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January 04, 2022

Mr. Yves Giroux
Parliamentary Budget Officer
Office of the Parliamentary Budget Officer
99 Bank Street, Suite 900
Ottawa, Ontario K1A 0A9

Dear Mr. Giroux:

Thank you for your letter of August 5, 2021, in which you requested a detailed breakdown of the construction costs associated with three Senate requests for inclusion in the restored and modernized Centre Block and the new Parliament Welcome Centre: 1) partial infill of the Centre Block east courtyard to provide six additional offices for senators (increase of three compared to Senate allocation at the time of the Centre Block closure); 2) three committee rooms in the Parliament Welcome Centre and three in the Centre Block for a total of six (increase of three compared to the Senate allocation at the time of the Centre Block closure); and 3) dedicated Senate business entrance on the east end of the new Parliament Welcome Centre. Documentation enclosed in this letter provides a detailed response to your request.

I have been briefed on the file and have toured the Centre Block construction site. I am impressed by the progress being made to restore and modernize Canada's Parliamentary Precinct. However, I intend to engage my colleagues in the Senate and the House of Commons to discuss opportunities for strengthening governance and further discuss matters of common interest to support sound joint decision making.

The Long Term Vision and Plan is a strategy for the complete restoration and modernization of the Parliamentary Precinct. The focus of the Plan at this time is the restoration and modernization of the Centre Block and the construction of a Parliament Welcome Centre, as well as the transformation of the broader Precinct into an integrated campus that meets the immediate and long-term functional requirements of Parliament.

To achieve these objectives, Public Services and Procurement Canada (PSPC) has been working with its partners in Parliament, including the Senate and House of Commons, to develop a functional program for the existing Centre Block and the new Parliament Welcome Centre. This program considers opportunities for accommodating functions in the broader campus, since space within the existing building and the new Parliament Welcome Centre is limited.

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As minister of Public Services and Procurement, I am accountable to Parliament and to Canadians for the oversight and overall implementation of the Long Term Vision and Plan, including its associated costs. In this role, I must ensure that Parliament's requirements are being addressed properly and in a balanced manner, respecting both cost-effectiveness and the space available, as well as the preservation of the Centre Block's heritage fabric. Achieving balance between these often competing considerations requires ongoing collaboration and the consideration of multiple options.

In carrying out this mandate, PSPC is committed to meeting Parliament's requirements and to working in partnership to assess how these requirements can best be satisfied. On this note, PSPC officials are continuing to work with the Senate administration to develop and assess options on how best to meet Senate requirements within the Parliamentary Precinct.

During the collaborative planning process for the Centre Block and the Parliament Welcome Centre, PSPC officials raised concerns that all of the scope elements brought forward by the parliamentary entities could not be achieved within the available space. Impacts to the preservation of the building's heritage fabric and cost effectiveness were also raised as concerns. It is also important to note that Parliament itself placed limits on its growth in the Centre Block and the Parliament Welcome Centre by directing PSPC to prioritize the protection of the Centre Block's heritage and to limit the size of the Parliament Welcome Centre to 32,600 square metres.

Over the past 18 months, Parliament considered options and made adjustments to leverage the broader Precinct to better align requirements with the space available, the preservation of the Centre Block's heritage fabric and cost effectiveness. However, the three Senate requirements that are the subject of your request remained unadjusted and continued to pose significant implementation concerns. The only way to accommodate these requirements in the Centre Block and the Parliament Welcome Centre would be to add additional space or reduce the space provided to the other parliamentary entities. It is important to note that the revitalized Centre Block and the Parliament Welcome Centre will provide additional space for all of the parliamentary entities (the Senate, the House of Commons, the Library of Parliament and the Parliamentary Protective Service). However, if these three elements proceeded, Senate space would grow by 57 per cent compared to 29 per cent growth for the House of Commons. Without these three elements, Senate space will grow by 28 per cent.

