

NewsRelease



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Feds give away more than \$600 million in building sale

Ottawa – The federal government has sold nine government buildings for more than \$600 million less than their actual value to Larco Investments Ltd., according to an analysis conducted by the economic research firm Informetrica Ltd.

Informetrica values the prime federal properties at almost \$2.3 billion, yet Public Works and Government Services Canada announced today the sale of the buildings for only \$1.64 billion.

“This is a give-away of colossal proportion. In addition to ceding ownership of nine premium properties, the federal government has, in effect, written a \$630 million cheque signed by Canadian taxpayers,” said Patty Ducharme, National Executive Vice-President of the Public Service Alliance of Canada which commissioned the Informetrica report.

Informetrica arrived at this conclusion after analyzing details related to the sale of the buildings and information from publicly available sources.

According to the cost-benefit analysis, taxpayers will remain liable for additional costs and overruns on operations even after they go private.

“The structure of the transaction leaves taxpayers responsible for all maintenance and upgrades to the interior of the buildings. Tax dollars will ensure the heating systems, windows, elevators, plumbing and electrical systems, etc. in these newly private buildings will be kept in top shape,” said Ducharme.

The transaction provides that taxpayers will pay the new owners a management fee based on a percentage of the gross rent paid at each building. The deal also prohibits Ottawa from buying back the buildings at the end of the lease if the buy back results in a financial advantage to the federal government.

“This a sweet deal for the new owners and a lemon for taxpayers. It’s a 25 year guarantee of steady profits, taxpayers will pay extra operating and maintenance costs, and the federal government will be able to buy back the buildings only if taxpayers do not benefit financially,” Ducharme said.

Public Works and Government Services officials have maintained that selling federal properties and leasing them back from the new owners is the only way to pay for a mounting repair bill to bring the federal real estate portfolio up to scratch. But none of the cash from today’s sale is earmarked for this purpose.

Today’s sale of nine buildings is only the first phase of a program to sell up to 40 properties owned by Canadians.

“Ottawa should scrap its plans for additional property sales and come back with an alternative that makes economic sense for taxpayers,” said Ducharme.

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