



Canada

renew

unfold

grow

develop

change

mature

build

2006-2007 ANNUAL REPORT
NATIONAL CAPITAL COMMISSION

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A CAPITAL IN EVOLUTION

2006-2007 ANNUAL REPORT
NATIONAL CAPITAL COMMISSION

Message From the Chair

The Past Is Prologue

This is the first annual report that I have had the honour to present, through Parliament, to the Canadian people. I am aware of the vision, dedication and hard work that it represents, and I applaud my predecessors' achievements, recorded here.

The past year builds on a record of achievements that began in 1958, when Parliament gave the NCC a mandate to plan, develop and conserve Canada's Capital so that, in the words of the *National Capital Act*, "the nature and character of the seat of the Government of Canada may be in accordance with its national significance."

If the words of the legislation tell us anything, it is that the mandate for creating a capital to reflect the aspirations of a nation is long-term. As Canada has changed, so too has the task of capital building and, every year, the organization adds another page to a long, continuing story. And what a story it has been! Let us recall what the Capital was like in 1958.

The Quebec shoreline presented an almost unbroken line of smokestacks. Railway lines drew a black border along the Rideau Canal. There were no parkways paralleling the Ottawa River or leading up into the hills. Gatineau Park was half its present size. The Greenbelt was just a dream, and there was not a single recreational pathway in the region. The Rideau Canal in winter was nothing more than a frozen white ribbon running through the city. Sussex Drive was an undistinguished row of century-old buildings in a state of decay. There was no Peacekeeping Monument, no *Tomb of the Unknown Soldier*, no *Valiants Memorial*. There were no bright commemorative banners or new plantings to mark the ceremonial boulevard, no interpretive panels to tell us Canadian stories. There were no massive annual gatherings on Canada Day on Parliament Hill. Even the Canadian flag did not exist in 1958.

There is no doubt that the work of the NCC has changed the Capital in fundamental ways over the past 48 years. The accomplishments of the past year are just the latest step in a long, steady and persistent program to create a capital that reflects the Canadian people, landscape and history.

Yes, we have more work to do. There are parts of the downtown that are still unworthy of a great capital. We need even more and better access to the Ottawa River shorelines. We need to get the trucks out of the downtown and to support the development of sustainable transit. Most of all, we need to build more open, better informed and mutually respectful relationships with the public. That is the road we are on.

Last year, the mandate of the NCC was reviewed for the first time in 20 years. The review panel took a long, hard look at the purpose and methods of the NCC and its relevance to Canadians. The review resulted in a vote of confidence for the NCC's mandate, along with constructive suggestions for change and improvement that the government is now considering. With those findings to encourage us, and with the accomplishments of the past 48 years — and with those of the past year in particular — to inspire us, we are ready to go forward.



Russell Mills
Chair



Message From the CEO

A Plan and a Place for Celebration

The NCC has always been extraordinary for the range of its responsibilities and activities. As a planning organization, it develops visionary plans for the future. As a manager of lands and buildings, it creates public gathering places in the Capital. As an interpreter of Canadian culture, it invests in programming and interpretive activities. And every year, it seems, there is one particular project that brings all of these themes together. In 2007, that project was the launch of the 150th anniversary celebration of Canada's Capital.

Exactly 150 years ago, a remote little city called Ottawa was chosen as a new, permanent seat of government for the emerging state of Canada. This milestone has particular resonance for the NCC, in that this organization has itself played a central role in transforming the lumber town of 1857 into a place where Canadians can gather to experience a sense of pride and shared nationhood. The development of heritage exhibits on the Capital's 150th anniversary illustrates how planning is fulfilled, not only in the form of public spaces, but also as programs that bring life and meaning to the Capital.

The National Interest Land Mass — the land in the Capital that is owned and managed on behalf of Canadians — includes a wide variety of conservation areas, urban parks, preserved shorelines, esplanades and urban plazas. A notable addition in 2006–2007 to the portfolio of public spaces available for cultural programming was a new festival park at LeBreton Flats. Here, in what was once a historic neighbourhood, the NCC has established a large expanse of green with a prominent event square. The park is ready for its inauguration in June 2007, when a program of concerts and opera highlights will take place.

Gatineau Park is a very different kind of public space. Here, in a vast conservation area, people come into dramatic contact with the Canadian Shield landscape in a recreational context. It was not recreation, however, but conservation that shaped last year's program. The newly updated master plan, with its emphasis on environmental stewardship, gave rise to a successful round of studies and planning. These are crucial first steps if we are to succeed in preserving and enhancing the natural value of this extraordinary park over the long term.

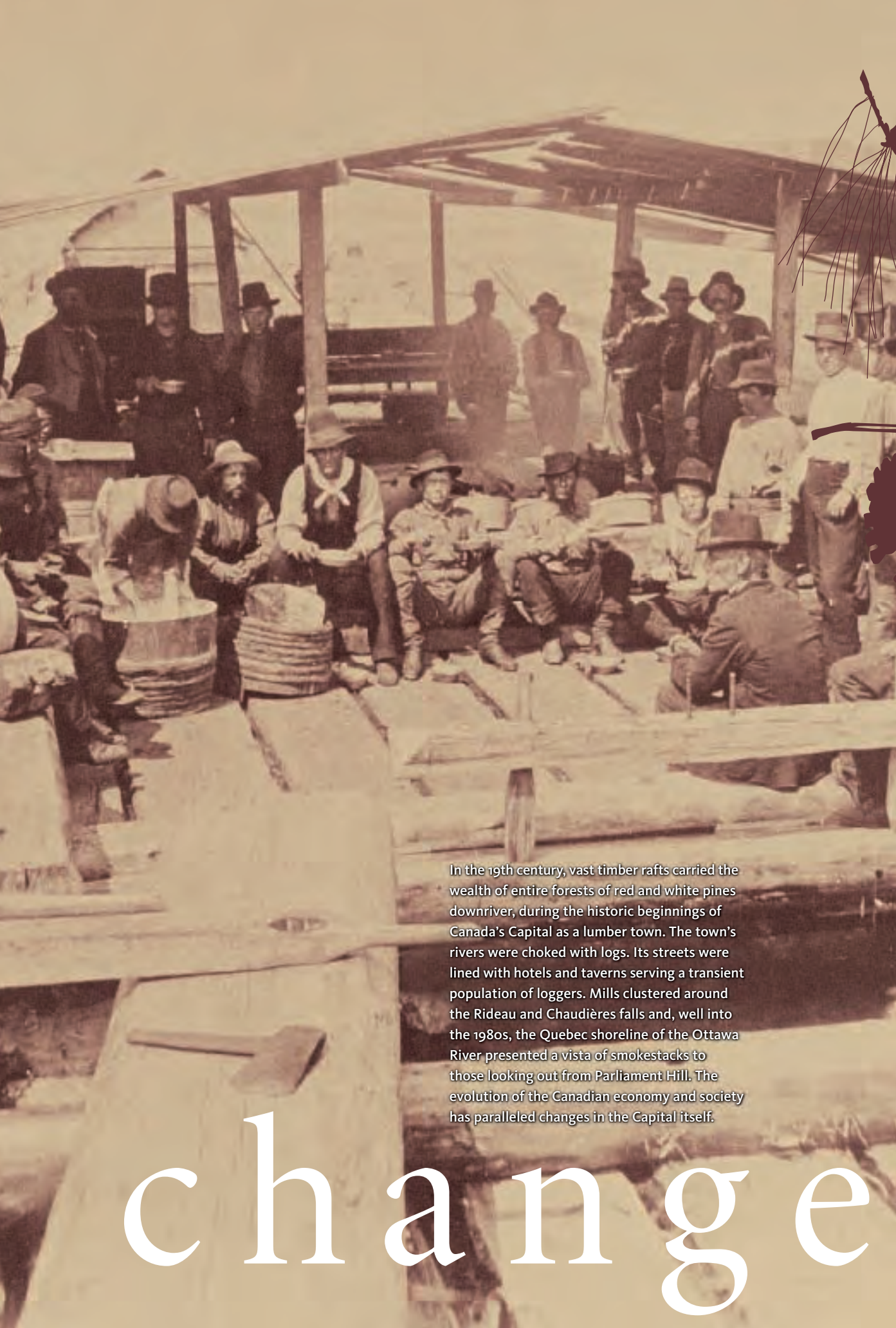
The year also saw a transition in leadership and the review of the NCC's mandate. At the end of December, Marcel Beaudry completed his long-standing term as chairman. Heather Chiasson, Vice-Chairperson of the NCC, then took over as acting chairperson until the end of the fiscal year. As of April 1, 2007, the *Federal Accountability Act* separated the formerly dual position of chairperson and chief executive officer, and Russell Mills was appointed as chair in May 2007. Over the year, my role as chief operating officer, and now as chief executive officer, provided continued leadership and ensured continuity of the NCC's operations.

The mandate review panel clearly acknowledged the relevance of the NCC's role and the importance of its work. The NCC will be ready to take action, as required, to implement government direction in response to the panel's recommendations. With the appointment of the new chair, a positive record of achievement over the past year and new funding allocated in the last federal budget, the NCC is clearly ready to embark on a new and positive phase of its long history.



A handwritten signature in black ink that reads "Micheline Dubé".

Micheline Dubé
Chief Executive Officer



In the 19th century, vast timber rafts carried the wealth of entire forests of red and white pines downriver, during the historic beginnings of Canada's Capital as a lumber town. The town's rivers were choked with logs. Its streets were lined with hotels and taverns serving a transient population of loggers. Mills clustered around the Rideau and Chaudières falls and, well into the 1980s, the Quebec shoreline of the Ottawa River presented a vista of smokestacks to those looking out from Parliament Hill. The evolution of the Canadian economy and society has paralleled changes in the Capital itself.

change



Pinus strobus

The eastern white pine can reach heights of 60 m, with a trunk 1.8 m in diameter. It commonly reaches 200 years of age, and may exceed 450 years.



Pinus resinosa

The red pine can reach heights of 24 m, with a trunk 0.9 m in diameter. It may reach 200 years of age.

The story of Canada's Capital is one of slow, steady evolution. Founded as a construction camp during the building of the Rideau Canal, Ottawa flourished initially as a lumber town. Its selection as capital 150 years ago in 1857, along with the building of grand new legislative buildings, signalled the first major departure from these humble, frontier roots. Since then, the Capital has gradually matured as the seat of Canada's government, a major centre of Canadian culture and a modern metropolis.

The Capital today is the deliberate result of more than a century of steady, consistent, and focused planning and building on the part of Canada's federal government. Three successive organizations have taken the lead, beginning with the Ottawa Improvement Commission (OIC) in 1899. The OIC was a pioneer in landscape architecture, and in Canada's Capital it developed some of the world's first scenic parkways. It was also the first to create a regional capital framed by a system of parks.

humble, frontier roots

In 1927, Parliament built on the idea of the regional capital by transforming the OIC into the Federal District Commission (FDC). The FDC's mission was to extend planning for the Capital into a larger region on both sides of the Ottawa River. Its most visible accomplishment may have been the installation of the National War Memorial in 1939, but the most far-reaching was its invitation to a French urban planner, Jacques Gréber, to work with Canadian planners in the 1940s to map out the future of Canada's Capital. The National Capital Commission (NCC) was created in 1959 to stand on the shoulders of the FDC. Its specific objective was to realize the terms of the Gréber Plan of 1950.

Since then, every decade has witnessed new achievements toward the creation of an accessible, meaningful and representative capital for Canadians. And the work continues.



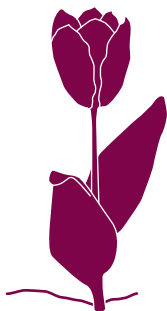
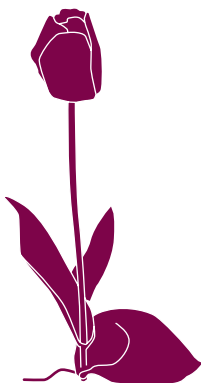
the road taken

The challenges that faced the planners in yesterday's capital — a city choked with industry, railway lines and uncontrolled development — were substantial. Gradually, however, a coherent pattern emerged: a pattern composed of expansive parks and green spaces; connected by miles of parkway, pathway and boulevard; adorned with monuments and heritage buildings; and enlivened with interesting, informative interpretation and national programming.

Generations of planners have followed in the footsteps of Frederick Todd in conceiving visionary plans for the Capital. Each has built on the accomplishments of the past, and has tried to ensure that federal lands evolve in keeping with their national significance. In 1999, the NCC issued the fifth master plan for the Capital. The *Plan for Canada's Capital* will guide planning efforts over the next 50 years, with particular focus on urban lands in the downtown area and on issues of transportation.

grow

When the OIC was created in 1899, its first undertaking was to remove factories and warehouses from the banks of the Rideau Canal and to replace them with trees, flowerbeds and a scenic driveway. It also hired a Montréal, Frederick Todd, to develop a visionary plan for Canada's Capital. Todd was Canada's first professional planner and landscape architect. With his 1903 plan, he was also the first to recognize that "a capital city belongs to a certain extent to the whole country," and to cast his eye beyond municipal borders into a region encompassing areas of both Ontario and Quebec.



What is remarkable about the various plans of the past century is the extent to which they remain true to Todd's original planning vision. For example, they have included the expansion of the Capital into a larger region, and the creation of an integrated system of green spaces, large and small, to frame the Capital. Later planners added a requirement to build and preserve the physical capital and to bring it to meaningful life through national programming. These remain the central principles of planning in Canada's Capital.

In more than a century of evolution, planning organizations have naturally paused from time to time to assess the road taken, and to refine their understanding of future directions. In doing so, they have revisited existing plans, and reviewed, revised or expanded them to build upon the achievements of yesterday or to accommodate changes in context. The past year, which included the first formal review of the NCC's mandate in 20 years, provided such an opportunity for assessment, reflection and adjustment.

Tulipa

Mariette — Triumph Group, 40 cm, pink

Apeldoorn — Darwin Hybrid Group, 55 cm, red

Orange Emperor — Fosteriana Group, 40 cm, orange

The Capital is the symbolic centre of Canadian nationhood. It is also a physical place, where people live and work. Thus, planners over time have, of necessity, engaged in the shaping of systems, services and public spaces needed for the Capital to function as a city. Jacques Gréber, for instance, worked to accommodate the postwar explosion of cars in Canada's Capital. The 21st century has presented planners with challenges of its own, many of them environmental. For instance, in its efforts to revitalize LeBreton Flats as an up-to-date urban community, the NCC began by decontaminating large expanses of terrain in a formerly industrial area.

living neighbourhoods

As cities expand outward in the 21st century, planners also struggle with issues of the future. Notably in the area of transportation, as the only planning agency in the region whose interests transcend provincial boundaries, the NCC works with Ottawa, Gatineau and the provinces to represent the Capital's perspective regarding regional transit and transportation. Moreover, through the development of new transit-oriented communities such as the one at LeBreton Flats, the NCC is attempting to revitalize the core of the Capital as a series of living neighbourhoods.



Not all planning efforts look forward. In the wake of Canada's centennial, Canadians had suddenly awoken to the importance and vulnerability of physical heritage in our cities. With programs such as the restoration of Sussex Drive as a 19th century commercial street, the NCC was a leader in the new national heritage movement.

A recent expression of the NCC's ongoing engagement with heritage has centred on the official residences. These residences represent six of the oldest and most precious heritage assets in the Capital region. In 1985, the NCC accepted responsibility for care and restoration of these fragile buildings. Since then, the NCC has developed a long-term plan that will ultimately bring the official residences back to their former glory, and ensure their ongoing vocation as stages for public life.

