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**Auditor General of Canada**  
to the House of Commons

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**Chapter 2**  
The Conservation of Federal Built Heritage



Office of the Auditor General of Canada

*The February 2007 Status Report of the Auditor General of Canada comprises a Message from the Auditor General, Main Points—Chapters 1 to 7, an Appendix, and seven chapters. The main table of contents for the Report is found at the end of this publication.*

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For copies of the Report or other Office of the Auditor General publications, contact

Office of the Auditor General of Canada  
240 Sparks Street, Stop 10-1  
Ottawa, Ontario  
K1A 0G6

Telephone: 613-952-0213, ext. 5000, or 1-888-761-5953  
Fax: 613-943-5485  
Hearing impaired only TTY: 613-954-8042  
Email: [distribution@oag-bvg.gc.ca](mailto:distribution@oag-bvg.gc.ca)

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Chapter

# 2

The Conservation of Federal Built  
Heritage

*All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.*

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# The Conservation of Federal Built Heritage

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## Main Points

### What we examined

The built heritage includes the sites, structures, and monuments that are recognized for their historic significance. Federal built heritage consists mainly of heritage buildings and national historic sites. These can include, for example, buildings, battlegrounds, forts, archaeological sites, canals, and historic districts.

We examined progress made by the Parks Canada Agency in addressing recommendations from our 2003 audit, when we reported that built heritage was at risk. We recommended that the Agency continue its efforts to strengthen the legal framework for protecting built heritage and implement its management framework for national historic sites as quickly as possible.

In this follow-up audit we broadened our examination to include not only Parks Canada Agency but also National Defence and Public Works and Government Services Canada. Together, the three organizations have custody of about 75 percent of national historic sites and heritage buildings owned by the federal government. We examined the specific conservation actions they have taken since our 2003 audit in a sample of 11 national historic sites and 8 classified federal heritage buildings located in six provinces.

### Why it's important

Federal built heritage includes such sites as the Cape Spear Lighthouse in St. John's, La Citadelle in Québec City, Fort Henry in Kingston, Cave and Basin in Banff, and the Admiral's Residence on the Esquimalt Naval Base on Vancouver Island. These places recall the lives and history of the men and women who built this country, and they foster awareness of how Canadian society evolved. They help us to better understand the present and prepare for the future. They contribute in important ways to Canadians' sense of belonging to their community. When important parts of Canada's built heritage are lost, future generations of Canadians are deprived of access to key moments of their shared history.

**What we found**

- Parks Canada Agency has made satisfactory progress in addressing our 2003 recommendations. However, conservation of heritage buildings and national historic sites that are in the custody of other federal organizations is at risk because of gaps in the Treasury Board Heritage Buildings Policy.
- Parks Canada Agency has developed a policy proposal to strengthen the legal framework for protecting federal built heritage. It has made progress in developing key documents for managing national historic sites. However, the Agency is behind in its schedule for completing its management plans for national historic sites. It has also taken steps to preserve the sites and structures that we reported to be in poor condition in 2003. The Agency has received additional capital funding to reinvest in its infrastructure, and has allocated part of that funding to the conservation of cultural resources at the national historic sites in its custody.
- The Treasury Board Heritage Buildings Policy offers limited protection to the built heritage in the custody of departments and agencies other than Parks Canada Agency. The Policy applies to heritage buildings only, not to national historic sites or other heritage elements such as archaeological sites, canals, and cultural landscapes. The Treasury Board Policy has no requirements for reporting on heritage conservation. As a result, little information is available on how well custodial departments are conserving the built heritage in their custody.
- The Policy, as it applies to custodial departments other than Parks Canada Agency, does not connect the designation of heritage buildings with their conservation and does not provide for a process to do so. Designation and conservation are separate functions. As a result, while there are a growing number of designated heritage buildings that require protection, there is no parallel growth in the financial capacity of custodial departments and agencies for conservation. These gaps in the Policy are obstacles to informed decision-making and priority setting for built heritage conservation.

**The departments and agencies have responded.** The departments and agencies have agreed with each recommendation made in the chapter. Their detailed responses follow each recommendation throughout the Chapter.



## Introduction

### Federal built heritage



Figsard Lighthouse, British Columbia

**2.1** The federal built heritage includes sites, structures, and monuments that have recognized historical value, such as buildings, houses, battlefields, forts, archaeological sites, cultural landscapes, canals, and historical districts. The federal government’s basic inventory of built heritage consists of about 1,300 federal heritage buildings and 206 national historic sites.

**2.2** Heritage designation is assigned under the Treasury Board Heritage Buildings Policy and under Canada’s *Historic Sites and Monuments Act*. An interdepartmental advisory committee evaluates the heritage character of buildings based on their architecture, historic character, or environment, and, if applicable, puts forward a recommendation for designation to the Minister of the Environment. A building with very high heritage value is designated as “classified,” while a building that has heritage value, but to a lesser degree, is designated as “recognized.” A national historic site is defined as a location, building, or other place of national interest or importance, including buildings or structures that have historical interest because of their age or architecture. Any Canadian citizen may nominate a historic site for designation. The Historic Sites and Monuments Board of Canada examines nominations and, if applicable, puts forward to the Minister of the Environment a recommendation that the site be given heritage designation.