In May 2021, my predecessor, Minister Anand, wrote to the speakers of the Senate and House of Commons, as well as the Chair of the Senate Standing Committee of Internal Economy, Budgets and Administration, to request that the Senate and House of Commons review their functional requirements. This letter also advised that these three Senate requirements, which total approximately \$100 million, would be initially excluded from the program scope and cost estimate due to the need to balance the requirements of Parliament with space, heritage and cost considerations.

The space limits and heritage impacts are pre-eminent considerations regarding the viability of providing more offices and committee rooms than existed prior to the Centre Block closure.

Based on our initial assessment, the additional offices and committee rooms requested by the Senate could be more cost-effectively provided within the broader parliamentary campus. The request for a dedicated Senate business entry on the east end of the Parliament Welcome Centre also raises space and cost considerations, given that the central entry for the Parliament Welcome Centre is being designed to support the entry of both the general public and parliamentary business visitors. The central entry can therefore accommodate Senate requirements without incremental costs.

Due to the magnitude and complexity of the projects being delivered under the Long Term Vision and Plan, PSPC has made significant efforts to establish its estimates using industry-best practices, international comparatives and benchmarking. Large projects, such as the Centre Block Rehabilitation, are undertaken in accordance with PSPC's National Program Management System. This framework ensures that projects are planned, managed and delivered in a consistent manner that is transparent with regard to scope, schedule and budget, and is fully compliant with all applicable legislation, regulations and Treasury Board policies.

To engage parliamentarians on the Centre Block Rehabilitation Program, including functional requirements and costing, PSPC officials made over 30 appearances before House of Commons and Senate committees in 2020 and 2021. In particular, departmental officials began presenting options for these three requirements, including costing, to the Senate Standing Committee on Internal Economy, Budgets and Administration in May 2020. Engagement continued throughout 2020 and 2021. The costing methodology for the entire Centre Block Rehabilitation Program was presented to the Senate in March 2021.

In June 2021, prior to the dissolution of Parliament, PSPC issued a full cost report for the Centre Block and the Parliament Welcome Centre to Parliament and Canadians (see enclosure). Departmental officials also met with the House of Commons' members of Parliament working group and the Senate's Long Term Vision and Plan Subcommittee to provide an overview and respond to questions of the cost estimate and costing methodology. A summary of the key engagements with the Senate on these matters is enclosed.

Similar to other large and complex projects being delivered by PSPC, an independent third party was used to establish cost and schedule estimates for the Centre Block and the Parliament Welcome Centre. Lessons learned from the delivery of comparable complex heritage restoration projects were also used in the development of project costs. PSPC also undertakes benchmarking studies of projects with similar scope, complexity and functionality to compare the cost estimates and the methodology used to establish these estimates. PSPC also uses both internal and external expertise to review, assess and challenge these estimates throughout the delivery of the project, in order to realize efficiencies.

This costing methodology used for Parliamentary Precinct projects, including the management of risks and contingencies, has been recognized by independent parties. The Auditor General of Canada found in 2010 that sound project management practices were in place for the rehabilitation of the Parliament buildings, and that the Department had in place a costing methodology for developing estimates based on lessons learned from other projects.

In addition, in order to monitor costs and overall financial performance, PSPC has leveraged independent experts such as Raymond Chabot Grant Thornton and Price Waterhouse Cooper; they provided certified clean financial audits for the construction management contracts for the West Block, Wellington and Sir John A. Macdonald projects.

Enclosed you will also find documentation from the independent cost, time and risk consultant for the Centre Block Rehabilitation Program, Turner & Townsend, that provides greater detail relevant to your request.

Departmental officials are also available to discuss the documentation provided. I have asked Mr. Rob Wright, Assistant Deputy Minister for the Science and Parliamentary Infrastructure Branch, to reach out to your office to coordinate an appropriate time.

PSPC is committed to working collaboratively with Parliament to restore and modernize Canada's Parliamentary Precinct in a manner that is in the best interest of Parliament and Canadians alike.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Filomena Tassi', is positioned below the closing text.

The Honourable Filomena Tassi, P.C., M.P.
Minister of Public Services and Procurement

Enclosures