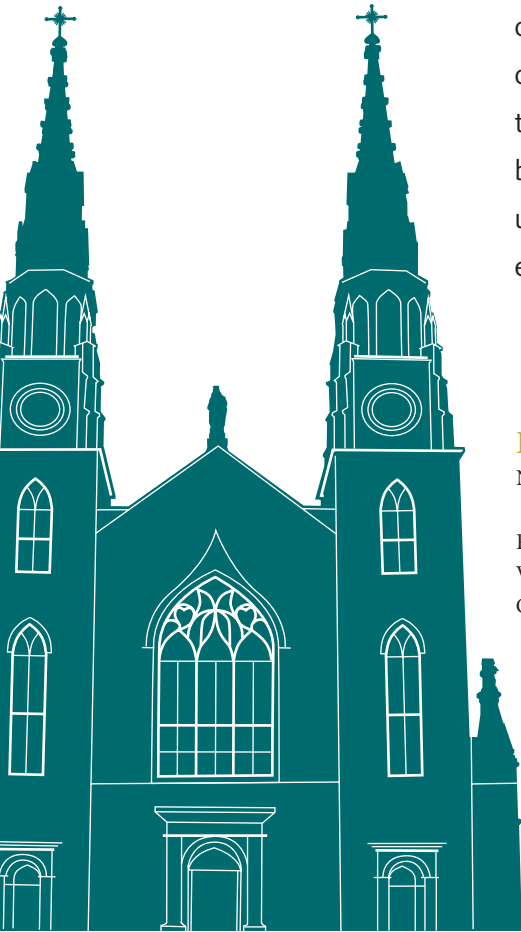
Lowertown Roots

Notre Dame Cathedral Basilica of Ottawa, Sussex Drive between St. Patrick and Guigues Streets, Ottawa, 1841–1885

Rochon House, 138 St. Patrick Street, Ottawa, ca. 1830s–1840s

Valade House, 142–144 St. Patrick Street, Ottawa, pre-1866

Commercial Building, 521 Sussex Drive, Ottawa, ca. 1860s



renew

It was centennial year, 1967. For the first time, Canadians began to think seriously about their heritage and to observe with regret the gradual destruction of old buildings and houses in Canadian cities. The NCC was one of the first organizations to undertake large-scale heritage preservation in the heart of a major city. Sussex Drive (formerly known as Sussex Street) had been a bustling commercial street in Ottawa for well over a century. By the 1960s, however, the shops and taverns on Sussex were in a state of considerable decay. Their preservation and restoration to life as a 19th century streetscape was a leading-edge project at that time.





The Capital is Canada's symbolic heart. Its role as a place of national recognition and remembrance goes back at least as far as 1939, when the National War Memorial was unveiled. However, recent history has also witnessed substantial growth in the commemorative character of the region, notably with the installation of the Peacekeeping Monument, the *Tomb of the Unknown Soldier* and the *Valiants Memorial* in Confederation Square.



meaningful life

The *Federal Land Use Plan* of 1988 marked a new and maturing awareness of the importance of programming. It also recognized the need to bring meaningful life to the Capital's public spaces. Events such as Canada Day are a legacy of this shift in consciousness, as are interpretation programs that provide insight into the Capital's history, landscape and institutions.



Memorials in the Capital also play a part in telling Canadians about themselves. Today's plan is to conceive of and place monuments strategically over time, to form an integrated and representative reflection of the Canadian experience as a whole (our soldiers, our women, our Aboriginal peoples and more). The challenge of representation will ultimately transcend commemorations, however. For the future, the NCC will work to find new ways — through monuments, public art, programming, interpretation, exhibitions and events — to ensure that the Capital continues to develop as a true and current reflection of Canada, as our nation continues to grow and change.

Cast in Bronze

Champlain — Hamilton MacCarthy, 1915

Terry Fox — John Hooper, 1983

The Valiants Memorial, detail,
Thayendanegea (Joseph Brant) —
Marlene Hilton Moore and
John McEwen, 2006

The gradual evolution of Canada's Capital illustrates the iterative nature of planning and development. One generation after another has taken the accomplishments of the past as a starting point. One generation after another has made its contribution to shaping a beautiful, symbolic and living capital for Canadians. In 2007, in the wake of its mandate review, the NCC is poised to carry the evolution of the Capital forward into the next era.

build

Canada's Capital is a place of national gathering. The Sound and Light Show on Parliament Hill, for example, attracts many thousands of people to the Capital's downtown area throughout the summer. This is only one of several flagship programs that the NCC has shaped in recent decades as a means of bringing Canadians together and communicating a sense of shared nationhood. Canada Day (a celebration of our nation), Winterlude (an annual winter festival featuring northern arts and traditions), and Christmas Lights Across Canada (a national program that links legislative precincts across the country) are other notable programs.



Highlights of the Year

Review of the NCC Mandate

In April 2006, the Minister of Transport, Infrastructure and Communities, the Honourable Lawrence Cannon, announced his intention to review the mandate of the NCC and to assess the organization's continuing relevance, mission and activities. For the NCC, this represented its first review in 20 years. The independent mandate review panel completed its work in late December, and presented its report to the Minister. The report recommended constructive changes to strengthen and enhance the role of the NCC. While the NCC awaits direction from the government, it is preparing to embrace and undertake the required changes.

Leadership Transition

A change in leadership is a significant event for any organization, especially after 14 years of stability with the same person at the head of the corporation. Marcel Beaudry successfully led the NCC through a number of fundamental transformations, ranging from the commercialization and employee takeover of many maintenance operations, in the wake of Program Review, to the redevelopment of LeBreton Flats — one of the largest and most extensive public sector brownfield land rehabilitations in the region. December 2006 marked the end of his term, and Heather Chiasson, Vice-Chairperson of the board of directors, succeeded him on an acting basis, until the end of the fiscal year, when the *Federal Accountability Act* split the positions of chairperson and chief executive officer (CEO). Subsequently, the Minister announced the appointment of Russell Mills as the new chair of the board of directors of the NCC, for a term of five years. Micheline Dubé was named as the CEO until the government completes the staffing process for this position.

1857 — A Capital Choice

The NCC successfully launched “1857 — A Capital Choice,” celebrating 2007 as the 150th anniversary of Queen Victoria's selection of Ottawa as Canada's capital. Extensive preparations for a year-long celebration were concluded or advanced, and programming kicked off at the opening of Winterlude, with the commissioning of a commemorative song and interpretive banners and exhibits along the Rideau Canal. The celebration will continue throughout 2007, with exciting public concerts to be held at the newly minted LeBreton Flats Park, where rehabilitation of the public space for events was completed.

Rideau Hall Preservation

With dedicated financial resources, the NCC began tackling one of the largest and most visible rehabilitation projects in Canada: the front facade of Rideau Hall, the historic home and workplace of the Governor General of Canada since Confederation in 1867. The front facade of the Mappin Wing (1914) is nearly a century old, and was in need of urgent remedial work. This facade provides the characteristic appearance of Rideau Hall, and is an important defining element of this classified heritage building. The NCC has placed the priorities of this rehabilitation project on addressing conservation as well as health and safety issues. These works will ensure the long-term preservation of this unique and important architectural feature of Rideau Hall.

Implementing Gatineau Park's Updated Master Plan

The 2006–2007 fiscal year saw the NCC implementing the first part of the updated master plan for Gatineau Park, which designates the park as a natural heritage area, to be managed and protected first for ecosystem preservation and then for recreational use. The NCC completed a number of studies contributing to a complete update on the state of the park's ecological health. This information will contribute to improved sustainable management, and help to ensure that Gatineau Park continues to constitute a representative sample of the Canadian Shield's natural landscapes and to play a major role in maintaining the biodiversity and vitality of regional ecosystems.

Five-Year Key Highlights

for the years ended March 31 (thousands of dollars)

	2007	2006	2005	2004	2003
	As restated				
Key Financial Highlights					
Operating Funding					
Parliamentary appropriations for operating expenditures	77,198	70,195	68,404	67,936	66,374
Operating income	37,642	51,675	33,429	32,580	35,044
	<u>114,840</u>	<u>121,870</u>	<u>101,833</u>	<u>100,516</u>	<u>101,418</u>
Capital Funding					
Parliamentary appropriations for capital expenditures*	17,935	22,898	33,263	46,441	58,295
Transfer from Acquisition and Disposal Fund to capital program	3,739	5,589	7,366	13,964	5,666
	<u>21,674</u>	<u>28,487</u>	<u>40,629</u>	<u>60,405</u>	<u>63,961</u>
Cost of Operations	127,666	125,585	133,679	116,417	114,016
Capital Assets					
Land	258,028	267,161	285,716	305,964	276,885
Buildings, works and infrastructure (net of amortization)	246,602	237,493	249,099	248,346	219,480
Purchases and improvements to capital assets	21,952	19,424	35,438	64,023	26,916
Major Capital Projects					
LeBreton Flats redevelopment	1,778	7,022	24,697	25,787	20,767
Official residences	5,939	2,530	568	5,352	7,257
Real property acquisitions	904	–	–	36,112	–
Champlain Bridge reconstruction	–	–	–	250	3,500
Acquisition and Disposal Fund	44,015	43,655	19,130	21,308	33,170
Equity of Canada	660,887	600,206	598,617	596,256	564,963

*including funding for special projects

	2007	2006	2005	2004	2003
Number of Employees	434	437	453	452	458

About the NCC

Legislation

Canada's Parliament created the NCC through the *National Capital Act* (enacted in 1958 and amended in 1988). This legislation established the NCC as a Crown corporation, with two primary objectives:

- to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and
- to organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of the official languages of Canada and the heritage of the people of Canada.

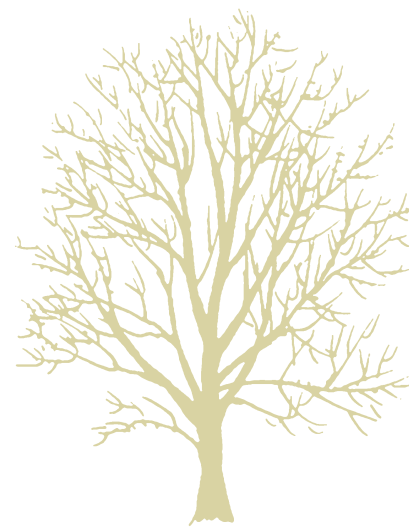
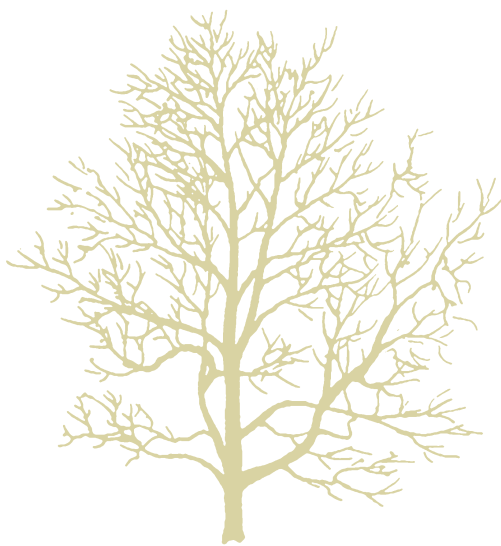
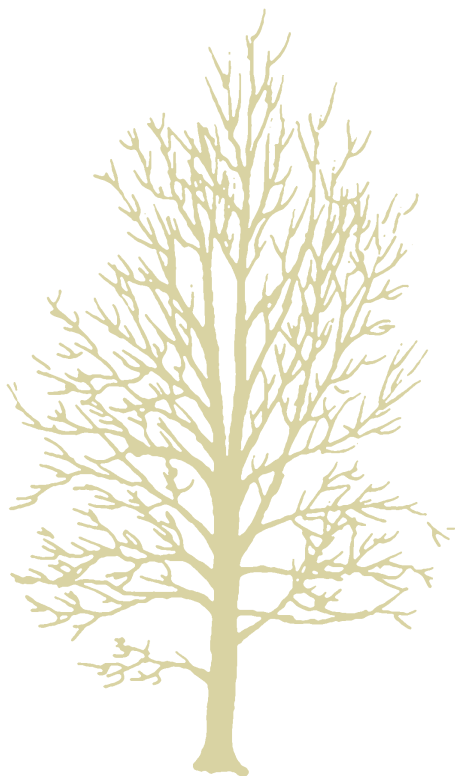
The NCC's mandate includes coordinating the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by federal departments of public activities and events related to Canada's Capital Region, and approving the design of buildings, as well as any changes in use relating to federal lands in Canada's Capital Region.

Crown Corporation Status

As a Crown corporation, the NCC is subject to the accountability regime set out in Part X of the *Financial Administration Act*, which makes the corporation responsible to Parliament, but also gives it the independence needed to guide the development of federal lands in the Capital over the long term, the flexibility to harmonize its plans with those of other levels of government in the region, and the power to enter into partnering arrangements to achieve its objectives. The NCC is subject to the *Access to Information Act* and *Privacy Act*, and is the only Crown corporation subject to the Government Contracts Regulations.

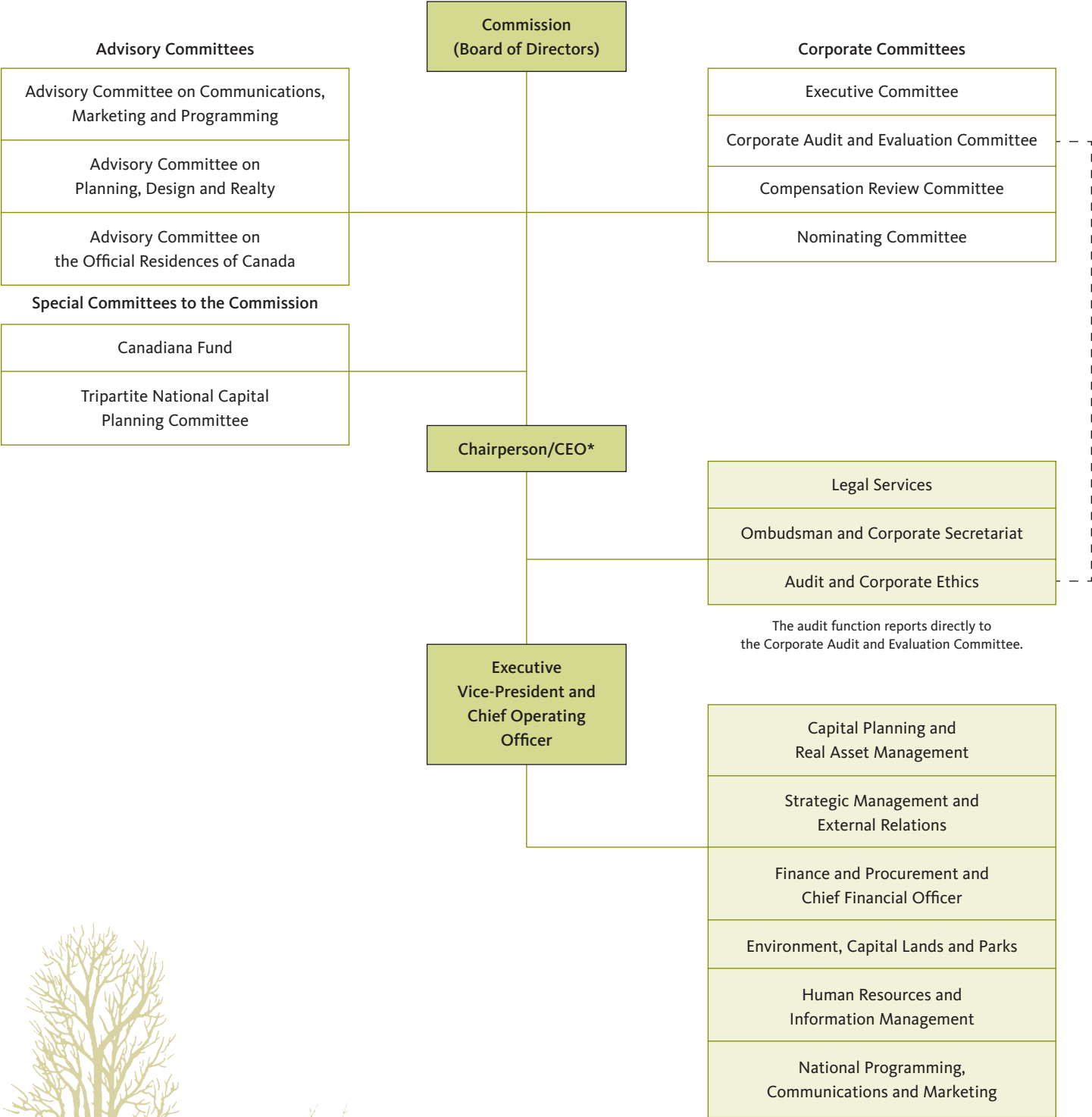
Indigenous Maples

Acer saccharum (sugar maple) >35 m
Acer nigrum (black maple) >25 m
Acer rubrum (red maple) >24 m
Acer saccharinum (silver maple) >20 m
Acer pensylvanicum (striped maple) <10 m
Acer spicatum (mountain maple) <9 m



Structure of the National Capital Commission

The organizational chart on this page illustrates the relationships between the Commission (board of directors), its committees (both corporate and advisory), senior executive and various sector areas. The corporation has approximately 450 employees, who work to achieve the planning, building, promotion and meaningful use of Canada’s Capital Region.