**2.3** It is important to note that a national historic site may consist of a combination of elements, such as a classified or recognized federal heritage building, archaeological site, landscape, park, battlefield, bridge, or canal.

**2.4** Parks Canada Agency, National Defence, and Public Works and Government Services Canada administer approximately 75 percent of the federal government’s built heritage (Exhibit 2.1).

**2.5** Built heritage includes sites such as the Cape Spear Lighthouse in St. John’s, la Citadelle in Québec City, Fort Henry in Kingston, Cave and Basin in Banff, and the Admiral’s Residence in Esquimalt. These sites recall the lives and history of the men and women who built this country and are invaluable to all Canadians, be they young or old, recently arrived in Canada, or long-time residents. Built heritage raises awareness of how Canadian society has developed, and helps us better understand the present and prepare for the future. Built heritage

fosters a strong sense of belonging among Canadians. Built heritage is also a source of tourism revenue for communities, and it helps preserve the environment, by protecting existing structures. When important parts of Canada’s built heritage are lost, future generations are barred from access to key aspects of Canadian history.

**Exhibit 2.1** Three organizations have custody of some 75% of the federal heritage buildings and national historic sites owned by the federal government

Organizations	Federal Heritage Buildings		National historic sites
	Classified buildings	Recognized buildings	
Parks Canada Agency	129	379	154
National Defence	52	257	20
Public Works and Government Services Canada	39	147	10
Other	50	291	22
<b>Total</b>	<b>270</b>	<b>1,074</b>	<b>206</b>

Source: Parks Canada Agency

**Roles and responsibilities in the conservation of federal built heritage**

**Conservation**—All actions or processes that are aimed at safeguarding the character-defining elements of a cultural resource so as to retain its heritage value and extend its physical life. (Parks Canada)

**2.6** Federal departments and agencies are subject to the Treasury Board Heritage Buildings Policy requirements for the **conservation** of federal heritage buildings. This policy is now part of the new Treasury Board Policy on Management of Real Property, which came into effect in November 2006. Among other things, this policy requires departments to take into account the heritage character of buildings that are in their custody, or that they are about to acquire, as part of all real property management operations involving these buildings. Parks Canada Agency’s built heritage conservation obligations are greater because they stem from both the department’s enabling act and the Treasury Board Heritage Buildings Policy. These requirements aim, among other things, to conserve the Agency’s national historic sites as well as all other buildings and structures located on the sites. However, they do not cover other departments’ and agencies’ national historic sites. Parks Canada Agency provides consultation and advice on the heritage character of their buildings to organizations that request it.

## Context of departments and agencies

**2.7** Federal departments must manage their real estate assets based on their mandate and operational objectives. They must also take the necessary measures when a property no longer meets their needs. Built heritage is part of these departments' real estate property and is used as a resource that allows them to implement their programs. Departments and agencies must therefore strike a fine balance between, on the one hand, their relatively clear imperatives for management that is economic, efficient, and effective and, on the other hand, their relatively general obligation to protect the built heritage. Parks Canada Agency works under very different circumstances, since it has a specific mandate to protect and promote the country's built heritage. The national historic sites in the Agency's custody are instrumental in the accomplishment of its mission, because they are public cultural sites where Canadians can enrich their knowledge of Canadian history.

## What we found in 2003

**2.8** Our 2003 Protection of Cultural Heritage audit showed that built heritage was at risk because of a marked decrease in financial resources allocated to heritage conservation in the previous years, and because of shortcomings in built heritage management mechanisms and in the legal protection framework.

**2.9** We also reported that the heritage conservation framework had reached its limits and that a better balance had to be struck between departments' and agencies' conservation responsibilities and the resources made available to them.

## Focus of the audit

**2.10** The main objective of our audit was to determine whether the federal government had followed up on the recommendations on the conservation of built heritage that we made in Chapter 6 of our November 2003 report, Protection of Cultural Heritage in the Federal Government. It also aimed to identify the specific steps that the federal government had taken to maintain or re-establish the heritage condition of a sample of 11 national historic sites and 8 classified federal heritage buildings, across 6 provinces.

**2.11** We carried out most of our examination work at Parks Canada Agency, at National Defence, and at Public Works and Government Services Canada. More details on the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this chapter.

## Observations and Recommendations

### Parks Canada Agency

#### The Agency has developed a policy proposal to strengthen heritage conservation

**2.12** In 2003, we had indicated that there was no legal protection for the national historic sites administered by departments and agencies other than that provided by Parks Canada Agency. At the time, the federal government was studying the possibility of strengthening its built heritage conservation policy. A strengthened conservation policy would have protected all historic sites located on federal lands, as well as archaeological resources found on federal lands or in federal waters. It would have extended the requirement to evaluate all federal buildings 40 years of age or older to federal agencies and Crown corporations that hold federal properties. The government would have been required to ensure that its classified buildings would be appropriately maintained and protected against harmful or destructive actions. All federal agencies would have been required to give priority consideration to using national historic sites and classified federal heritage buildings before opting to construct new buildings or lease offices. Our examination showed that Parks Canada Agency has made satisfactory progress in this area, since it has continued to work toward strengthening conservation policy (Exhibit 2.2). Despite these efforts, it had not yet succeeded in securing support for stronger conservation policy for built heritage. As a consequence, Canada’s built heritage is still afforded only uncertain protection.

