

Federal government replaces SNC-Lavalin as its property manager

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The federal government has chosen to replace embattled engineering and construction firm SNC-Lavalin as its property manager.

Public Works and Government Services Canada announced Friday it had awarded contracts worth \$9.6 billion to Brookfield Johnson Controls Canada, a joint venture between Johnson Controls Inc. and Brookfield Property Partners. The firms will manage approximately 3,800 government buildings, facilities and properties across the country, PWGSC said, taking over when SNC-Lavalin's contract expires March 31, 2015.

The contracts are for an initial eight-year period, with options to extend the deal for up to six more years.

The government has been outsourcing its property management to private firms since 1998 and says it has saved some \$700 million in that time.

Also on Friday, SNC-Lavalin announced a restructuring that would result in about 4,000 layoffs, or about 9% of its global workforce.

The Montreal-based company has been weathering a far-reaching scandal involving allegations of fraud and bribery, and dealing with troubled projects launched by its previous management.

SNC-Lavalin did submit a bid for the new contracts, Bloomberg reports.