*Effective April 1, 2007, provisions in the *Federal Accountability Act* directed that the chairperson/CEO position be separated into two distinct positions.

Governance

Good corporate governance is central to ensuring that the NCC fulfills its mandate, achieves stated objectives and serves the public interest. As a responsible Crown corporation, the NCC has the necessary processes and structures in place to allocate powers and responsibilities between the Crown, the board of directors and management, and it has established a strong accountability regime. Changes contained in the recent *Federal Accountability Act* affect the NCC, notably in the separation of the formerly dual position of chairperson and chief executive officer (CEO). This change is significant in that it will promote the board's independence from management and allow for more complete oversight.

Board of Directors

The NCC is headed by a national commission, which is responsible for ensuring that corporate resources are safeguarded, and used effectively and efficiently. The Commission meets regularly in Ottawa and consults by conference call. In addition to being responsible for overseeing and providing strategic direction to the corporation, the Commission also strives to foster good relations with other governments and the public, as well as monitoring, evaluating and reporting on performance. It also oversees and responds to advice from the corporate and advisory committees. (For a list of advisory committees and members, please refer to Appendix I.) Each year, the Commission submits a summary of the corporate plan, including operating and capital budgets, and an annual report to Parliament, thereby adhering to requirements for public accountability.

NCC Board of Directors

April 1, 2006, to March 31, 2007



Marcel Beaudry,
Gatineau, Quebec

Chairman
Appointed
September 2, 1992
Term ended
December 31, 2006



Heather Chiasson
Ottawa, Ontario

Vice-Chairperson
Reappointed
October 22, 2002
to October 21, 2005
Term ended
March 31, 2007

Acting Chairperson
January 1, 2007,
to March 31, 2007



Jagtar Bains
Victoria,
British Columbia

Board member
Appointed
June 2, 2005,
to June 1, 2008



Jacques Carrière*
Gatineau, Quebec

Board member
Reappointed
November 26, 2002,
to December 7, 2005



Claudia Chowaniec
Ottawa, Ontario

Board member
Reappointed
November 15, 2005,
to November 14, 2007



Allison A. Fisher
Ottawa, Ontario

Board member
Appointed
November 15, 2005,
to November 14, 2007



Anne Fry
Edmonton, Alberta

Board member
Reappointed
October 27, 2005,
to October 26, 2008



Michael E. Kusner*
Markham, Ontario

Board member
Reappointed
March 18, 2001,
to March 17, 2004

Mandate Review

In April 2006, the Minister of Transport, Infrastructure and Communities announced an impending review of the NCC's mandate to assess the continuing relevance of its mandate, mission and activities. Over the course of 2006–2007, the Commission focused its efforts on responding to the needs of the independent mandate review panel, the review process and the panel's resulting report to the Minister. The Commission sought and received valuable input from its advisory committees, and approved a formal public brief to the panel. The Commission also provided an analysis and implications for each of the panel's 31 recommendations to the government.

The report's key recommendations deal with an enhanced status for the NCC, the need to define a sharper focus in the NCC's role, the establishment of new mechanisms for collaborative input, stronger governance (with an emphasis on transparency and openness), increased funding, and the creation of a culture of consensus. While the 2007 federal budget provided new and significant ongoing funding for the corporation, the NCC awaits government direction on the use of the funding, as well as on the report's recommendations.

Accomplishments of the Board, 2006–2007

The Commission had a busy year, both preparing for the mandate review and responding to changes required by the *Federal Accountability Act*. Commissioners met seven times during the year, and participated in 12 conference calls. One of the meetings constituted the corporation's sixth annual public meeting. Once again, the meeting was televised live, with replays available on the NCC's website over the following few weeks. The public was also able to submit questions to the board via email during the session. At another key meeting, the Commission consulted with local interest groups. The Commission's achievements included approval of the NCC's annual report and corporate plan, including financial statements, major real estate transactions and lease agreements, and authority approvals as per the *National Capital Act* and the corporation's by-laws.



Marcel Legault*
Vaudreuil-Dorion,
Quebec

Board member
Appointed
November 26, 2002,
to November 25, 2005



Eric D. MacKenzie
Fredericton,
New Brunswick

Board member
Appointed
March 5, 2007,
to March 4, 2010



Daniel J. MacLeod
New Glasgow,
Nova Scotia

Board member
Appointed
March 5, 2007,
to March 4, 2010



Frieda Martseles
Fort Smith,
Northwest Territories

Board member
Appointed
June 9, 2005,
to June 8, 2008



François Pichard*
Gatineau, Québec

Board member
Reappointed
November 26, 2002,
to November 25, 2005



Robert Tennant
Ottawa, Ontario

Board member
Appointed
March 5, 2007,
to March 4, 2010



James Yamashita
Winnipeg,
Manitoba

Board member
Appointed
August 29, 2005,
to August 28, 2008

The NCC wishes to thank the following board members who completed their terms in 2006–2007:

Harry T. Doyle,
Lower Coverdale,
New Brunswick,
March 5, 2007

Robert Guibord,
Ottawa, Ontario,
March 5, 2007

Irving Schwartz,
Sydney, Nova Scotia,
March 5, 2007

*Although their terms were completed, these members actively participated on the board, until their reappointment or the appointment of their successors.

In addition, during the year, the Commission considered and approved a number of significant plans and strategies, including notably, the following:

- *Canada's Capital Commemoration Strategic Plan*; and
- the *Pathway Network for Canada's Capital Region: 2006 Strategic Plan*.

As well, it examined and approved major contracts for the following:

- the provision of land maintenance services;
- the environmental assessment of future interprovincial crossings;
- the rehabilitation of the front facade of Rideau Hall;
- a joint project agreement with the City of Ottawa for improvements to Confederation Boulevard (MacKenzie Avenue South); and
- the renewal of a major two-year agreement for official sponsorship of Winterlude.

As well, it provided oversight on a number of key initiatives, including the following:

- the continued redevelopment of LeBreton Flats; and
- Jacques-Cartier Street shoreline area improvements, including a significant additional NCC contribution toward the project.

Gatineau Park

On March 29, 2007, the NCC appeared before the Senate Committee on Energy, the Environment and Natural Resources to discuss the Honourable Senator Spivak's bill on Gatineau Park (Bill S-210). The presentation was well received, and focused on clarifying park boundary issues, including property acquisitions within park boundaries and the rationalization of property outside park boundaries.

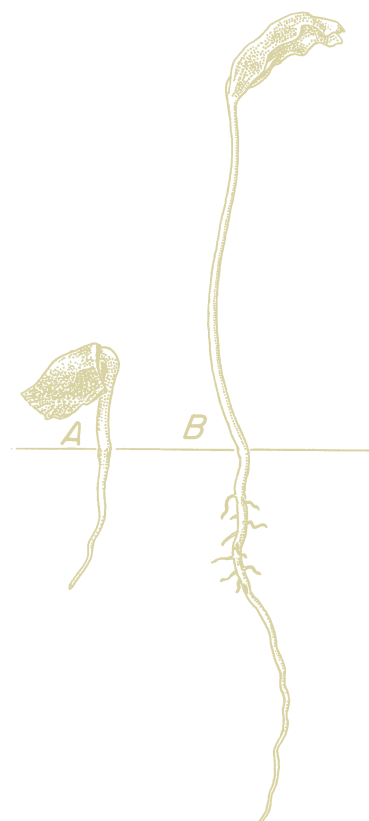
Role of the Chairperson

Under the terms of the *National Capital Act* in force until March 31, 2007, the Governor-in-Council appointed the NCC chairperson to head the Commission and to serve as CEO of the corporation. Marcel Beaudry held this dual position since 1992, and his term ended on December 31, 2006. Vice-Chairperson Heather Chiasson acted as chairperson/CEO until an amendment to the *National Capital Act*, stemming from the new *Federal Accountability Act*, came into force on April 1, 2007, and separated the position of chairperson/CEO into two distinct positions. This also had the effect of abolishing the position of vice-chairperson. The by-laws of the corporation and related administrative resolutions that define the chairperson and CEO were updated in 2006–2007 to ensure continuity and the appropriate delegation of approval and signing authorities.

The chairperson leads the board of directors, provides independent oversight and is directly accountable to the Minister of Transport, Infrastructure and Communities. The CEO, on the other hand, is the sole management representative on the board of directors, and is responsible for the management of the organization.

Public Accountability

The NCC is accountable to the Canadian people through Parliament and the Minister of Transport, Infrastructure and Communities. The government takes the interests of Canadians into account in communicating federal policy and priorities. The Commission incorporates these policies and priorities, where appropriate, and responds by advising on and approving a series of five-year corporate plans (revised annually), and by reporting annually to Parliament on performance in relation to objectives, strategies and performance targets.



Commission recruitment is guided by a forward-looking definition of the skills and expertise needed to govern the corporation effectively. The NCC's Nominating Committee examines potential candidates, and recommends a short list of names for each vacant position for consideration by the Minister of Transport, Infrastructure and Communities. In selecting candidates, the committee ensures that regional representation is respected and that candidates meet competency and selection criteria. In 2006–2007 specifically, the board reviewed and approved selection criteria for the next chairperson, and advertised the position on behalf of the government, which completed the staffing process. The board also reviewed and approved the accountability profile for the CEO position. To serve the interests of the Canadian public, to ensure continuity and to protect corporate memory in a period of renewal, the board also made recommendations to the Minister regarding transitional staffing of the CEO position. In early 2007, the government announced the appointment of three new members to the Commission, with a fourth appointment made effective April 1, 2007. An additional member was appointed May 3, 2007. A board charter will be developed to clarify, among other things, the specific roles and responsibilities of the board of directors, board committees, the chairperson and individual directors.

Orientation

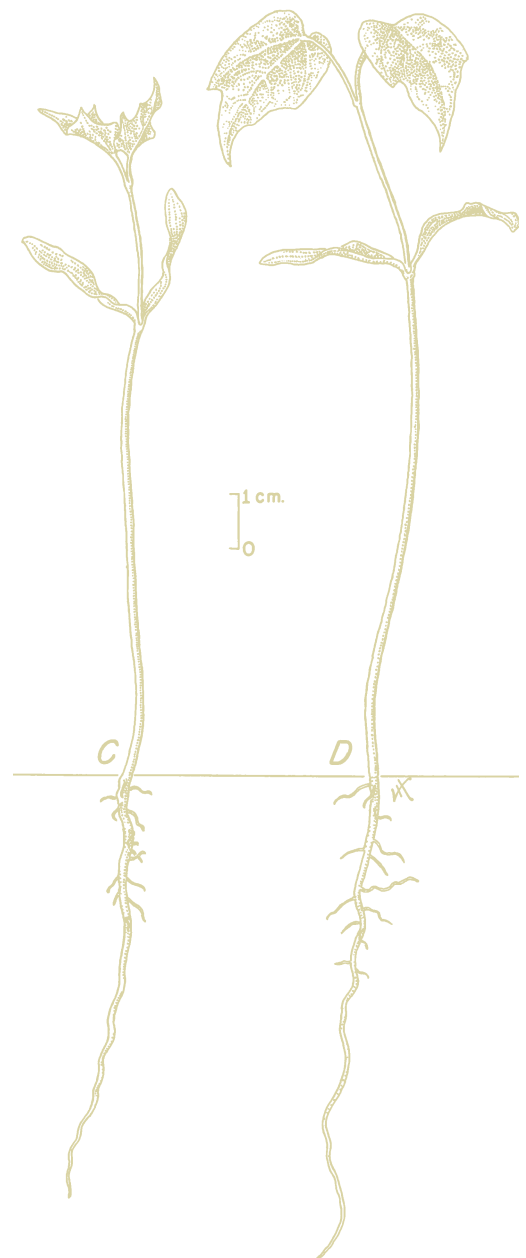
The NCC welcomes new Commission members with a presentation on accountability, reporting structures and by-laws. Incoming members tour the operations, discuss processes and products, and review current issues with the vice-presidents. They also receive copies of federal guidelines and related documents on corporate governance (i.e. *Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities* and *Conflict of Interest and Post-Employment Code for Public Office Holders*). The NCC's general legal counsel delivers an information session for new Commission members, with the discussion focusing on roles and responsibilities, ethics, and conflict of interest. New members of the Commission also receive specific training and participate in a course on governance endorsed by the Treasury Board of Canada Secretariat.

Independence

Members of the Commission are required to act honestly, diligently, carefully and in good faith, in accordance with the *Financial Administration Act*. They are briefed on and operate under the terms of a corporate by-law designed to prevent conflict of interest, and they are required to excuse themselves from decision making related to potential areas of conflict of interest. The NCC requires that each new director review and acknowledge his or her understanding of the principles expressed in the *Conflict of Interest and Post-Employment Code for Public Office Holders*. Commission and corporate committee meetings open with a review of the agenda and a declaration by members of potential conflict of interest.

Management Relationship

Commission meetings begin with a briefing on current issues and projects, followed by discussion. The Commission participates fully in strategic planning for the NCC. The results of an annual strategic retreat are discussed with the Commission, and the collective wisdom of members is captured in annual revisions to a five-year corporate plan. As well, the Commission reviews corporate performance three times a year in the form of period review reports, which relate accomplishments to objectives and performance targets in the corporate plan, and identify variances. The Commission reviews and approves the corporate plan and the annual report before these documents are submitted to the Minister of Transport, Infrastructure and Communities.



Performance Evaluation

The results of the 2006 self-evaluation confirmed the majority of members rated the Commission's performance as good to above average. Key areas of focus identified were risk management and succession planning for the chairperson, CEO and senior management. Following the Commission's self-evaluation, and in light of the 2005 government review of the framework for Canada's Crown corporations, the Commission participated in a professionally facilitated feedback session, and developed updated tools and evaluation questionnaires to foster the assessment of performance.

Objective Arm's-Length Assessment

The Office of the Auditor General of Canada serves as the independent auditor of the NCC, and conducts the annual financial audits. It also undertakes periodic reviews of the NCC's corporate performance. Every five years, the Auditor General conducts a special examination — the next one is under way for completion in 2007 — to identify significant deficiencies. None was observed in the last examination, but the Auditor General did suggest minor improvements in the areas of governance, land planning, communications, external relations, project management and procurement. The NCC responded by developing and implementing a management action plan. The Corporate Audit and Evaluation Committee has approved the audit plan and criteria for the 2007 special examination.

Board Committees

A number of committees support the Commission, as authorized by the *National Capital Act*.

Executive Committee

The Commission may delegate to the Executive Committee certain powers and functions, including the approval and recommendation of routine land use, development, leasing and procurement transactions. The Executive Committee may also approve the membership of advisory and corporate committees, but not membership of the Executive Committee itself.

Corporate Audit and Evaluation Committee

This committee reviews internal audits, as well as the Auditor General's special examinations and annual financial audits. The committee directly oversees the work of the NCC's internal audit function. It improves corporate governance by overseeing the reporting of financial information and ensuring that the necessary processes and controls are in place to support the achievement of the NCC's objectives and to guarantee the highest standards of integrity and behaviour.