**Exhibit 2.2** Progress in addressing our principal recommendations on the conservation of built heritage

Auditor General’s November 2003 Report, Chapter 6	
Recommendation	Progress
The Environment Department (Canadian Heritage in 2003), in collaboration with the Parks Canada Agency, should continue its efforts to strengthen the legal framework to protect built heritage (paragraph 6.41).	●
The Parks Canada Agency should implement its management structure for national historic sites as soon as possible (paragraph 6.42).	●

- **Satisfactory**—Progress is satisfactory, given the significance and complexity of the issue, and the time that has elapsed since the recommendation was made.
- **Unsatisfactory**—Progress is unsatisfactory, given the significance and complexity of the issue, and the time that has elapsed since the recommendation was made.

### Funding to protect national historic sites has increased

**2.13** In 2003, we noted a widening gap between conservation needs and the financial resources available for conservation. In the 2005 budget, the government allocated an additional \$209 million to Parks Canada Agency to improve and maintain its visitor facilities, renovate its infrastructures, and restore a number of national historic sites. These additional funds will enable Parks Canada Agency to double its capital budget in the next five years. We found that the Agency had allocated part of its additional funding to the conservation of cultural resources located in those national historic sites that were in its custody.

### The Agency has acted to conserve sites found to be in poor condition in 2003

**2.14** We noted in our 2003 audit that Parks Canada Agency, after the evaluation of several national historic sites, had concluded that certain national historic sites were in poor condition. This meant that, unless conservation work was carried out in the next two years, these sites would have to be closed, and elements symbolizing their historic significance would be lost.

**2.15** Examination of a sample of national historic sites and analysis of Parks Canada Agency data showed that the Agency had taken the necessary action to prevent the deterioration of some of its cultural resources. At the Carillon Canal, Parks Canada Agency had carried out work to stabilize the walls of the canal. At Fort Henry, Parks Canada Agency had undertaken several conservation work projects. However, certain heritage buildings at these historic sites have still not been restored and remain closed to the public. The Superintendent's House at Carillon Canal is a notable example.

**Carillon Canal.** Carillon Canal is part of Canada's national system of historic canals. Located on the Ottawa River, the Canal commemorates the role played by this navigable waterway during the 19th and the 20th centuries. The 2002 Parks Canada Agency commemorative integrity evaluation of the site indicated that the resources directly motivating the Canal's designation as a national historic site, most notably the old derivation canal built between 1829 and 1833, had suffered serious deterioration. Parks Canada Agency has since taken steps to stabilize the walls of the Canal. However, other heritage resources on this national historic site require extensive conservation work. The Superintendent's House, which represents one of the best preserved vestiges from the period of the first Carillon Canal, is currently closed to the public for safety reasons.

**Fort Henry.** Located at the junction of the Rideau Canal, the St. Lawrence River, and Lake Ontario, Fort Henry is an important component of an extensive system of defensive works built by the British army in the first half of the 19th century to defend Point Henry. Now a designated national historic site, it includes 14 buildings, 9 of which are classified or recognized, as well as archaeological sites, important

landscape features, and historic objects. Parks Canada Agency has owned the site since 1999, after the property was transferred from National Defence. The site is run by a third party, Ontario's St. Lawrence Parks Commission, pursuant to an agreement dating back to 1965. The Agency's 2002 Commemorative Integrity Evaluation showed that the resources directly motivating the designation of the Fort as a national historic site had suffered serious deterioration. Since that time, the federal government and the St. Lawrence Parks Commission have invested \$10 million and \$5 million respectively in conservation work, such as the repointing of the brick walls in the entrance to the Fort, the restoration of the advanced battery roof, and waterproofing of the redoubt. However, based on an assessment carried out in 2000 by Public Works and Government Services Canada, further work costing over \$40 million is required to stabilize Fort Henry.

### **The Agency has continued to develop its key management tools for national historic sites**

**2.16** The infrastructure for managing national historic sites includes the following: the commemorative integrity statement, the management plan, and the evaluation of the commemorative integrity of national historic sites. The commemorative integrity statement identifies the cultural resources to be preserved and the conditions to be met to prevent their deterioration. It also determines how to effectively communicate their national historic importance. The management plan, prepared every five years following consultation sessions with communities and other interested parties, describes strategies and steps for protecting the commemorative integrity of the site. The evaluation provides information on the state of commemorative integrity at national historic sites. It supports informed decision-making, helping to establish the Agency's conservation priorities and facilitating the preparation of management plans.

**2.17** In 2003, we noted a delay in the Agency's implementation of its management infrastructure for national historic sites. The Agency's objective was to finish its commemorative integrity statements and management plans by December 2006 at the latest. It had also committed to evaluating, between 2001 and 2011, the commemorative integrity of all the national historic sites in its custody. We found that although some progress had been made, the department's progress toward completion of its management plans is still seriously behind schedule. As of 31 October 2006, only 40 percent of the national historic sites managed by the Agency had such a plan in place. At this rate, it is unlikely that the Agency will be able to meet its commitment to have a management plan in place for each of its sites by 31 December 2006. However, the Agency has completed a commemorative integrity statement for 90 percent of the national historic sites in its custody. Between 2003–04 and 2005–06, the

Agency completed 46 additional evaluations, for a total of 77 evaluations. At this rate, the Agency anticipates meeting its target by 2011. Overall, we consider the progress satisfactory (Exhibit 2.2).

