to this legislation since. Of course, there has been a general evolution, but the changes which have occurred in the last 15 or 20 years only in the area of commercial or office buildings have been quite simply revolutionary. These changes include rehabilitation of urban centres, rational development of large areas with shared-ownership, the need to protect through new legal instruments ownership rights for new complexes, as well as the control by the owners, the wish to regroup multiple use premises in these complexes, such as offices, retail outlets, housing units and recreational facilities. These changes finally include the undertaking of marketing studies by promoters.

• (1510)

[English]

Because of the needs of the federal government for office accommodation, much of it in downtown and commercial areas, Public Works Canada is thrown squarely into the midst of a great variety of real estate activities which were never contemplated by the drafters of the department's statutes over a hundred years ago. It is not surprising, therefore, that many activities, now necessary for its mandate, are not explicitly provided in the legislation. We on this side want to ensure that these activities, even if not specifically precluded by the current legal provisions, are clearly authorized and set out in the legislation.

Having said that, let me illustrate the importance of using these new development techniques for the Department of Public Works and show how their use has already produced substantial measurable benefits. I refer to the four lease-purchase buildings in the National Capital Region: Les Terrasses de la Chaudière, L'Esplanade Laurier, the C.D. Howe Building on Sparks Street, and Place du Centre.

I will not go into detail on the principles of lease-purchase, its structure and its place in the spectrum of real estate development tools. I will leave that to my colleagues on this side.

Rather, I would like to focus briefly on these four cases. Part of my interest in them, like that of a number of other hon. members, goes back about five years when these projects and the method of lease-purchase received a great deal of attention in this chamber and also in the other place. There was much debate about these projects and their economy, as a method of providing federal office accommodation.

[Translation]

I recall that the debates were then rather stormy, and this, for several reasons. One of these reasons was that those buildings or complexes had not yet been operated long enough to make a proper assessment of their economic trend and their annual cost per square metre. Given the lack of sufficient data, doubts could only worsen because when the doors were thrown

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open these buildings did in fact cost more than if comparable "A" category accommodation had been leased through the conventional leasing procedure. Mr. Speaker, such was the situation a number of years ago. Nowadays the volume of evidence at our disposal is much more significant, based as it is on actual events drawn from the practical experience gained by Public Works Canada in the management and the actual costs of those buildings or complexes. It is important to compare those costs with the rates which Public Works must pay for accommodation leased in the usual manner, rates that have been recently under review. In 1981-82, the average cost of the four buildings or complexes built under the hire-purchase formula was \$134 per square metre, whereas similar accommodation on the market can be leased for about \$200 per square metre. If we apply the average savings per square metre to the total floor area of the four buildings or complexes, we find out that the annual savings amount to \$23 million, Mr. Speaker.

[English]

I was glad, Mr. Speaker, to learn of this, because I was personally a bit uncertain about the merits of the lease-purchase system five years ago when we discussed this matter here at some length. Much of the confusion then, as I said before, arose from the fact that the initial couple of years under a lease-purchase were generally more expensive than the conventional lease market in the Ottawa-Hull region. I understand that the reason for this is that the cost structure of lease-purchase is more akin to ownership, and ownership costs are more expensive in the initial years but are cheaper in the long run, compared to leasing.

[Translation]

My third point is the Rideau Centre project, because it is a clear example of the complex aspects of present day real estate planning in general terms, and more specifically, of the participation of Public Works Canada in complex development projects. In fact, it demonstrates that the present act does not, but should, authorize Public Works Canada to operate in such situations. Mr. Speaker, I suppose a great many members of this House are well acquainted with this interesting and important project. However, it might be useful if I gave a brief overview of the project's background, structure and present situation.

[English]

You do not have to be an urban planner, or a retail market analyst to see that the central core of the Rideau Street area is badly in need of redevelopment. All you need to do is to have a look. This has long been recognized, since the early 1960s, going back to the study by John B. Parkin, the distinguished Toronto architect. This is the eastern downtown core, bounded on the west by the Chateau Laurier and the National Conference Centre, and it had been going downhill for probably a generation—a fate it has shared with many downtown core areas around the world.