In 2006–2007, the Corporate Audit and Evaluation Committee updated and approved a multi-year audit and evaluation plan based on comprehensive risk assessment. The committee monitored the implementation of this plan and approved the resulting reports and recommendations in the areas of security, contracting, the information management framework, public consultation practices, follow-ups in the management framework for real estate transactions and a post-implementation review audit of the NCC's Integrated Asset Management Information System. The committee also monitored the implementation of the NCC Values Initiative. The NCC has worked hard over the past few years, and collaborated intensively with employees to define corporate values and integrate them into the ethical fabric of the corporation. In 2006–2007, the NCC created an Ethics Office and appointed an ethics officer for the formal disclosure of wrongdoing.

Nominating Committee

In keeping with the federal government's merit-based appointment process for board members and CEOs of Crown corporations, the NCC has a permanent committee responsible for the identification of candidates for appointment, or reappointment, as members of the Commission and as the NCC's chairperson/CEO. The committee's role is to examine and update the competency profile of the Commission, and to define selection criteria for Commission members, the CEO and chairperson positions. Although the committee did not meet in 2006–2007 due to the mandate review, the Commission did endorse the selection criteria for choosing the next chairperson of the NCC, as well as the CEO accountability profile.

Compensation Review Committee

This committee meets twice a year to review and approve the performance of full-time Governor-in-Council appointees, in relation to achievements for the previous year, as well as to identify new objectives according to government requirements. Remuneration granted to full-time Governor-in-Council appointments are also reviewed, and recommendations are made directly to the Privy Council Office. The Privy Council Office has provided direction regarding a new process for the performance evaluations involving the full board. Consequently, the ongoing role of this committee will be reviewed.

Advisory Committees

The NCC recruits advisers who are recognized experts in Canada's professional, academic and business communities to provide technical guidance to the NCC and to other federal and private sector organizations in Canada's Capital Region. Four committees provide national perspective and professional breadth (*see Appendix I*):

- The Advisory Committee on Communications, Marketing and Programming advises on cultural programming, marketing, sponsorships, partnerships and communications.
- The Advisory Committee on Planning, Design and Realty advises on the use, development and management of public lands and properties, including architecture, public works, banners, signs and statuary.
- The Advisory Committee on the Official Residences of Canada advises on maintenance and operational issues for the six official residences in Canada's Capital Region.
- The Canadiana Fund solicits donations of funds, heritage art and furniture for the enhancement of state rooms in official residences.

Operations

The NCC is divided into branches, each headed by a senior executive responsible for ensuring that the policies of the NCC are fully implemented and well managed, and that corporate values apply in all areas of corporate work. The branches carry out work as defined in a one-year memorandum of understanding (MOU) with the CEO, with the MOU capturing agreed-upon objectives and performance measures as outlined in the corporate plan. Results against these objectives are monitored and reported three times a year, to verify progress or identify variances as a basis for corrective action. The chief operating officer (COO) sets operational and management objectives, prepares implementation strategies, oversees day-to-day operations, and ensures that the Plan for Canada's Capital is being realized. Senior branch executives, the COO and the CEO (previously the chairperson) meet weekly as the Executive Management Committee (EMC) to review new projects and ongoing work and to translate the strategic decisions of the Commission into action at the operational level. The EMC participates in an annual strategic retreat where long-term directions, priorities and key strategic issues are discussed, and the foundations of the corporate plan established.



Board of Directors Remuneration

Remuneration earned from April 1, 2006, to March 31, 2007

Commission members are not remunerated for attending or participating in meetings of the Commission. For the performance of other duties, Commission members are paid an annual retainer and per diem amounts, which are set by the Governor-in-Council pursuant to the *Financial Administration Act* on the recommendation of the Minister of Transport, Infrastructure and Communities.

The vice-chairperson (position abolished as of April 1, 2007) receives an annual retainer of \$7,500 and \$375 per day for committee meetings attended, professional development and special duties. Chairpersons and all other members receive an annual retainer of \$4,000 and \$375 per day for committee meetings attended, professional development and special duties. The chairperson of the Corporate Audit and Evaluation Committee receives an additional retainer of \$2,000 per year. Per diems are paid for time spent performing NCC business in accordance with corporate policies. Members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodation and meals, while performing their duties on behalf of the NCC. These expenses vary from member to member, according to committee responsibilities and distance travelled to participate in Commission meetings. Between January 1, 2007, and March 31, 2007, the Vice-Chairperson assumed the role of acting chairperson/CEO. Compensation was paid for this period to the Acting Chairperson/CEO for performance of special duties in the form of per diems under the existing order-in-council authority.

	Retainer ¹ (\$)	Per Diems ¹ (\$)	For Travel ² (\$)	Total Remuneration (\$)	Board Meetings Attended (13 days)	EC (1 day)	CAEC (1.5 days)	Committee Meetings CRC (1 day)	Committee Meetings NC (0 days)	Committee Meetings ACPD ³ (10.5 days)	ACCMAP (2.5 days)	ACORC (2.5 days)
	(A)	(B)	(C)	(A + B + C)								
Commission Members												
Jagtar Bains	3,000	1,500	1,500	6,000	11	—	—	—	—	—	—	1.0/1.5
Jacques Carrière	8,000	1,688	—	9,688	11.5	—	1	1	—	—	—	—
Heather Chiasson*	11,500	25,875	—	37,375	12.5	1	—	—	0/0	—	—	—
Claudia Chowaniec	8,000	1,688	—	9,688	9.5	—	1.5	—	0/0	—	—	—
Harry Doyle	7,022	2,438	1,875	11,335	10/12	—	—	1	—	—	2.5	—
Allison A. Fisher	3,000	1,875	—	4,875	10.5	—	—	—	0/0	—	—	—
Anne Fry	8,000	2,438	1,750	12,188	11	1	—	—	—	—	—	2.5
Robert Guibord	7,385	1,688	—	9,073	11.5/12	—	1.5	—	0/0	—	—	—
Michael E. Kusner	7,000	4,875	1,438	13,313	12	—	—	1	—	9/9.5	—	—
Marcel Legault	4,000	4,500	781	9,281	11	—	—	—	—	9.5/9.5	—	—
Eric D. MacKenzie	—	—	—	—	0/0	—	—	—	—	—	—	—
Daniel J. MacLeod	—	—	—	—	0/0	—	—	—	—	—	—	—
Frieda Martselos	3,000	1,313	1,125	5,438	12	—	—	—	—	—	0.5/1.5	—
François Pichard	8,000	1,875	—	9,875	12	0.5	1.5	—	—	—	—	—
Robert Tennant	—	—	—	—	0/0	—	—	—	—	—	—	—
Irving Schwartz	12,935	2,438	1,688	17,061	11.5/12	1	1.5	1	—	—	—	—
James Yamashita	3,000	3,563	813	7,376	13	—	—	—	—	6.5/6.5	—	—
Total	93,842	57,754	10,970	162,566								

1. Rates per Privy Council Order 2002-368, effective October 1, 2000, rounded to nearest whole dollar. *Includes additional per diem compensation under existing order-in-council authority, for duties as acting chairperson/CEO.

2. Remuneration for travel is based on the geographical location of the residence of Commission members and does not cover travel expenses, which are reimbursed to members based on reasonable out-of-pocket expenses.

3. Executive Committee (EC); Corporate Audit and Evaluation Committee (CAEC); Compensation Review Committee (CRC); Nominating Committee (NC); Advisory Committee on Planning, Design and Realty (ACPD); Advisory Committee on Communications, Marketing and Programming (ACCMAP); Advisory Committee on the Official Residences of Canada (ACORC).

Ombudsman

The ombudsman acts as an independent and neutral advocate of fairness, and source of information and referral for NCC employees; assists in answering individuals' questions; and helps to resolve concerns on an informal basis. The ombudsman also maintains an effective liaison with an external network of professionals in the field.

EMC Remuneration

In accordance with the terms of the *National Capital Act*, the NCC pays the chairperson/CEO a fixed salary within the range set by the Governor-in-Council for order-in-council appointees. No special remuneration is paid for the chairperson/CEO's board-related duties. The salary range of the incumbent is \$190,600 to \$224,300. The chairperson/CEO is also eligible for performance pay in the range of 0 to 10 percent of the base salary, according to the achievement of key performance objectives, as determined by the Compensation Review Committee or Commission. Other EMC members receive a compensation package that includes a base salary, performance pay eligibility of 0 to 10 percent and employment benefits similar to those received by executives within the larger public service (including health, dental and insurance benefits and a pension plan). Executive compensation is approved by the chairperson/CEO in consultation with the Executive Committee.



Executive Management Committee

April 1, 2006, to March 31, 2007

(from left to right) Curry Wood, Margaret Strycio, Richard Fajarczuk, Micheline Dubé, Diane Dupuis, Pierre Désautels, Guy Laflamme, Michelle Comeau

The Year in Review

NCC STRATEGIC OUTCOME Optimum contribution of federal lands and public programs in creating a capital as a source of pride and national significance.

PROGRAM ACTIVITY The objective of this program activity is to generate pride and promote unity through programming in the Capital. The main products are a series of high-impact events (notably Canada Day and Winterlude), interpretation programs and commemorations. As well, this activity works to increase Canada-wide awareness of the Capital through national marketing and communications campaigns that present the Capital as a place where Canadians can experience Canadian heritage, culture and achievements.

EXPECTED RESULT Canadians have a better understanding of their capital, and identify with its role and significance.

Program Activity I: Animating and Promoting the Capital

Events, Interpretation Programs and Commemorations

Expected Result

NCC programs and services enrich the Capital experience and help Canadians appreciate the significance of its sites and symbols and celebrate their nationhood.

A Capital Choice!

Exactly 150 years ago, Canadian politicians were hopelessly deadlocked after a 20-year search for a new permanent seat of government; they turned to Queen Victoria for help. She asked her ministers for advice; carefully examined the rival candidates; read submissions from Toronto, Kingston, Montréal, Québec and Ottawa; and gave it as her considered opinion that Ottawa, a city considered by many to be remote and underdeveloped, was the best possible candidate. During 2006–2007, the NCC worked to develop a set of bright, commemorative banners, and a series of exhibits to tell the story of how Ottawa became capital. The first exhibit was displayed on the Rideau Canal Skateway during Winterlude. Planning also continued during the year to present Canada's Capital Summit in October 2007, in partnership with the University of Ottawa's Canadian Studies Institute and with the Historica Foundation's Encounters with Canada program. The summit will bring some of Canada's most notable historians together with 150 young Canadians to consider the past and shape a vision for the future. The focus will be on 2017 and the 150th anniversary of Confederation.

Tuned In to Canada Day!

Some 300,000 people gathered in the heart of Canada's Capital, and radios were tuned in nationally and internationally to share the experience of Canada Day. Radio-Canada's Espace musique broadcast the show live from Jacques-Cartier Park. CBC Radio One recorded and broadcast the Major's Hill Park Show, and Radio Canada International broadcast the noon and evening shows from Parliament Hill. And it was not just through the airwaves that the Canada Day festivities were shared with Canadians across the country. The NCC also gave Canadians access to new technologies as a source of information on Canada Day and, as a result, 12,000 podcasts and 1,358 cellcasts were downloaded. Meanwhile, the NCC continued to seek a new national television broadcaster for the Parliament Hill program.

Cold Hands, Warm Hearts

Winterlude enjoyed brisk weather this year, and the skaters on the Rideau Canal Skateway had an almost record season in the anniversary year of 2007 (175 years after completion of the Rideau Canal waterway). In response to unseasonably warm weather that continued into mid-January, the NCC developed a series of contingency plans to be implemented if ice did not form on the Skateway. In fact, the weather turned cold just in time.

New Life at LeBreton Flats

An old neighbourhood in the Capital is returning to life, step by step. The first phase of an interpretive loop was unveiled in November 2006. In addition, an exciting new festival space has been in the works, and the official launch of LeBreton Flats Park is planned for June 2007. In that context, the NCC negotiated exciting new partnerships with the performing arts community. The Canadian Opera Company will present “Opera Under the Stars,” a program of live choral music, as part of the festivities in June, while the National Arts Centre Orchestra will perform free concerts in July.

Stories of the Capital

The NCC worked with national institutions in the Capital, the Supreme Court of Canada and the Bank of Canada, for example, to take Canadians behind government doors in Canada’s Capital. Fifteen large and handsome interpretation panels were completed and installed along Confederation Boulevard. The information and images presented on these panels provide insight into the kinds of work performed in the Capital and the significance of this work for the lives of Canadians. On the Quebec shore, three interpretive nodes were completed for Jacques-Cartier Park, featuring the special heritage of the fur and lumber trades, as well as the story of early settlement in the region.

Ready, Set, Go!

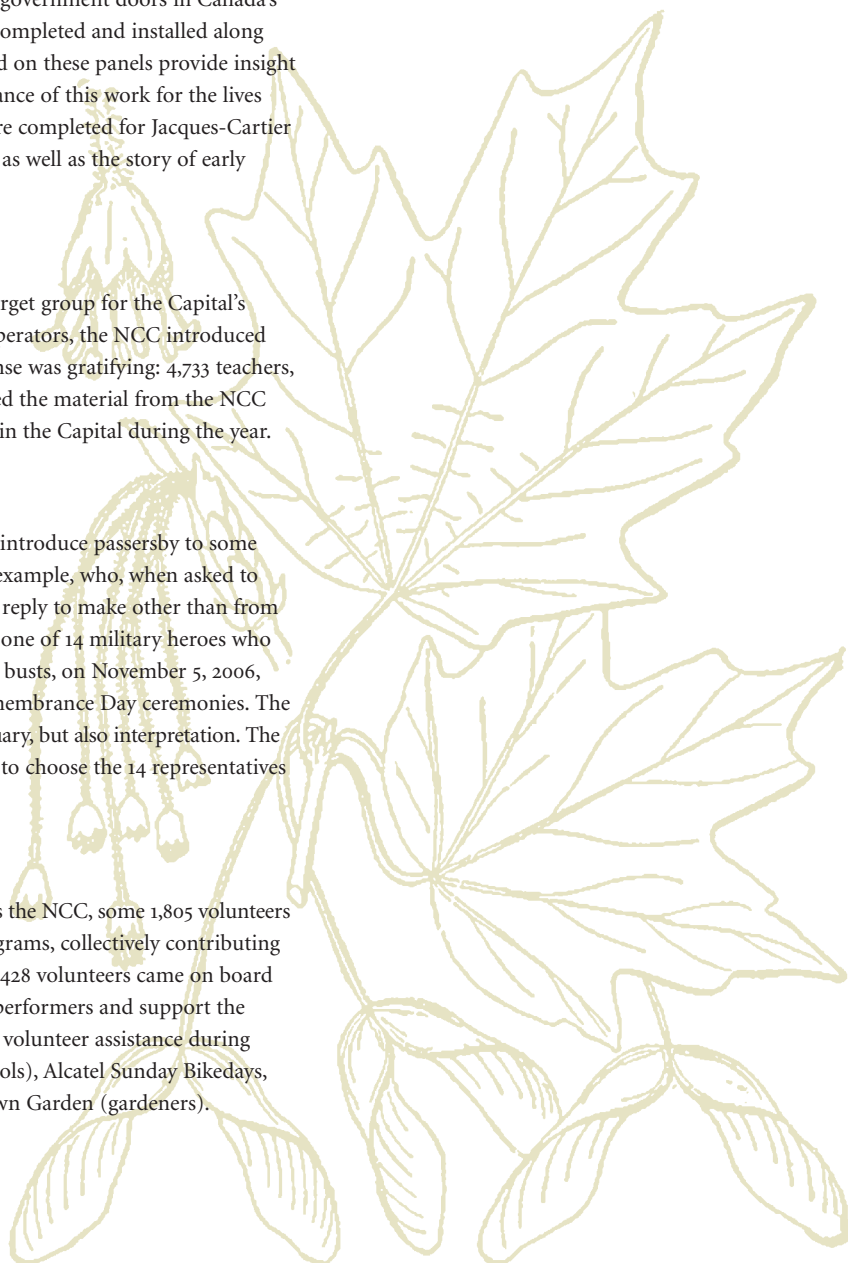
Young people are the future, and they represent a very specific target group for the Capital’s programs. For visiting students, teachers and educational tour operators, the NCC introduced a pre-visit resource entitled *Get Ready for the Capital*. The response was gratifying: 4,733 teachers, representing approximately 94,660 young Canadians, downloaded the material from the NCC website. Some 17,506 young people took part in youth programs in the Capital during the year.