**2.18** The 46 new evaluations by Parks Canada Agency continue to show risks to built heritage. The cultural resources of six national historic sites were in poor condition and would require conservation work within the next two years. The cultural resources of 24 other historic sites were in a passable state and will require conservation work within the next three to five years. The remaining 16 sites were in good condition. Since 2005, Parks Canada Agency has been using a follow-up mechanism to track the **interventions** that have been carried out.

**Intervention**—Any action, other than demolition or destruction, that results in a physical change to an element of a historic place. (Parks Canada)

### The heritage conservation regime for departments

#### Built heritage conservation interventions have been sporadic

**2.19** Our examination of a sample of heritage buildings showed that over the last five years, departments had intervened only sporadically to preserve the heritage character of these buildings, and to comply with health, safety, and accessibility standards. For example, the windows were replaced at the Admiralty House in Halifax, an access ramp was installed at the Canadian Forces Museum in Québec City, and the garden wall of the Old Kingston Post Office was restored.



Halifax Armoury, Nova Scotia

**Halifax Armoury.** This heritage building, which is a designated national historic site, belongs to National Defence. It is one of the finest specimens of training and recruitment centres built for the militia at the end of the 19th century. This building is notable for its size and functionality, its enormous exercise room, and its rough red sandstone walls. In 1996, faced with deterioration of the armoury's external envelope, National Defence commissioned a study that estimated the costs of restoration at more than \$7 million. At present, National Defence is considering whether to invest in the restoration of the armoury or to allocate these funds to other priorities.

**Cap-aux-Diamants Redoubt.** Built between 1693 and 1694, the Redoubt is currently one of the oldest vestiges of Québec City's defence system. It was designated as a classified heritage building in 1989 because of its historical importance for Canadian military architecture. The Redoubt is also located inside Québec City's La Citadelle, a national historic site administered by National Defence. It is a building connected to the residence of the Governor General of Canada and located within the citadel's fortified walls. It is managed by Public Works and Government Services Canada. The Redoubt has not been used for many years and remains inaccessible to La Citadelle visitors, since it has been judged not to meet safety standards. Conservation work on the Redoubt was last carried out in 1997.

**2.20** We examined how the departments plan and program their interventions. We found that they have management systems in place for administering real estate property portfolios. These systems make it possible to assess the various components of a building, determine its remaining useful lifespan, and recommend repairs or replacement



projects. Although very useful for real property planning, these systems provide little information on the general condition of buildings, and include little or no information on the heritage characteristics of buildings. We found that the sporadic nature of these conservation interventions was due to the fact that they had to compete directly with other interventions designed to support the operational needs of departments. Federal heritage buildings represent only about three percent of the 40,000 federally owned buildings.

### **Built heritage conservation policy has weaknesses**

**2.21 Requirements of the Treasury Board Heritage Buildings Policy.** The government of Canada has a policy of protecting the heritage character of federal buildings in all transactions involving the acquisition, exploitation, and disposal of buildings. To this end, departments with custody of heritage buildings must administer them in such a way as to preserve their heritage character throughout their lifespan. Departments are required to submit all buildings 40 years of age or older for evaluation by Parks Canada Agency as to their heritage designation. This must be done before buildings are acquired, modified, demolished, or sold. Departments must also consult Parks Canada Agency before selling or carrying out work that could affect the heritage character of a classified building. When departments no longer use a building, they “must make best efforts to find appropriate alternative uses.” The departments assume the responsibility for all decisions that will affect the **heritage value** of a classified or recognized building in their custody.

**Heritage value**—The aesthetic, historic, scientific, cultural, social, or spiritual importance or significance for past, present, or future generations. The heritage value of a historic place is embodied in its materials, forms, location, spatial configurations, uses, and cultural associations or meanings. (Parks Canada)

**2.22 Parks Canada Agency created the Federal Heritage Buildings Review Office (FHBRO),** which is responsible for evaluating the heritage character of government buildings 40 years of age or older, for providing advice on questions of conservation to departments and agencies that request it, and for maintaining a federal heritage building registry. FHBRO bases its advice on the heritage character statement and on *Standards and Guidelines for the Conservation of Historic Places in Canada*. On the recommendation of an interdepartmental committee, the Minister of the Environment approves the designation of federal buildings as buildings with heritage character. Since 1 November 2006, these obligations have been included in the Treasury Board’s new Policy on Management of Real Property, which includes a condensed version of the Treasury Board Heritage Buildings Policy.

**2.23 The Treasury Board Policy has limited coverage.** The Treasury Board Heritage Buildings Policy offers protection only to buildings, and not to the national historic sites owned by federal departments or





Park located between the Kingston Customs House and the Kingston Post Office

agencies. It thus offers no protection to the other elements that may be included on a national historic site, such as archaeological sites, canals, structures, or cultural landscapes. The case of two national historic sites, the Kingston Customs House and the Old Kingston Post Office, is a good illustration of this situation. These two heritage buildings are linked by a park that is an integral part of this national historic site. However, in accordance with the Treasury Board Heritage Buildings Policy, Public Works and Government Services Canada does not have to consult FHBRO before undertaking conservation work on the park.

**2.24** Some heritage sites we visited included archaeological sites. Those belonging to Parks Canada Agency benefit from administrative protection, since the Agency has adopted guidelines on management of archaeological sites. Sites owned by other departments do not benefit from the same level of protection. There is no existing conservation program aiming to protect archaeological sites. Moreover, the federal government is unable to give the exact number of its archaeological sites, the number of associated collections, or the number of objects in these collections. The protection of these historic sites is therefore at risk.

**2.25 Conservation policy is ambiguous.** The Treasury Board Policy also contains ambiguities that may be detrimental to the protection of built heritage. The requirement to evaluate the heritage value of buildings that are 40 years of age or older before their acquisition, modification, demolition, or sale can be interpreted in two ways. Some departments can have the heritage character of their buildings evaluated when the buildings reach 40 years of age, while other departments can request such an evaluation only if they plan an acquisition, modification, demolition, or sale. In the latter case, buildings with heritage potential could lose their character if they were not designated in a timely manner. The new Treasury Board Policy on Management of Real Property now requires that departments evaluate their buildings when they reach 40 years of age.

**2.26** Another ambiguity exists where the heritage building disposal process is concerned. The Treasury Board Heritage Buildings Policy allows federal heritage buildings to be disposed of, even if they are classified or recognized. According to FHBRO, 4 buildings designated as classified and 38 buildings designated as recognized were sold or demolished between 2004–05 and 2005–06. However, custodian departments must justify their decision to dispose of such buildings and must “make their best effort to find a new owner or an alternative use for them” prior to disposing of them, by looking first internally, then at other departments, and finally at organizations outside the federal

administration. We note that the expression “best effort” is not defined clearly enough to foster consistent application of the policy by federal government managers.

**2.27 There is no reporting requirement.** Departments do not prepare any reports on built heritage conservation activities that they have undertaken. Nor do they report on the results obtained in this area. FHBRO has no further information on results achieved. We found that the Treasury Board Heritage Buildings Policy sets no reporting requirements for heritage management. Such information on built heritage would include objectives pursued, conservation measures taken, expenses incurred for conservation, new designations, the latest disposals, and future projects. This information could be made available on department websites. Considering that a policy to protect heritage buildings has existed for over twenty years, we expected that more performance information about this policy would have been gathered about the performance of this policy.

**Department application of Treasury Board Heritage Buildings Policy is inconsistent**

**2.28** The Federal Heritage Buildings Review Office received 425 requests for reviews of proposed interventions from federal organizations during the last four years (Exhibit 2.3). Requests from Parks Canada Agency, National Defence, and Public Works and Government Services Canada accounted for about 77 percent of this total, or 329 requests.

**Exhibit 2.3 The Federal Heritage Buildings Review Office received most of its intervention review requests from three organizations**

Organizations	2002–03	2003–04	2004–05	2005–06
Parks Canada Agency	9	9	21	11
National Defence	11	13	31	36
Public Works and Government Services Canada	41	47	53	47
Other	24	26	27	19
<b>Total</b>	<b>85</b>	<b>95</b>	<b>132</b>	<b>113</b>

Source: Parks Canada Agency

**2.29** Our examination of the work done on the classified buildings in our sample showed that Parks Canada Agency, National Defence, and Public Works and Government Services Canada had generally consulted FHBRO before carrying out their interventions. However,

representatives of departments have told us that a number of interventions that involved work on classified buildings had not been submitted beforehand to the Review Office. We also learned that Parks Canada Agency had conducted a number of consultations with its own experts to plan certain interventions, but that these had not been recorded in the FHBRO information system. These deficiencies reduce the effectiveness of the advisory function of the Review Office on built heritage. They also reduce the effectiveness of Treasury Board policy on heritage buildings.

**2.30** To explain the failure to use the expertise of the Review Office, the three entities that we audited cited factors such as their own expertise in conservation, the similarity of interventions carried out to other interventions previously approved by the Review Office, the need to act quickly in order to use funds that had become available, and the fact that some interventions were considered maintenance work with no impact on the heritage character of buildings. However, we found that simple maintenance activities can alter the heritage character of real property, and that it is necessary to pursue training activities for employees of custodian organizations.

#### **Priorities for conservation must be established and choices made**

**2.31** The Treasury Board Heritage Buildings Policy does not combine designation with conservation of federal heritage buildings, and does not prescribe a process to do so. Instead, designation and conservation functions are kept separate. As a result, the growing number of federal heritage buildings is not necessarily accompanied by a growth in the custodial departments' and agencies' financial capacity to conserve these buildings. Designation of federal heritage buildings is passive, since it is based on the requirement that departments have buildings evaluated when they are over 40 years old. An interdepartmental committee examines all evaluation files according to criteria that are established and known to all. However, the committee only responds to requests for evaluations; it has no mandate to establish objectives and priorities for designation. Organizations have little control over designation and the number of federal heritage buildings in their custody. They have no choice but to accept designation. Although the task of conservation falls to the organizations, because they have no legal obligation for conservation, they cannot easily obtain funding for conservation interventions. In the absence of precise objectives and reporting requirements, departments and agencies have little motivation to conserve their heritage sites.