Forgotten Heroes Remembered

The *Valiants Memorial* was unveiled in Confederation Square to introduce passersby to some perhaps lesser-known Canadian heroes. Who was that man, for example, who, when asked to surrender during the 1690 siege of Québec, answered, “I have no reply to make other than from the mouth of my cannon.” It was the Comte de Frontenac. He is one of 14 military heroes who were honoured by the unveiling of a series of bronze statues and busts, on November 5, 2006, as part of the recognition activities leading up to the annual Remembrance Day ceremonies. The commemoration was notable in that it encompassed not only statuary, but also interpretation. The NCC worked with Canadian Heritage and a national committee to choose the 14 representatives of Canadian heroism.

Willing Hands

The NCC could not do what it does without help. Last year, across the NCC, some 1,805 volunteers stepped forward to assist in delivering a range of events and programs, collectively contributing 22,366 hours of extremely varied service. For Canada Day alone, 428 volunteers came on board to work with children, provide information to the public, assist performers and support the NCC logistical teams. Other programs that depended heavily on volunteer assistance during the year included those for Winterlude, Gatineau Park (trail patrols), Alcatel Sunday Bikedays, the Mackenzie King Estate (costumed interpreters) and Maplelawn Garden (gardeners).



Targets and Accomplishments

Targets Over the planning period, the NCC will continue to deliver a number of flagship programs in the heart of the Capital to achieve the following objectives:

- (a) to maintain high levels of attendance at flagship events and programs — Sound and Light Show (target: 185,000), Canada Day (target: 300,000) and Winterlude (target: 600,000);
- (b) to maintain public satisfaction levels of 85 percent or higher with respect to events and programs;
- (c) to establish a new national broadcast partnership for the Canada Day evening show; and
- (d) to complete the official launch of the NCC's festival park at LeBreton Flats for summer 2007.

Accomplishments The following results were achieved.

- (a) Attendance at flagship events surpassed targets, specifically the Sound and Light Show (253,000 spectators, an 11 percent increase over 2005), Canada Day (observation counts at four official sites recorded 313,000 participants) and Winterlude (though no formal external survey was conducted, estimates indicate that attendance was high, with between 524,000 and 633,000 visitors, and from 1.3 million to 1.56 million visits).
- (b) This target was met, with Canada Day research finding that 96 percent of participants surveyed were satisfied, and a survey at Confederation Park during Winterlude rated satisfaction at 98.4 percent.
- (c) This target was partially met and, although there was no national television broadcast of the evening show on Parliament Hill, a number of radio broadcasts took place from official sites.
- (d) This target was met, with a program of opera and concerts to be held in LeBreton Flats Park in June and July 2007.

Target The NCC will maintain an 85 percent satisfaction rate and generate 700,000 visits a year for Parliament Hill programs.

Accomplishments This target was met in terms of numbers, with more than 700,000 visitor contacts established. Satisfaction levels are scheduled to be measured in 2008.

Target The NCC will complete Phase II of the Streetscape Interpretation Program on Confederation Boulevard and Phase I of the Quebec Shore Interpretation Program by summer 2006.

Accomplishments These targets were met, with the installation of 15 panels providing interpretation pertaining to national institutions along the length of Confederation Boulevard, and three interpretive nodes in Jacques-Cartier Park.

Target The NCC will provide services to 325,000 visitors annually at the Capital Infocentre (CIC) and maintain an 80 percent service standard level at the Capital Contact Centre (over a volume of about 80,000 calls and emails).

Accomplishments The target with regard to numbers of visitors was not met, with 288,398 visitors in 2006–2007 (a decrease of 9.3 percent over 2005). A slow tourist season in summer 2006, increased web usage and reduced marketing contributed to the decrease. The level of service standards at the Capital Contact Centre was surpassed at nearly 90 percent, though the number of contacts continued to decline (46,336 contacts, a decrease of 23 percent). The NCC continued to study options for revitalization of the CIC in 2009.

Target The NCC will attract 33,000 participants in a variety of youth programs.

Accomplishments This target was not met, with youth-specific programs attracting 17,506 participants in 2006–2007 (a decrease of 11.3 percent over 2005, largely due to the closing of the Canada and the World Pavilion).

Target The following targets were established: (a) complete a comprehensive commemorations plan by spring 2006; and (b) unveil the *Valiants Memorial* in fall 2006.

Accomplishments These targets were met: (a) through approval of the *Comprehensive Commemoration Program and Policy for Canada's Capital*, which identifies and provides guidelines for 100 commemorative sites over the next 20 years; and (b) through an unveiling ceremony that took place on November 5, 2006.

Expected Result

The message of Canada's Capital, as a place to experience our heritage, culture and achievements is communicated to Canadians.

Hand in Hand

The NCC continues to build alliances in support of its programs. Specifically, it focused on high-return, multi-year sponsorship agreements, receiving sponsorship of \$1.197 million in cash and \$1.273 million in kind, as well as national visibility through sponsor advertising campaigns. It also built important alliances with presenting partners. For example, it worked with Astral Media to bring the popular program, "La vraie vie" to Jacques-Cartier Park during Winterlude, and promoted the Snowbowl through "Les Samedis Énergie."

Working With the Community

Over the past year, NCC staff worked closely with many community associations sharing information on landholdings and consulting on a number of projects. To facilitate public access to information, the public consultation section on the website was enhanced.

More than 20 presentations were coordinated through the Speakers' Bureau, discussing topics such as the NCC's governance, mandate, marketing and environmental practices.

Constant efforts are invested in increasing public participation in all NCC program areas.

Targets and Accomplishments

Target By the end of 2007–2008, the NCC will increase unaided awareness of the NCC to 60 percent among residents of Canada's Capital Region (CCR).

Accomplishments Progress is being made toward the achievement of this target: unaided awareness was 42 percent in 2006, compared with 40 percent in 2005; aided awareness was 50 percent, for a total overall awareness of 92 percent.

Target By the end of 2007–2008, the NCC will maintain Canadians' level of pride in the Capital at a minimum level of 80 percent.

Accomplishments Progress toward this target was last measured at 68 percent in 2005, with the next national survey scheduled for 2007–2008.

Target By the end of 2007–2008, the NCC will increase its positive perception ratings to 76 percent among residents of CCR.

Accomplishments Progress is being made toward the achievement of this target. In 2006, 63 percent of those surveyed locally expressed either a positive or a very positive opinion of the NCC, compared with 61 percent in 2005. As well, 80 percent of respondents in Quebec and 76 percent in Ontario said that they benefit from the presence of the NCC.

Target By the end of 2009–2010, the NCC will increase positive perception ratings of its public consultations to 41 percent among residents of CCR.

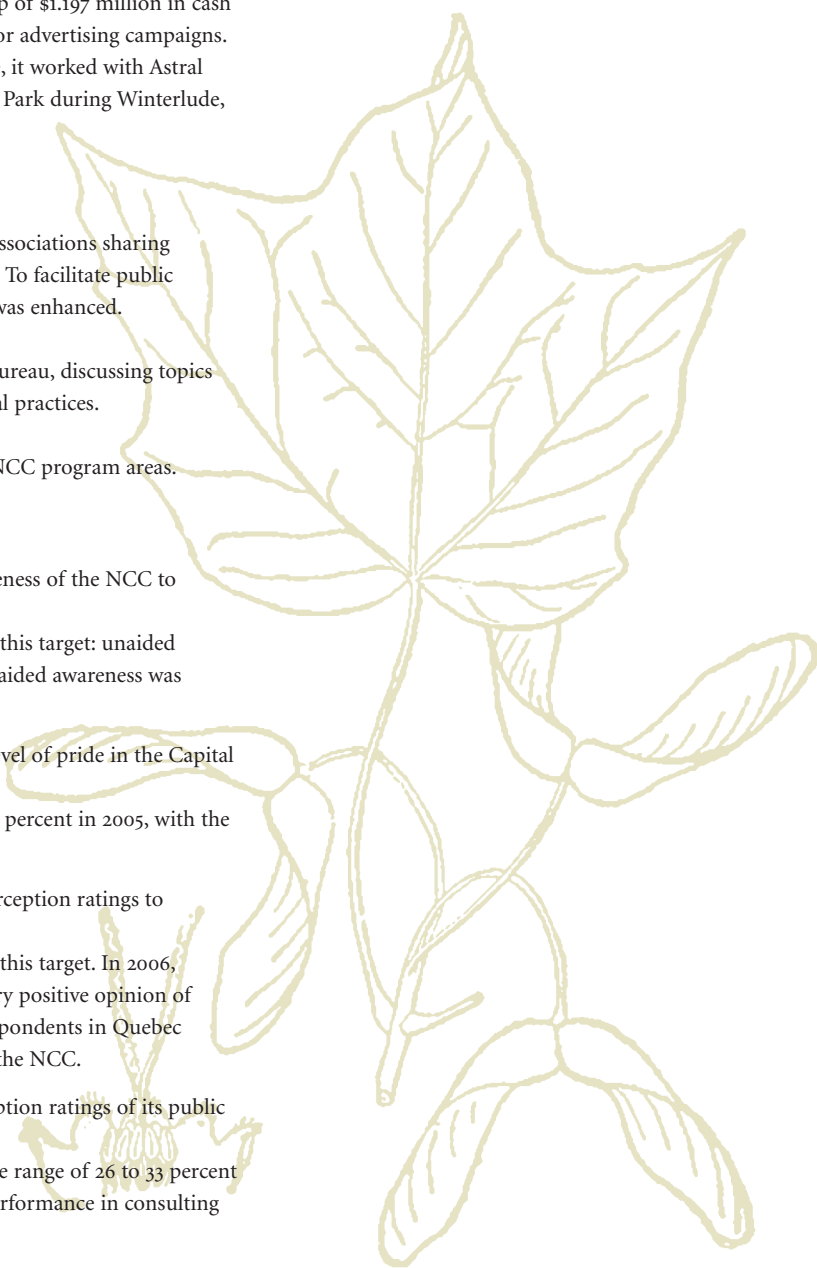
Accomplishments Progress toward this target was last measured in the range of 26 to 33 percent in 2000. In 2006, 28 percent of survey respondents rated the NCC's performance in consulting the public as either excellent or good.

Target The NCC will achieve cash sponsorships of \$966,000 annually over the planning period.

Accomplishments This target was surpassed, with sponsorships of \$1.197 million.

Target The NCC will establish new strategic alliances and focus on high return on investment arrangements with major sponsors.

Accomplishments This target was met. Ten sponsors generated 91 percent of the cash sponsorships revenue (\$1.088 million), with agreements for more than one year. Sponsors have already committed to 66 percent of the 2007–2008 target. Low-revenue sponsors were not pursued.



PROGRAM ACTIVITY This program activity guides the planning and development of federal lands to ensure that their role and significance are appropriate for the Capital, as well as respectful of heritage and the natural environment. This activity involves preparing long-term visionary plans, in consultation with other planning jurisdictions, to guide the uses and development of the Capital's lands, as well as identifying the National Interest Land Mass to be held in trust for future generations. The NCC is responsible for reviewing and granting approvals for federal land uses, designs and transactions in the Capital. Certain NCC programs manage archaeological collections and review heritage building designations in the Capital. The NCC also represents the federal government in addressing interprovincial transportation and urban transit issues with provincial and municipal partners in CCR.

EXPECTED RESULT Federal lands reflect the role and significance of the Capital as an appropriate setting for the seat of government and for national events and commemorations.

Program Activity II: Planning, Design and Land Use

Planning

Toward an Integrated Region

There was a time when the Ottawa River divided the Capital region into two very distinct entities: one represented by the towers of the Parliament Buildings and the other, by industrial smokestacks. That division began to disappear in the 1970s, when the federal government moved some of its operations to Quebec, and in the 1980s, when the Canadian Museum of Civilization was built at the northern end of the Alexandra Bridge. Work continues to integrate Quebec into Capital planning and, in particular, to reclaim the last of the Ottawa River shoreline for public use and enjoyment. Last year, the NCC completed a concept plan for waterfront improvements on Jacques-Cartier Street in Gatineau. The project will be carried out through a cost-sharing agreement that has been signed with the City of Gatineau. A preliminary environmental assessment has already been launched.

Eyes on the Escarpment

The NCC continues working toward the revitalization of Ottawa's downtown, with its attention shifting eastward from LeBreton Flats to an area called "the Escarpment." Here, the NCC and the Ottawa-Carleton School Board share ownership of the land. This is an area ripe for redevelopment and, for the past year, the City of Ottawa has been studying options as part of the larger Downtown Ottawa Urban Design Strategy 20/20. The NCC worked closely with the city during the course of the study, and it will continue to collaborate during the detailed planning phase. The NCC is proceeding to develop strategies for work on publicly owned lands at the foot of the Escarpment (the Portage-Wellington Node and Thompson-Perkins Mill).

The Future of Transit

As cities grow into the 21st century, urban transportation is increasingly central to the quality of life. As pioneer planner in Canada's Capital, the NCC has contributed to many transportation initiatives in the past, such as the parkway system, the Queensway and the construction of several interprovincial bridges. Today, as the focus shifts to issues of urban sustainability, the NCC continues to consult with the municipalities on the provision of state-of-the-art urban transit. During the past year, as the City of Ottawa worked to develop a plan for a new light-rail transit system, the NCC provided professional planning advice. After the last municipal election, however, the City halted studies and launched a task force review of both the transit plan and Ottawa's Transportation Master Plan. The NCC remains committed to the development of rapid transit in the core, and will continue to participate.

Targets and Accomplishments

Target By the end of 2009–2010, the NCC will complete the Capital Urban Lands Master Plan.

Accomplishments Achievement of this target has been delayed in light of the NCC's mandate review. However, preliminary work was completed for Jacques-Cartier Street in Gatineau.

Target For the Core Area Sector Plan, the NCC will complete plans for (a) the Escarpment District (2006–2007), (b) the Ottawa River Corridor (2007–2008) and (c) the Rideau Canal North (to be initiated during the planning period, subject to partner discussion).

Accomplishments With regard to these targets: (a) this target has been deferred to 2007–2008; (b) the NCC is on schedule to achieve this target; and (c) the NCC is awaiting completion of the City of Ottawa initiative for the Rideau-Waller area, before initiating.

Target The NCC, in cooperation with funding partners, will coordinate an environmental assessment study for future interprovincial crossings in CCR, starting in 2006–2007 and ending in 2008–2009.

Accomplishments Progress was made toward the achievement of this target. The consultant contract was approved later than expected, and work began on the terms of reference for the environmental assessment study design, planning feasibility and needs assessment. Public consultations are scheduled for June 2007.

Target The NCC will complete an environmental assessment for rapid transit integration in the Capital core area in 2007–2008.

Accomplishments The NCC, in partnership with the Société de transport de l'Outaouais (STO), the City of Ottawa and OC Transpo, are funding the study. Progress was deferred, pending the City of Ottawa's master transportation plan review.