**2.32** These weaknesses affect government’s capacity to make informed choices and to set priorities for conservation. The data available thus show that conservation of federal built heritage is at considerable risk. Exhibit 2.4 shows that the number of designated heritage buildings and sites has been increasing. Since 2002–03, 11 federal buildings have been designated as “classified,” and 117 buildings have been designated as “recognized.” The number of designated built heritage sites will probably rise in the coming years. For example, National Defence alone has approximately 8000 buildings that are 40 years of age or older, and that need to be evaluated by FHBRO. This figure clearly shows the need to make judicious choices in designating federal heritage buildings and the need to have appropriate means to ensure conservation.

**Exhibit 2.4** The number of designated federal heritage buildings has risen yearly

Evaluated buildings	2002–03	2003–04	2004–05	2005–06
Total number evaluated	514	318	400	476
Number designated as “classified”	3	0	7	1
Number designated as “recognized”	27	11	51	28

Source: Parks Canada Agency

**2.33** Choices must also be made at the end of the life cycle of heritage buildings when a department no longer has a use for them. Changes in departments’ mandate and their real property requirements are likely to increase the number of heritage buildings slated for disposal by departments. The decision to dispose of a heritage building is never easy for departments focused on fulfilling their legislative mandate, when that mandate is not heritage conservation.



Royal Flying Corps Hangars, CFB Borden

**Royal Flying Corps Hangars, CFB Borden.** The row of 18 hangars at Borden military base was the first of its kind in Canada. It was built during World War I (in 1917) and was designated a national historic site in 1989. One year later, 11 of the 18 hangars were designated “classified” federal heritage buildings. At the present time, there are only eight hangars in the row, and three of them are in very poor condition. During the last few years, the condition of these hangars has seriously deteriorated. National Defence has stopped maintaining them because they no longer meet operational needs. National Defence plans to demolish these three hangars during the 2006–07 fiscal year, unless a public or private buyer shows interest and makes an offer of purchase. Given their serious deterioration and their location on an isolated military base, these hangars are unlikely to interest future buyers.

**2.34** The Treasury Board Heritage Buildings Policy was introduced in the mid-eighties, when it was important to raise departments’ awareness of heritage protection. The steady growth in the number of

designated heritage buildings and sites, changes in mandates and real estate needs of departments, and the need to better manage real estate is affecting the capacity of these agencies, to meet their heritage conservation responsibilities. The Treasury Board Heritage Buildings Policy dates from the eighties and is no longer in line with today's reality. The new Treasury Board Policy on Real Property Management, which came into effect in November 2006, and which includes a condensed version of the Treasury Board Heritage Buildings Policy, does not address the situation.

**2.35 Recommendation.** The government should strengthen its conservation regime for built heritage by

- establishing overall objectives for conservation of built heritage,
- setting priorities for conservation and monitoring organizations activities,
- covering all elements of built heritage of custodian departments,
- combining the functions of designation and conservation, and
- reporting to Parliament on the results of conservation activities.

**The government has responded.** The government agrees that its conservation regime for built heritage should be strengthened.

Parks Canada Agency is responsible for built heritage programs and historic places in Canada. The Agency has developed a policy proposal that would address this recommendation. The proposal includes legislative requirements, including statutory protection of national historic sites, federal heritage buildings and archaeological resources on federal land, and would provide a mechanism to link designation with financial resources required for conservation. Overall objectives and means of reporting on those objectives would also be clearer.

The new Policy on Management of Real Property, approved in June 2006 by the Treasury Board, adopts an integrated approach to the management of federal real property and requires that the heritage character of federal buildings be respected and conserved throughout their life cycle. It emphasizes the accountability of Deputy Ministers with respect to the management of real property and requires departments to measure and document performance. Accountability for conservation must rest with the custodian department and conservation plans should be integrated as part of the department's overall strategic investment planning process. To support implementation of the policy, a Managers' Handbook for real property is expected to be available by June 2007. The Policy will be monitored

and updated as appropriate to reflect developments related to Parks Canada new legislation.

**2.36 Recommendation.** Federal departments and agencies should set conservation objectives for built heritage for themselves, and should let Parliament know that performance information is accessible.

**The Department of National Defence.** The Department of National Defence and the Canadian Forces are committed to working with the Treasury Board Secretariat, Parks Canada, Public Works and Government Services Canada (PWGSC), and others to implement a more integrated approach to managing and reporting on or built heritage portfolio.

**Parks Canada Agency has responded.** Parks Canada Agency accepts the Auditor General's recommendation. The Agency has set conservation objectives and reports on these to Parliament. The Agency's objectives include ensuring the commemorative integrity of national historic sites, respect for and conservation of the heritage character of federal heritage buildings, and appropriate management of archaeological sites and other cultural resources.

The Agency's management and monitoring systems include preparation of management plans, commemorative integrity statements, and commemorative integrity evaluations for all national historic sites. The Agency is on track with each of these three management tools, having completed management plans for 87 percent of sites by the December 2006 deadline. Parks Canada Agency continues to follow up on the results of the commemorative integrity evaluations, to ensure that actions are taken to address shortcomings.

The Agency also sets goals for the management of cultural resources in its care outside national historic sites. It is currently working on more complete and cohesive systems to monitor and report on the condition of these resources, including federal heritage buildings.

All of this information is reported annually to Parliament in the Parks Canada Agency performance report.

**Public Works and Government Services Canada has responded.** The Department agrees with this recommendation and will collaborate with the Treasury Board of Canada Secretariat to establish an appropriate level of reporting to Parliament.

The Department will also continue its ongoing efforts to improve its compliance to the Treasury Board Real Property Administration Policy

as it relates to federal built heritage. PWGSC's Real Property Branch has already made progress in ensuring a consistent application of the policy and establishing the capacity to report on its compliance activities.

**The Treasury Board Secretariat has responded.** The Treasury Board Secretariat agrees that departments and agencies should set their conservation objectives. Parks Canada Agency reports on its conservation objectives and activities to Parliament. Other departments may decide to make the results of their conservation activities publicly available, and when they constitute a significant element of the core mandate and business of the department or agency, to include such information in Departmental Performance Reports that are tabled in Parliament. Treasury Board Secretariat will continue to provide to departments general guidance on reporting to Parliament.

## Conclusion

**2.37** Parks Canada Agency took satisfactory measures to follow up on our 2003 recommendations concerning the legal protection framework for built heritage and the management infrastructure for national historic sites. It has developed policy proposals to strengthen conservation, has completed and approved several management plans for national historic sites, and has carried out several evaluations of historic sites. It has carried out interventions needed to preserve sites and buildings, such as Fort Henry and the Carillon Canal, that were in poor condition during our 2003 audit. Parks Canada has allocated part of the additional capital funding it has received to the conservation of cultural resources located on historic sites in its custody.

**2.38** These conservation interventions are not sufficient to guarantee the conservation of built heritage placed under the custody of departments. The Treasury Board Heritage Buildings Policy offers only limited protection to federal built heritage. It affords protection to federal heritage buildings only. It does not connect the designation of heritage buildings with their conservation. It facilitates neither informed decision making nor the setting of priorities for conservation.



## About the Audit

### Objectives

The objective of our audit was to determine the measures that the federal government had put in place to improve the protection of built heritage in order to follow up on the recommendations concerning built heritage that we made in Chapter 6 of our November 2003 report, *Protection of Cultural Heritage in the Federal Government*. It also sought to determine the specific protection interventions the federal government had carried out to maintain or restore heritage status, based on a sample of national historic sites and federal heritage buildings.

### Scope and approach

Our audit covered the measures that the federal government has taken following the recommendations on the protection of built heritage made in our November 2003 chapter.

It also covered the management aspect of the conservation measures carried out on a sample of 11 national historic sites and 8 classified federal heritage buildings. We selected our sample to reflect the diversity of historic sites and heritage buildings managed by the federal government, and to better understand the departments' conservation responsibilities for these sites and buildings. We conducted our examination work mainly at Parks Canada Agency, National Defence, and Public Works and Government Services Canada.

Our examination did not include the project to restore Parliament Hill buildings currently being carried out by Public Works and Government Services Canada, since this work entails several types of intervention other than those directly related to heritage conservation. Our examination also did not include conservation activities by Crown corporations that have custody of historic places, because they are subject to special examination under the *Financial Administration Act*. We did not examine the departments' real property management. We limited our audit to an examination of the management mechanisms that make it possible to ensure the conservation of the built heritage under their custody.



## Heritage sites examined during our audit

	Name	Analysed under*	Province (City)
<b>Parks Canada Agency</b>			
1	Cabot Tower	FHB	Newfoundland & Labrador (St. John's)
2	Cape Spear Lighthouse	FHB	Newfoundland & Labrador (St. John's)
3	Carillon Canal	NHS	Quebec (Carillon)
4	Fort Henry	NHS	Ontario (Kingston)
5	Cave and Basin	NHS	Alberta (Banff)
6	Jasper Park Information Centre	NHS	Alberta (Jasper)
7	Gun Emplacement and Magazine, Lower Battery (Fort Rodd Hill)	FHB	British Columbia (Colwood)
8	Fisgard Lighthouse	FHB	British Columbia (Colwood)
9	Skoki Ski Lodge	NHS	Alberta (Banff)
10	Twin Falls Tea House	NHS	British Columbia (Yoho Park)
<b>National Defence</b>			
1	Admiralty House	NHS	Nova Scotia (Halifax)
2	Halifax Armoury	NHS	Nova Scotia (Halifax)
3	Armed Forces Museum, La Citadelle (Québec City)	FHB	Quebec (Québec City)
4	Admiral's Residence	FHB	British Columbia (Esquimalt)
5	Royal Flying Corps Hangars, CFB Borden	NHS	Ontario (Borden)
<b>Public Works and Government Services Canada</b>			
1	Kingston Customs House	NHS	Ontario (Kingston)
2	Old Kingston Post Office	NHS	Ontario (Kingston)
3	Louis St-Laurent Building	FHB	Quebec (Québec City)
4	Cap-aux-Diamants Redoubt	FHB	Quebec (Québec City)

NHS: National historic site

FHB: Federal heritage building

\* Some sites may be designated as both national historic sites and classified federal heritage buildings.

## Criteria

In addition to the audit criteria for our November 2003 chapter on built heritage, we used the following criteria to assess management of conservation measures carried out on our sample of national historic sites and federal heritage buildings.

We expected that

- there would be a statement of the heritage character (federal heritage building) or a commemorative objective (national historic site) for each heritage site;
- the organization responsible for the historic place would have information on its state of conservation;
- the organization responsible for the historic place would have established a conservation plan, would have allocated the necessary resources for carrying out the plan, and would monitor conservation measures;
- the conservation measures taken by the organization responsible for the historic place would respect existing policies and the Standards and Guidelines for the Conservation of Historic Places in Canada.