Design and Land Use Approvals

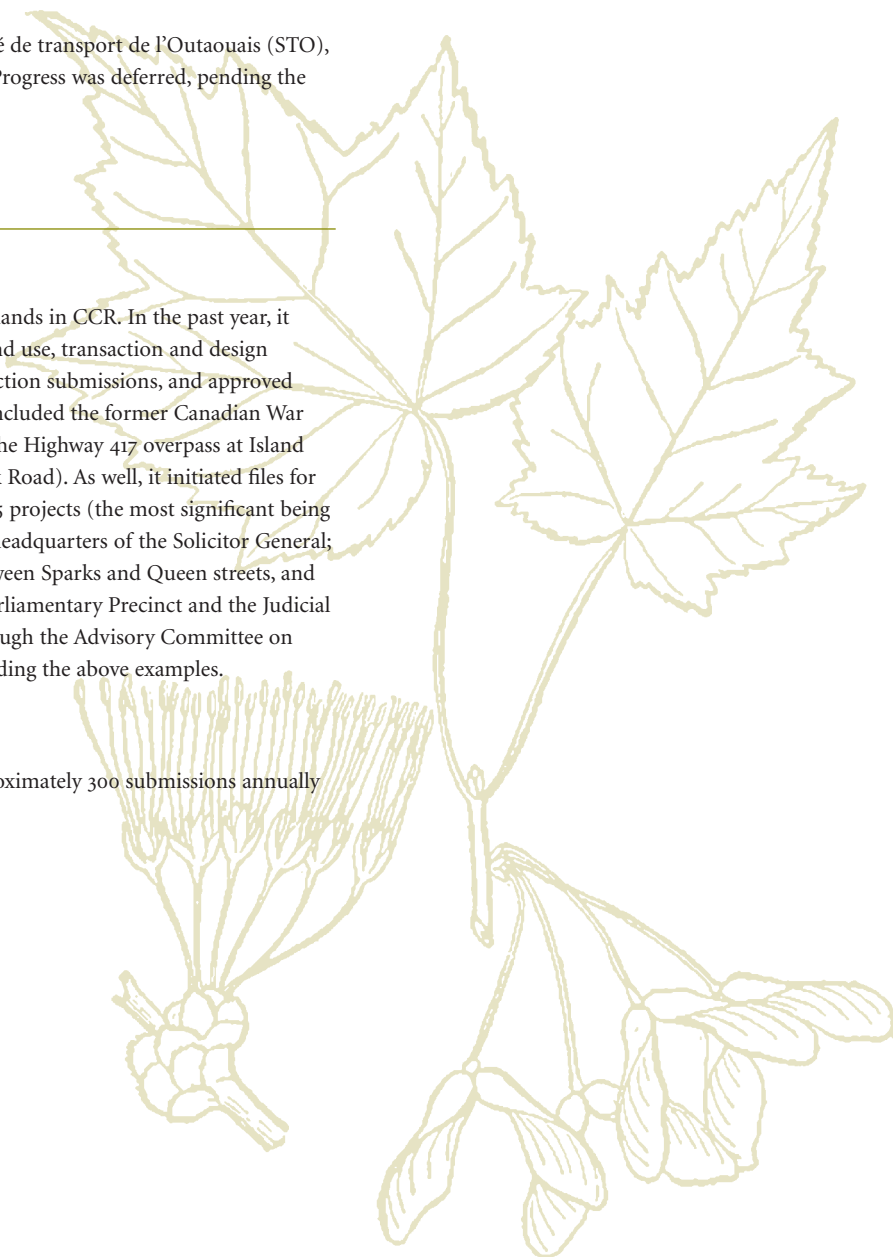
Ensuring High Standards

The NCC has design and land use authority over all federal lands in CCR. In the past year, it completed 121 submissions and initiated the review of 171 land use, transaction and design requests. It initiated or reviewed 81 land use and land transaction submissions, and approved or closed the files for 66 of these (the most significant files included the former Canadian War Museum building at 330 Sussex Drive, the rehabilitation of the Highway 417 overpass at Island Park Drive and the widening of Riverside Drive at Limebank Road). As well, it initiated files for or reviewed 90 design submissions and completed files for 55 projects (the most significant being the Phase 3 additions and parking structure at the national headquarters of the Solicitor General; the land use and design concept for the Canlands A site between Sparks and Queen streets, and the site capacity and long-term development plan for the Parliamentary Precinct and the Judicial Precinct). As well, the NCC coordinated 33 submissions through the Advisory Committee on Planning, Design and Realty and approved 14 projects, including the above examples.

Targets and Accomplishments

Target Over the planning period, the NCC will review approximately 300 submissions annually for federal approval of design, land use and transactions.

Accomplishments This target was substantially met.



PROGRAM ACTIVITY The NCC owns more than 470 square kilometres of land, or 10 percent of CCR, as well as hundreds of roads, pathways, buildings and bridges. It is also responsible for the maintenance, management and rehabilitation of the six official residences located in CCR, as well as Gatineau Park, the Greenbelt, and other parks and green spaces. It manages and protects these physical assets through a life cycle management program to enhance the rich cultural heritage and natural environment of Canada's Capital, to optimize the contribution of these assets in support of corporate programs, and to ensure that NCC assets are appropriately accessible to the public. The NCC manages approximately 650 leases, and provides grounds maintenance for many federal organizations in CCR. Activities also include the acquisition of properties of national interest, the disposal of surplus properties and the implementation of land development projects to enhance the Capital for future generations.

EXPECTED RESULT Federal assets under the responsibility of the NCC (parks and green spaces, leased properties, official residences, recreational pathways, buildings, bridges, and roads) are developed, maintained and managed in accordance with their national capital significance, in order to enrich visitors' and residents' experience of the Capital.

Program Activity III: Real Asset Management

Core Capital Projects

Expected Result

NCC core area projects contribute to the symbolic, political, cultural and administrative primacy of the heart of the Capital.

LeBreton Flats Redevelopment

Expected Result The completion of the National Interest Land Mass (NILM) component of the LeBreton Flats redevelopment is a significant contribution to the symbolic, political, cultural and administrative primacy of the heart of the Capital.

News From LeBreton Flats In June 2007, music will sound from the Capital's newest festival space. The NCC is responsible for developing some of its lands as places where citizens can gather to experience and appreciate a shared sense of nationhood. LeBreton Flats Park, located in the heart of the Capital's newest, emerging neighbourhood, is a new public space designed as an open-air venue for national events. During the year, the NCC installed electrical services and landscaped the area in preparation for the inaugural concerts in June and July.

The NCC prepared design guidelines for the sale of Blocks U and T, and it met the City of Ottawa deadline for the consent decision. With regard to the eventual sale of these blocks, the NCC is negotiating with an interested federal party, after which the federal government will carry out a due diligence study before arriving at a decision. For its part, the city completed warranty inspections for new infrastructure and approved the work.

Targets and Accomplishments

Target By the end of 2007–2008, the NCC will rehabilitate major NILM components for public use (e.g. the Common, including the event square).

Accomplishments The NCC is on schedule to achieve this target.

Target By the end of 2006–2007 (subject to market conditions), the NCC will complete the sale of Blocks U and T at LeBreton Flats, in keeping with the deadlines of the consent decision of the City of Ottawa.

Accomplishments This target was not met, but negotiations are ongoing with a federal party.

Target By the end of 2006–2007, the NCC will complete stages 1 to 4 of archaeological investigation of Blocks J, K, L, M, N and O at LeBreton Flats.

Accomplishments This target was partially met in 2005–2006 (Stages 1 and 2). However, work in Block L has been deferred until the partial completion of soil remediation and, in Block N, it has been deferred until the fall of 2007. Uncertainty regarding the future of light-rail transit also delayed investigations south of the aqueduct.

Target By the end 2006–2007, the NCC will have received approval of the works from the City of Ottawa for the infrastructure constructed at LeBreton Flats.

Accomplishments This target was met.

Confederation Boulevard

Expected Result Confederation Boulevard is established as “Canada’s Main Street,” a ceremonial route that symbolically and physically links the founding cultures and provides an appropriate setting for national institutions.

On Confederation Boulevard The NCC continues to implement an award-winning design for a ceremonial boulevard in the heart of the Capital. The plan, which emerged in the late 1980s, is being realized gradually, with each phase hinging on synchronization with City of Ottawa roadworks and infrastructure development. During the past year, work on Sussex Drive was completed in keeping with developments at 700 Sussex. Some infrastructure work in the vicinity of MacKenzie and Sussex and on the section of Sussex between George and St. Patrick streets was deferred until 2007–2008, in keeping with the municipal works program.

Targets and Accomplishments

Target The NCC will complete the following initiatives: (a) MacKenzie/Sussex infrastructure (2006–2007); (b) Sussex South (substantially, 2007–2008); and (c) Sussex Drive, mid-section, from the former Canadian War Museum to King Edward Avenue (substantially, 2009–2010).

Accomplishments Progress was made in keeping with City of Ottawa work schedules, as follows: (a) this target was partially met and will be completed in 2007–2008; (b) progress has been made toward the accomplishment of this target; and (c) this is a long-term target.

Other Core Initiatives

Expected Result Other core area projects enhance and animate the heart of the Capital.

Targets and Accomplishments

Target Substantial completion of Sparks Street (Canlands B) in 2005–2006 and occupancy in 2006–2007.

Accomplishments This target was substantially met. The NCC identified construction deficiencies, which the lessee has addressed, and the building is moving toward full occupancy.

Target By the end of 2006–2007, the NCC will contribute the remaining amount of \$1.8 million to the City of Gatineau for upgrades and landscaping for Saint-Laurent and Maisonneuve boulevards.

Accomplishments This target was substantially met. The project was completed, with outstanding adjustments and close-out slated for early 2007–2008.

Land and Real Asset Management

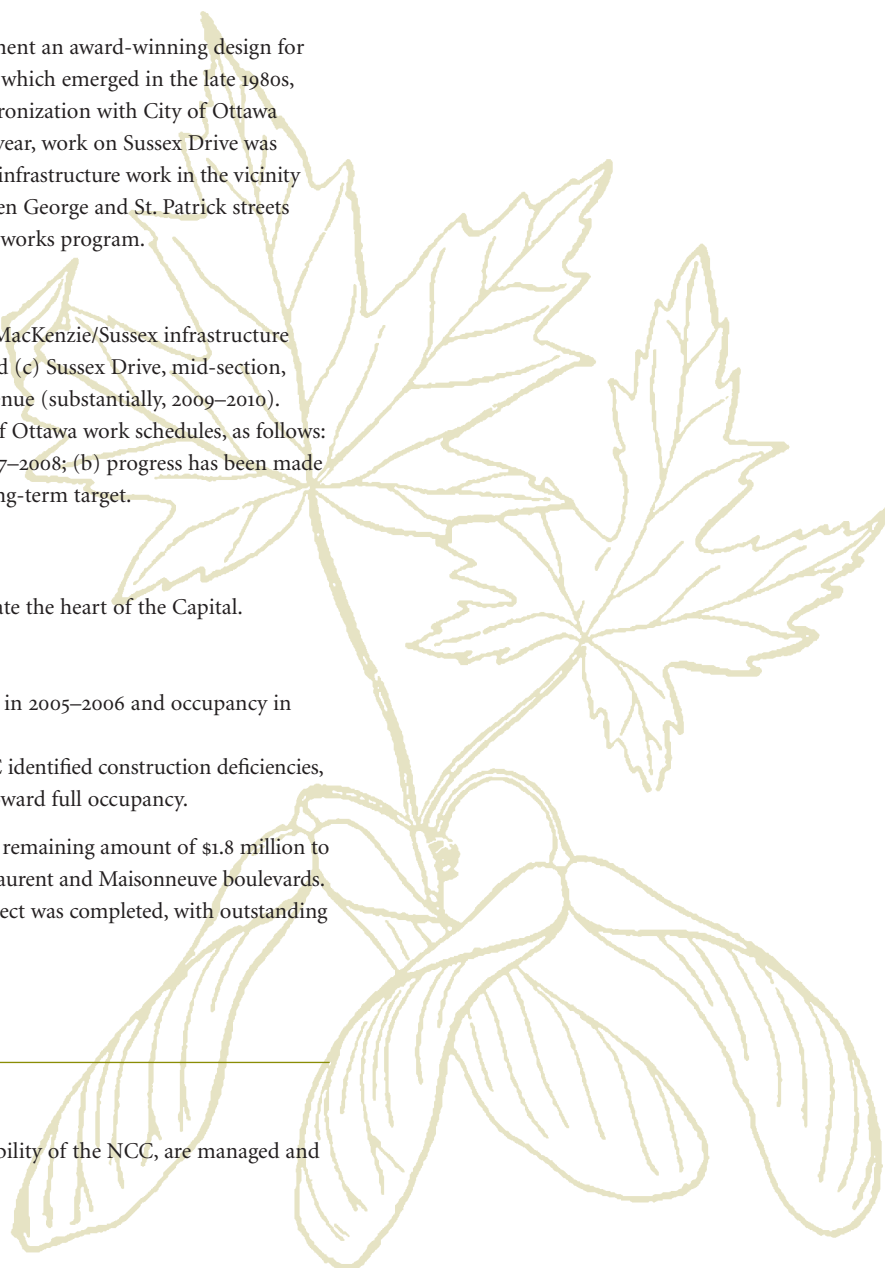
Expected Result

Federal assets, including public amenities under the responsibility of the NCC, are managed and rehabilitated for public use.

Operating and Maintenance

Expected Result Federal assets, including public amenities under the responsibility of the NCC, are managed to meet life cycle requirements and to ensure a level of quality and safety appropriate for use by the public.

Federal Groundskeeper As well as managing the lands that it owns, the NCC has long provided grounds maintenance services for other federal properties. Traditionally, these services have been provided free of charge. In 2006–2007, however, as part of its plan to reduce its operational costs by 5 percent, the NCC implemented a phased plan for the divestiture of services provided to Crown corporations and to other non-core area properties that are no longer relevant to the NCC’s mandate. Phase II, involving partial cost-recovery for the remaining targeted sites, was initiated



and is expected to be fully implemented by the end of 2007–2008. During the year, the NCC also entered into a number of multi-year maintenance contracts (new or renewed), which it restructured in light of the rationalization exercise. Most contracts have been adjusted upward to reflect inflation, but remain at costs that are lower than they would be if the approach to contracting these services had not been restructured.

Living by the Rules The NCC balances issues of preservation, public safety and access through a series of regulations that govern public use of its lands. From time to time, it reviews and updates these regulations in light of emerging issues to ensure that the rules remain appropriate and effective. In 2006–2007, the corporation reviewed, rationalized and validated issues identified in relation to the National Capital Commission Traffic and Property Regulations. Some issues will require changes to the enabling legislation; others can be addressed under the existing powers, or by rewriting the regulations. In the wake of its mandate review, the NCC will now proceed where possible to address some issues, and will await appropriate direction to address others.

Cleaning Up Some years ago, the NCC set out to assess the environmental condition of 90 percent of its properties, and to locate and assess the condition of fuel storage tanks on those properties by the end of 2006–2007. To date, it has assessed 83 percent of its currently listed properties, including the examination of 517 tanks. The deadline for completion of the program has been extended to March 2009, and the time-consuming process of locating, investigating and assessing fuel storage tanks continues. Last year, the NCC completed 60 inspections, with a focus on the most environmentally sensitive tanks. As for mitigation, five projects have qualified for \$414,000 in funding from the Federal Contaminated Sites Action Plan program for work currently in progress.

Targets and Accomplishments

Target By the end of 2007–2008, the NCC will rationalize contracted maintenance services to focus investments on core land assets that directly support the mandate.

Accomplishments The NCC is on schedule to meet this target.

Target Achieve the following gross leasing revenue targets over the planning period: (a) 2006–2007, \$15.065 million and (b) 2007–2008 to 2010–2011, \$15.036 million.

Accomplishments The following results were achieved: (a) this target was surpassed, with gross leasing revenues totalling \$15.8 million, compared with \$15.3 million in 2005–2006 and \$15.4 million in 2004–2005; and (b) this is a long-term target.

Target By the end of 2009–2010, the NCC will revise the National Capital Commission Traffic and Property Regulations to enhance the corporation's ability to govern the use of its property.

Accomplishments Progress is being made toward the achievement of this target.

Target The NCC will generate land disposal revenues of \$6.0 million a year over the planning period.

Accomplishments This target was not met: \$3,755,000 in land disposal proceeds were generated during the year. Other planned sales were not realized due to the City of Ottawa's decision to defer the plans for light-rail transit and the NCC's limitations on its activities during the review of its mandate.

Target The NCC will generate revenues of \$750,000 in easements and licences of occupation over the planning period.

Accomplishments This target was surpassed, with earnings of \$823,000.

Target By the end of 2008–2009, the NCC will complete preliminary assessments (Phase I) of remaining low-priority contaminated sites, along with assessments of on-site fuel storage tanks.

Accomplishments Progress is being made toward the achievement of this target. See the previous section, entitled "Cleaning Up."

Non-Core Area Real Asset Rehabilitation

Expected Result Federal assets under the responsibility of the NCC are rehabilitated to meet life cycle requirements, facilitate public access and contribute to the vision for the Capital.