Our criteria were derived from the following sources:

- Treasury Board Heritage Buildings Policy, in effect 1998 to October 2006. A condensed version of this policy was included in the new Treasury Board Policy on Management of Real Property, which came into effect November 2006.
- Treasury Board Policy on the Disposal of Surplus Real Property, in effect since 1 July 2001.
- Guide to the Monitoring of Real Property Management.
- Standards and Guidelines for the Conservation of Historic Places in Canada.
- Parks Canada Guiding Principles and Operational Policies.

### **Audit work completed**

Audit work for this chapter was substantially completed in October 2006.

### **Audit team**

Assistant Auditor General: Lyse Ricard

Principal: Aline Vienneau

Director: Richard Gaudreau

Lucie Després

Kareem El-Onsi

Audrey Garneau

Julie Hudon

Lysanne Ladouceur

Patrick Polan

For information, please contact Communications at 613-995-3708 or 1-888-761-5953 (toll free).

## Appendix List of recommendations

The following is a list of recommendations found in Chapter 2. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
<b>The heritage conservation regime for departments</b>	
<p><b>2.35</b> The government should strengthen its conservation regime for built heritage by</p> <ul style="list-style-type: none"> <li>• establishing overall objectives for conservation of built heritage,</li> <li>• setting priorities for conservation and monitoring organizations activities,</li> <li>• covering all elements of built heritage of custodian departments,</li> <li>• combining the functions of designation and conservation, and</li> <li>• reporting to Parliament on the results of conservation activities.</li> </ul> <p>(2.19–2.34)</p>	<p><b>The government has responded.</b> The government agrees that its conservation regime for built heritage should be strengthened.</p> <p>Parks Canada Agency is responsible for built heritage programs and historic places in Canada. The Agency has developed a policy proposal that would address this recommendation. The proposal includes legislative requirements, including statutory protection of national historic sites, federal heritage buildings and archaeological resources on federal land, and would provide a mechanism to link designation with financial resources required for conservation. Overall objectives and means of reporting on those objectives would also be clearer.</p> <p>The new Policy on Management of Real Property, approved in June 2006 by the Treasury Board, adopts an integrated approach to the management of federal real property and requires that the heritage character of federal buildings be respected and conserved throughout their life cycle. It emphasizes the accountability of Deputy Ministers with respect to the management of real property and requires departments to measure and document performance. Accountability for conservation must rest with the custodian department and conservation plans should be integrated as part of the department's overall strategic investment planning process. To support implementation of the policy, a Managers' Handbook for real property is expected to be available by June 2007. The Policy will be monitored and updated as appropriate to reflect developments related to Parks Canada new legislation.</p>

Recommendation	Response
<p><b>2.36</b> Federal departments and agencies should set conservation objectives for built heritage for themselves, and should let Parliament know that performance information is accessible. (2.19–2.34)</p>	<p><b>The Department of National Defence.</b> The Department of National Defence and the Canadian Forces are committed to working with the Treasury Board Secretariat, Parks Canada, Public Works and Government Services Canada (PWGSC), and others to implement a more integrated approach to managing and reporting on or built heritage portfolio.</p> <p><b>Parks Canada Agency has responded.</b> Parks Canada Agency accepts the Auditor General’s recommendation. The Agency has set conservation objectives and reports on these to Parliament. The Agency’s objectives include ensuring the commemorative integrity of national historic sites, respect for and conservation of the heritage character of federal heritage buildings, and appropriate management of archaeological sites and other cultural resources.</p> <p>The Agency’s management and monitoring systems include preparation of management plans, commemorative integrity statements, and commemorative integrity evaluations for all national historic sites. The Agency is on track with each of these three management tools, having completed management plans for 87 percent of sites by the December 2006 deadline. The Agency continues to follow up on the results of the commemorative integrity evaluations, to ensure that actions are taken to address shortcomings.</p> <p>The Agency also sets goals for the management of cultural resources in its care outside national historic sites. It is currently working on more complete and cohesive systems to monitor and report on the condition of these resources, including federal heritage buildings.</p> <p>All of this information is reported annually to Parliament in the Parks Canada Agency performance report.</p> <p><b>Public Works and Government Services Canada has responded.</b> The Department agrees with this recommendation and will collaborate with the Treasury Board of Canada Secretariat to establish an appropriate level of reporting to Parliament.</p> <p>The Department will also continue its ongoing efforts to improve its compliance to the Treasury Board Real Property Administration Policy as it relates to federal built heritage. PWGSC’s Real Property Branch has already made progress in ensuring a consistent application of the policy and establishing the capacity to report on its compliance activities.</p>

Recommendation	Response
	<p><b>The Treasury Board Secretariat has responded.</b> The Treasury Board Secretariat agrees that departments and agencies should set their conservation objectives. Parks Canada Agency reports on its conservation objectives and activities to Parliament. Other departments may decide to make the results of their conservation activities publicly available, and when they constitute a significant element of the core mandate and business of the department or agency, to include such information in Departmental Performance Reports that are tabled in Parliament. Treasury Board Secretariat will continue to provide to departments general guidance on reporting to Parliament.</p>



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