A Continuing Program The NCC is responsible for ensuring the long-term survival, condition and usefulness of a large portfolio of real assets (which range from bridges and landscaping elements to park pavilions and heritage residences). To manage these assets effectively, the NCC plans and delivers a life cycle construction and rehabilitation program called the Multi-Year Capital Construction Program. Each year, available funding is applied across a range of prioritized projects to ensure public health and safety, as well as to address the need for timely repair, rehabilitation and the appropriate use of assets.

Targets and Accomplishments

Target During the planning period, the NCC will continue to undertake appropriate rehabilitation of major and minor assets in CCR, as part of the Multi-Year Capital Construction Program (MYCCP).

Accomplishments This target was met through the delivery of major projects which included Leamy Lake facilities (construction), Bate Island (site rehabilitation), Nepean Point and Major's Hill Park (repairs to retaining walls), the Canadian Museum of Contemporary Photography, 31 MacKay Street (rehabilitation), the Ottawa River Parkway (pavement and bridge rehabilitation), and recreational pathway projects.

Official Residences

Expected Result

The official residences are furnished, maintained and rehabilitated to safeguard their national heritage, and to provide safe and appropriate accommodations for Canada's official leaders, as well as inspiring properties and grounds for the conduct of state events and ceremonies.

Rideau Hall

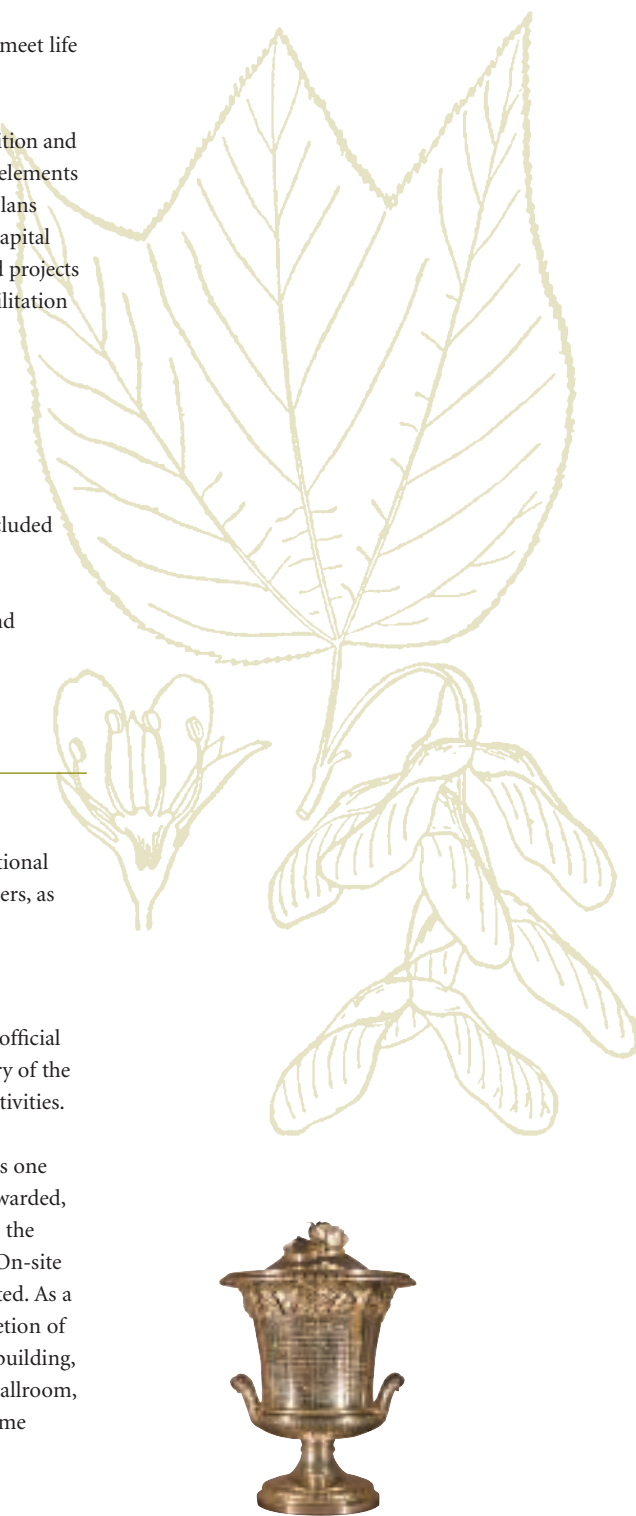
Expected Result Rideau Hall is managed in keeping with its national significance as an official residence of the Governor General of Canada, as a workplace for the Office of the Secretary of the Governor General, and as a year-round venue for state events, ceremonies and public activities.

Focus of Attention Rideau Hall, official residence of the Governor General of Canada, is one of the oldest and most significant heritage buildings in CCR. With long-term funding awarded, the NCC launched a vigorous program of restoration. A key project during the year was the rehabilitation of the front facade, involving complete masonry and stabilization works. On-site findings revealed that the underlying structure had deteriorated much more than expected. As a result, repairs to the facade will take longer and cost more than anticipated, with completion of the project now expected for late summer 2007. Meanwhile, work proceeded inside the building, including heating, ventilation and air conditioning upgrades in the Mappin Wing and Ballroom, and the planning and design of projects for 2007–2008 (e.g. the rehabilitation of the Dome Building and the visitor centre).

Targets and Accomplishments

Target During the planning period, the NCC will complete \$21.2 million of capital works at Rideau Hall to address the most critical elements of the health and safety backlog, as well as fundamental building and infrastructure issues.

Accomplishments The NCC is on schedule to achieve this target. In 2006–2007, \$5.3 million was spent at Rideau Hall.



MacKay-Keefer Legacy Cup This engraved silver vessel was presented in 1831 by head engineer Colonel John By to Thomas MacKay and his partner John Redpath to commemorate their labours in completing eight locks and one dam of the Rideau Canal, a marvel of Victorian engineering.

Upon MacKay's death in 1855, the cup passed to the family of his daughter Anne and her husband, Thomas Keefer. It is believed that the cup was displayed at the family home, known today as Rideau Hall. In 2007, the MacKay-Keefer cup was reinstalled in its original home.

Other Residences

Expected Result The other five residences in CCR are maintained and rehabilitated in keeping with their national significance and use as official accommodations for Canada's leaders and venues for state events and activities.

Hard at Work In addition to Rideau Hall, there are five other official residences in CCR: 24 Sussex Drive (residence of the prime minister) and Harrington Lake (summer residence of the prime minister), Stornoway (residence of the leader of the opposition), The Farm (residence of the speaker of the House of Commons), and 7 Rideau Gate (the official government guest house). In 2006–2007, the NCC invested approximately \$1.8 million in a variety of projects related to these properties, completing priority works at 7 Rideau Gate and Harrington Lake. The NCC was also able to complete plans and tender documents for future priority works at 24 Sussex Drive.

Targets and Accomplishments

Target During the planning period, the NCC will complete \$7.4 million of capital works at five official residences to address the most critical elements of the health and safety backlog, as well as fundamental building, infrastructure and functionality issues.

Accomplishments Achievement of this target has been delayed. In 2006–2007, the NCC spent \$1.8 million.

General Non-Property Specific

Expected Result Assets are acquired and maintained, and services are provided to support the operations and maintenance of the official residences.

Canadian Treasures The Canadiana Fund continued to receive donations of precious heritage art and furniture to the Crown Collection, which is used to furnish and decorate the official residences in a culturally meaningful way. The NCC worked diligently during the year to catalogue, appraise, restore and warehouse these national treasures.

Targets and Accomplishments

Target The NCC will spend approximately \$5.3 million over the planning period to acquire and maintain more than 10,000 assets and to continue the existing level of services to the official residences.

Accomplishments The NCC is on schedule to achieve this target, with expenditures of \$1.4 million in 2006–2007.

Payments in Lieu of Taxes

Expected Result

Payments to municipalities and school boards in Quebec are made in a timely manner.

Targets and Accomplishments

Target One hundred percent of payments in lieu of taxes on NCC properties will be paid to taxing authorities (municipalities and school boards in Quebec) by the taxation year due dates, excluding those being challenged under the *National Capital Act* and the *Payments in Lieu of Taxes Act*.

Accomplishments This target was met. With the exception of payments that are being challenged, the NCC made all payments to taxing authorities by their established due dates. Crown corporations have been asked to review payments made in 1993 and to compensate the taxing authorities for any shortfall resulting from the 1993 freeze. The NCC has determined that the amount of its shortfall is \$1,269,573.91.



GATINEAU PARK

on the doorstep of the capital

The idea of establishing a park was a product of popular demand. In the late 19th century, a new generation of city dwellers turned to the Gatineau woods for refreshment. They built cottages on lakes north of the city. They bicycled into the hills. They strapped skis on their feet in winter and cut trails through the forest. In the 1930s, these enthusiasts noticed with concern and regret the gradual deforestation of the Gatineau Hills, and they lobbied vigorously for the creation of a vast conservation area on the outskirts of Canada's federal district.

In 1938, the Federal District Commission (forerunner of the NCC) began the slow process of buying up private property, parcel by parcel, to create an expansive park on the doorstep of the urban capital. That process has resulted over the years in the assembly of lands for Gatineau Park, which today measures more than 36,000 hectares. Seventeen percent of this area is land for which the province of Quebec holds title (and which the NCC manages and controls), and two percent is private and municipal lands.

The NCC manages Gatineau Park as part of a regional ecosystem and as a representative sample of the Canadian Shield. The NCC also preserves and interprets important cultural landscapes that are associated with events and personalities in Canadian history and political life, and provides dramatic physical access to the park's natural and cultural treasures through an integrated system of parkways, pathways and trails.

With its wealth of natural habitats and broad diversity of wildlife, Gatineau Park is the image of the great Canadian landscape. Spreading out along the southern shoulder of the Canadian Shield, it overlooks the Ottawa River and the cities of Gatineau and Ottawa. Though largely federally owned or managed, it is not part of the national park system. Instead, it is managed as an asset of the Capital. As such, it represents a range of broad national themes within the region, offering visiting Canadians an opportunity to experience aspects of Canadian nature, geography, history and public life.



in the past year

MASTER PLAN OBJECTIVE Conserving significant ecosystems and natural environments.

Target The NCC will complete a conservation plan for park ecosystems by the end of 2008–2009.

Accomplishments The following progress was made in 2006–2007.

- (a) The NCC studied the park's ecological health. The report, which has been reviewed by the scientific community, concluded that three of five habitats are in good health; two require work and/or monitoring.
- (b) The NCC developed an ecological vision for the park, and identified seven guiding principles for the upcoming conservation plan.
- (c) The NCC evaluated the capacity of the park to support the white-tailed deer population.
- (d) The NCC completed a biodiversity study, including a long-term monitoring program.
- (e) The NCC continued collaboration with the scientific community, issuing 43 scientific research permits and providing funding for certain environmental projects.

MASTER PLAN OBJECTIVE Maintaining recreational activities that respect the natural environment.

Targets By the end of 2010, the NCC will prepare a recreational services plan that focuses on enhancing the quality of the recreational experience, while reducing activities that harm the environment. By 2010–2011, the NCC will eliminate off-road motorized activities.

Accomplishments The following progress was made in 2006–2007.

- (a) Pending completion of a conservation plan, the NCC reached a mutual and voluntary agreement with the rock climbing community to limit areas accessible for climbing, thus protecting the natural environment.
- (b) The NCC established a program of periodic surveillance to monitor mountain biking activities and trails, and issued warnings and fines relating to illegal activity.
- (c) The NCC successfully established its ownership of the closed section of Kennedy Road, which will permit the reintroduction of cross-country skiing in this area.
- (d) The NCC introduced additional conservation officer patrols to monitor recreational activities within the park.

unfold

The evolution of Gatineau Park has been guided over the years by a series of master plans. Since the update of the master plan in the 1990s, an increase in the number of park users, combined with new types of activities within the park, have created greater pressures on the park. The latest version of the master plan, completed in 2005, emphasizes the preservation of the ecosystem.

MASTER PLAN OBJECTIVE Enhancing the Capital's heritage resources.

Targets By the end of 2010, the NCC will complete a heritage conservation plan to protect and enhance the cultural experience offered in the park, by highlighting certain historical symbols and preserving archaeological resources, built structures and the park's political function.

Accomplishments The following progress was made in 2006–2007.

- (a) The NCC initiated an update of the inventory of heritage assets.
- (b) The NCC initiated major work at the Moorside Cottage associated with potable water, fire protection, universal access facilities and a new kitchen.
- (c) The NCC is in the process of developing a plan to renew public programs at the Mackenzie King Estate for the 2008 season.
- (d) The NCC worked toward restoration, opening and provision of interpretation at the Healy Farm as part of the park's shelter network.
- (e) The NCC planned for the renewal of the exhibition at the Gatineau Park Visitor Centre, which will introduce new technology to enhance visitor experience and improve universal access.
- (f) The NCC initiated work to stabilize and protect O'Brien House, a classified building (with the Federal Heritage Buildings Review Office) and initiated planning work to reinstate its use.

MASTER PLAN OBJECTIVE Delivering conservation-oriented management.

Targets The NCC will examine potential options to enhance its authority over all aspects of Gatineau Park, including a review of legislation and regulations, in order to protect the integrity of park boundaries and ecosystems over the long term. The NCC will assemble experts to study specific issues and bring together interest groups committed to the NCC's vision for the park. By the end of 2010, the NCC will complete a "green transportation" plan and acquire privately held properties to consolidate public ownership and clarify park boundaries, as confirmed in 1997.

Accomplishments Progress was made in the following areas in 2006–2007.

- (a) Park management: The NCC renewed contracts for maintenance, recreational services, water quality control and beaver dam control.
- (b) Health and public safety: The NCC implemented new provincial potable water quality standards.
- (c) Legislation, Regulations and Boundaries: The NCC completed a review and analysis of legislation and regulations for the long-term protection of Gatineau Park, initiated the compilation of legal descriptions and continued the boundary signage program update.
- (d) Acquisitions: The NCC continued to monitor available properties and made unsuccessful efforts to acquire them at market value with due respect for the proper use of public funds. This is a challenging process due to the high demand of Gatineau Park properties, which makes market values difficult to assess.
- (e) The NCC continued to support the aims and activities of the Friends of Gatineau Park.

PROGRAM ACTIVITY The NCC provides centralized corporate services that promote the efficient and productive use of resources. This program activity produces documents and reports required by legislation, and conducts all research and internal audits. It supplies financial, technical, communications and administrative support to the NCC, and manages human resources.

EXPECTED RESULT To provide corporate-wide operational support to guide strategic, financial, legal and human resource management, as well as technological tools and expertise to ensure the effective and efficient operation of the corporation.

Program Activity IV: Corporate Services

Central Services

Supporting the Mandate Review Process

The NCC assembled a multi-branch team to support and supply information to the mandate review process. It also supported the financial review and seconded staff members to support the review panel's secretariat.

New Leadership, New Structures

A historic change took place at the NCC, when the role of chairperson and CEO, traditionally performed by the same person, was split into two positions (effective April 1, 2007). The change followed a Treasury Board review of Crown corporation governance in 2005, and was effected through the *Federal Accountability Act*. In the past year, as well as reviewing by-laws with respect to the separation of leadership roles and responsibilities, the NCC studied the Commission's committee structure and looked at developing a new board charter. It was decided to defer further work, however, until the new leadership is in place and the government responds to the recommendations made by the mandate review panel.

Toward the Highest Standards

A great deal is happening federally in the area of ethics, with some new legislation in place (the *Federal Accountability Act* and the *Public Servants Disclosure Protection Act*) and other laws being amended (notably the *Conflict of Interest Act*) to bolster public trust in government. In 2006–2007, the NCC developed basic structures for ethics and awareness, and began work on the process of creating and implementing a new ethics code. The drafting of a comprehensive conduct manual for members of the Commission has been deferred, pending completion of required by-law changes and the establishment of the board charter. In the meantime, the NCC has established an informal protocol to deal with protected disclosures, and has ensured that Commission members are informed regarding the role and responsibilities of public office holders.

In Search of Knowledge

Research and evaluation programs give the NCC the information it needs to design programs, to measure progress against objectives and to adapt to changes in Canadian expectations and needs. Studies are regularly carried out in the context of multi-year research and evaluation plans, which are annually reviewed and renewed. These existing plans continued to guide research during the year, with research surveys of a number of programs and evaluations, notably of the Volunteer Program and a follow-up on the NCC Values Initiative.

Targets and Accomplishments

Target By the end of 2007–2008, the NCC will develop and implement an enterprise risk management framework.

Accomplishments Achievement of this target was deferred in light of the NCC's mandate review, with work expected to begin in 2007–2008.

Target By summer 2006, the NCC will review its by-laws to identify revisions needed to comply with Treasury Board directives regarding the governance of Crown corporations.

Accomplishments This target was partially met, pending leadership transition and the results of the mandate review.

Target In 2006–2007, the NCC will implement a new code of ethics, including a policy for implementing newly passed disclosure protection legislation, and develop a conduct manual for members of the Commission.

Accomplishments The Ethics Office was created, and informal mechanisms were established. The balance of the work will be completed in 2007–2008.

Target During the planning period, the NCC will implement the three-year Corporate Research Plan.

Accomplishments This target was met.

Human Resources

Modernizing Its Systems

Canada's public service is currently undergoing a massive process of modernization. Two components of that process are an internal conflict management system and a clarified definition of "merit." The NCC is not obliged to develop an internal conflict management system. It did, however, enter into discussions to assess mechanisms, both formal and informal, that are currently in place, especially as they relate to ethical issues. The NCC is also working to define new processes for ethics and disclosure protection (see the section entitled "Toward the Highest Standards," on page 38), and the development of a new conflict management system will be addressed in keeping with that effort. As for "merit," the NCC has adopted an approach that reflects the *Public Service Employment Act*, based on competence, representation, non-partisanship, fairness, equity and transparency.

All About People

The NCC continued to apply the integrated human resource management framework, which incorporates principles relating to recruitment, workload, succession, corporate memory and values. Major initiatives during the year included the completion of the policy respecting the duty to accommodate and the hosting of two new succession training sessions (on leadership and on effective decision making). As well, the Values Team worked with feedback from senior management to review the team's role and to draft a new action plan. With respect to employment equity, the NCC has good representation from two of the four designated groups, although it continues to lag in representation from visible minorities and persons with disabilities. To help address that gap, the NCC is working to increase the reach of job postings among associations representing the designated groups.

Coping With Change

Change is the order of the day for the NCC and, to help its employees deal with change in 2006, the NCC organized workshops on change management. During these sessions, employees met with senior managers to discuss the challenges of change and the issues arising from it, including workload issues, mandate review and the impact on employees. These are all issues that the NCC will be working to address in the coming year.

Targets and Accomplishments

Target During the planning period, the NCC will implement applicable principles and components of the human resource modernization legislation.

Accomplishments Progress is being made toward the achievement of this target, specifically related to conflict management and merit definition.

Target By 2009–2010, the NCC will implement an integrated human resource management framework.

Accomplishments Progress is being made toward the achievement of this target through the development of new policies on succession management.



Management Discussion and Analysis

The NCC is at a turning point in the delivery of its mandate. The evolution of its role of creating a capital region fit for Canada has been marked by great accomplishments and significant challenges. Working on behalf of the federal government, the NCC makes a difference for CCR between being an ordinary civic space and being an extraordinary capital for all Canadians — one that evolves in step with the country and the Canadian people. The NCC plays a vital role in the pride and identity that Canadians and local residents associate with CCR.

The mandate of the NCC — that of building a capital — is complex in terms of “adding a ‘capital’ overlay” to a large region that includes the seat of federal government, stretches across two provinces, contains seven municipalities (and two large urban centres), speaks two official languages, and comprises a culturally diverse population of more than one million people. Today, the NCC works to plan, build and program a capital for Canadians that is beautiful, alive and symbolically meaningful. The NCC strives to make the Capital a source of pride and unity through the following four program activities.

NCC STRATEGIC OUTCOME

Optimum contribution of federal lands and public programs in creating a capital as a source of pride and national significance.

16%

ANIMATING AND PROMOTING THE CAPITAL

Generating awareness, pride and unity through high-impact programming, commemorations, marketing and communications

2%

PLANNING, DESIGN AND LAND USE

Planning and developing federal lands to ensure that their role and significance are appropriate and respectful of heritage and the environment

63%

REAL ASSET MANAGEMENT

Managing and rehabilitating properties and assets to optimize their contribution toward enriching visitors' and residents' experience of the Capital, and to ensure that they are protected and safeguarded for future generations to enjoy

19%

CORPORATE SERVICES

Providing corporate-wide operational and administrative support to ensure the efficient and effective operation of the corporation



Operating Environment

Global and Canadian Trends

World markets continued to expand, and the strength of the Canadian economy was supported by decreases in national debt and unemployment rates to their lowest levels in 30 years. International political instability and the threat of a weakened American economy remain major risks. Trade imbalances and economic disparities between Canada's eastern and western regions persist. Canadian society is increasingly educated, and has evolved into a multi-ethnic and racially diverse community, with a population that is progressively older and more urban. Family structures are changing as well, with fewer Canadian children growing up in two-parent households.

Federal Government

The federal government has focused on its five priorities: accountability, lower taxes, child care, crime and health. As well, federal and provincial interests are collaborating to renew Canadian cities (especially transportation networks and civic infrastructure). The public service faces a major challenge with the coming wave of retirements, and the need to transfer knowledge and maintain continuity. The *Public Service Modernization Act* now gives the public sector more flexibility in hiring, and supports more collaborative labour management. A major review of federal management and contracting practices is under way, with the aim of relieving the administrative burden. The federal government continued to invest in improved transportation security and emergency preparedness. Canadians are increasingly concerned about environmental issues, such as climate change and greenhouse gas emissions, and the government is developing plans to address these issues.

Canada's Capital Region

The City of Ottawa's focus is on property tax reform, highway repair and environmental issues, and it continues to study options for light-rail transit. In Gatineau, new planning initiatives include mixed-use development in the downtown, a recycling program, forest and wetland conservation, park and recreational pathway construction, road improvements, and transit upgrades. The office vacancy rate remains stable at approximately 4 percent in downtown Ottawa, but the federal government continues to investigate alternatives to improve the accommodation efficiency of the federal workforce. The cost of home ownership continues to rise relative to incomes in Ottawa, and a large proportion of older houses are in need of major repairs. In the area of tourism, concerns about disease, security and the strong Canadian dollar have combined to reduce the flow of foreign travel into Canada, especially from the United States. However, the situation may improve, as China has agreed to recognize Canada as an "approved destination," and Ottawa is set to host several international sporting events from 2007 to 2009. In the meantime, attempts are being made to offset international losses through regional marketing.

Indigenous Conifers

Pinus resinosa (red pine) >25 m

Pinus strobus (Eastern white pine) 50 m

Pinus banksiana Lamb. (Jack pine) >25 m

Larix laricina (Du Roi) K Koch. (tamarack) >25 m

Picea rubens (red spruce) >35 m

Picea mariana (Mill.) B.S.P. (black spruce) >20 m

As a Crown corporation, the NCC's success is largely dependant on financial and political support from the federal government, in addition to its ability to maintain positive relationships with local municipalities, the general public, partners and sponsors, and its ability to respond on a timely basis to meet the expectations of an evolving Canadian society.

Relevance to Canadians

The NCC must continually adapt its events, programs and interpretive elements to reflect Canada's culture and heritage, as well as to ensure the meaningful representation of Canada and Canadians in the Capital. This is a challenging task, as Canadian society continues to evolve. The NCC measures its performance by tracking attendance, levels of satisfaction and impact at NCC sites and events. In addition, it looks at the extent to which Canadians see the Capital as a source of pride and national significance, and view NCC programs as enriching their understanding and appreciation of the Capital.

Public Support and Involvement in Decision Making

The NCC is committed to meaningful public consultation to ensure that all interests are reflected in the long-term task of building the Capital. It is essential that public input be incorporated into decision making, and that the benefits of the NCC's work are broadly understood by local residents and by Canadians at large. This awareness and appreciation of the NCC's accomplishments on behalf of the Capital and all Canadians are necessary to ensure ongoing support for NCC programs, and to facilitate their implementation. Openness also contributes to good relationships with local authorities, residents and interest groups, allowing productive and mutually supportive partnerships to exist and flourish. Initiatives to help meet these objectives include a public annual general meeting and a special interest group meeting with the Commission, as well as proactive consultations to inform and receive feedback from the public on projects and various issues. Performance measures include the number of public consultations held, public feedback on the NCC's role and its consultation process, the level of public awareness of NCC activities, and the strength of the NCC's volunteer program.

Strong Planning and Partnerships

The task of planning and building the Capital is multi-faceted, and requires close collaboration with other federal organizations, different levels of government, community groups, the private sector and special interest groups. Partnerships enable the NCC to provide optimal value to Canadians, as the NCC's partners contribute in a variety of ways, such as sponsorship, the provision of expertise, joint initiatives for mutual benefit or the contribution of a programming element. *(For a list of partners and sponsors, please refer to Appendix II.)* Examples of federal partners and sponsors include the Tripartite National Capital Planning Committee, the Forum for Federal Planning Liaison in the NCR, the Federal Partners for Capital Programming and Marketing Committee, and the Friends of Gatineau Park. Performance in this area is measured annually by the number and value of partnership contributions.

Stewardship of Capital Assets

To achieve its mandate, the NCC must find the appropriate balance between providing public enjoyment through the use of lands and buildings, the need to preserve these assets for future generations, and further enrichment of the Capital through major new capital projects. It must also develop strong, flexible plans to deal with emerging threats to public health and safety. Performance is monitored through the availability of public assets, as well as through user satisfaction and public feedback surveys, maintenance quality standards, and the periodic evaluation of long-term land planning.

Good Governance and Leadership

Public accountability and good governance are key to meeting due diligence requirements. The NCC has been proactive in its approach to improved governance. Thus, the corporation found that it met all recommendations from the 2005 Treasury Board review of Crown corporation governance, except those requiring legislation. Moreover, the NCC is now making the changes needed to respond to new requirements under the *Federal Accountability Act*, by splitting the position of chairperson and CEO (as of April 1, 2007). Performance measures include compliance with all legislative requirements, the review of corporate by-laws, the extent to which board practices reflect Treasury Board guidelines for Crown corporation governance, and the continuous training of board members regarding roles and responsibilities, ethics and conflict of interest.

Adequate Funding and Human Resources

The NCC faces the ongoing challenge of safeguarding and preserving its large asset base, while continuing to deliver a range of meaningful programs for Canadians. To meet this challenge, the NCC must continue to strive for greater efficiency, particularly in the resource-intensive area of asset management. At the same time, it must identify new sources of permanent funding to address urgent maintenance, rehabilitation and repairs related to health and safety. Performance is monitored through the NCC's achievements in delivering its mandate. The NCC also reports on the extent to which the financial objectives identified in its capital and operating budgets are met, and on the effectiveness of its financial resource management. Measurement is based on actual financial results for the year, compared with the budget and the previous year.

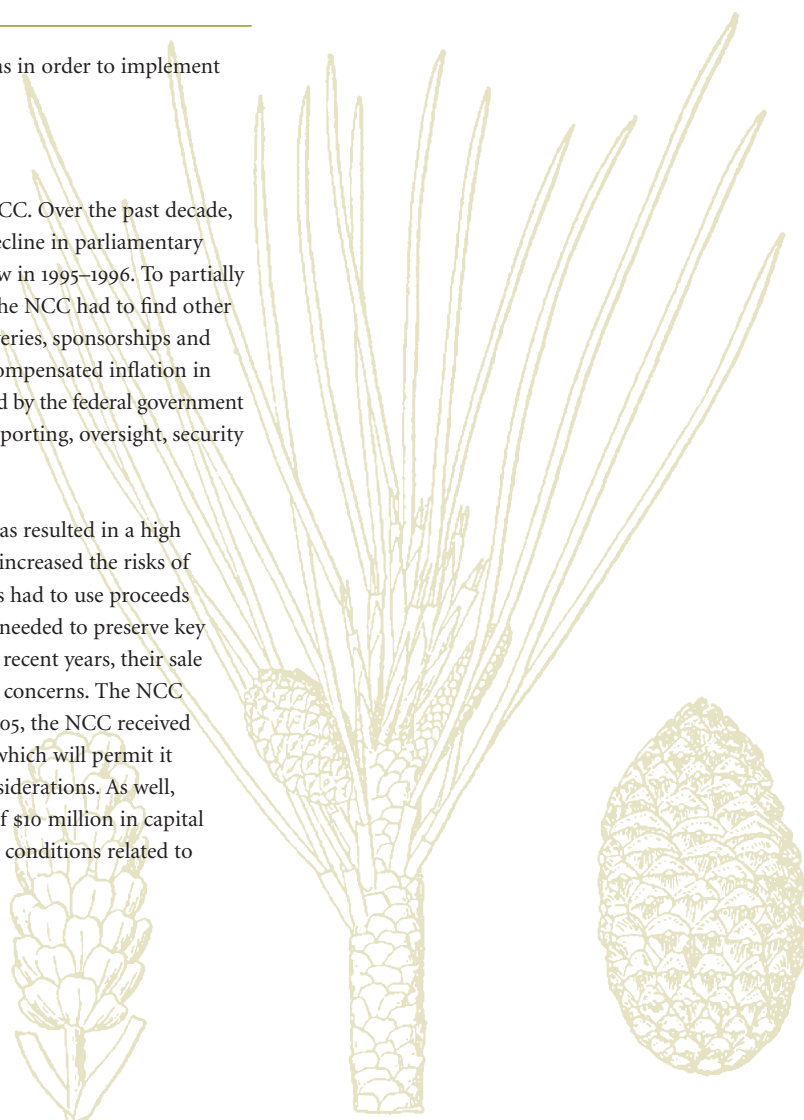
Capability to Deliver Results

The NCC will continue to enhance its capabilities in a number of areas in order to implement its strategies and deliver on its mandate.

Financial Resources

The need for sustainable funding is the biggest challenge facing the NCC. Over the past decade, the NCC underwent profound restructuring in response to a sharp decline in parliamentary appropriations, as a result of the federal government's Program Review in 1995–1996. To partially offset this major funding reduction, while still fulfilling its mandate, the NCC had to find other sources of revenue, such as operating revenues, partnership cost recoveries, sponsorships and volunteer support. Operating funding continues to erode, due to uncompensated inflation in maintenance costs, headquarters rent and an ongoing reduction imposed by the federal government in 2005. As well, federal requirements have increased in the areas of reporting, oversight, security and the environment.

The NCC constantly reviews its expenditures and reprioritizes. This has resulted in a high level of focus and efficiency in its operations. Over time, this has also increased the risks of not fully delivering the corporation's mandate. For years, the NCC has had to use proceeds from the sale of surplus lands to cover an annual shortfall in funding needed to preserve key federal assets. However, the pool of surplus properties is finite and, in recent years, their sale has been constrained by the federal government in response to public concerns. The NCC continues to seek a permanent solution to address this shortfall. In 2005, the NCC received new ongoing funding for the rehabilitation of the official residences, which will permit it to address significant health and safety and universal accessibility considerations. As well, the 2007 federal budget included additional ongoing appropriations of \$10 million in capital and \$5 million in operating funding for the NCC, but the process and conditions related to securing this funding are as yet undefined.



Non-Financial Resources

The NCC also relies heavily on non-financial resources to carry out its mandate. These include the organization’s employees and its volunteers.

Experienced Employees The NCC’s employees are its greatest asset and are key to implementing its strategies. The NCC is filled with extremely competent, motivated and experienced employees. In fact, more than 10 percent of employees have been with the organization for longer than 25 years, and just under 50 percent have more than 10 years of service with the NCC. This extensive experience raises succession management concerns, since many employees will soon be eligible for retirement. Fortunately, the NCC continues to focus on strategies to recruit from external sources and promote from within. It has succession plans in place for key positions and will ensure that corporate memory is retained.

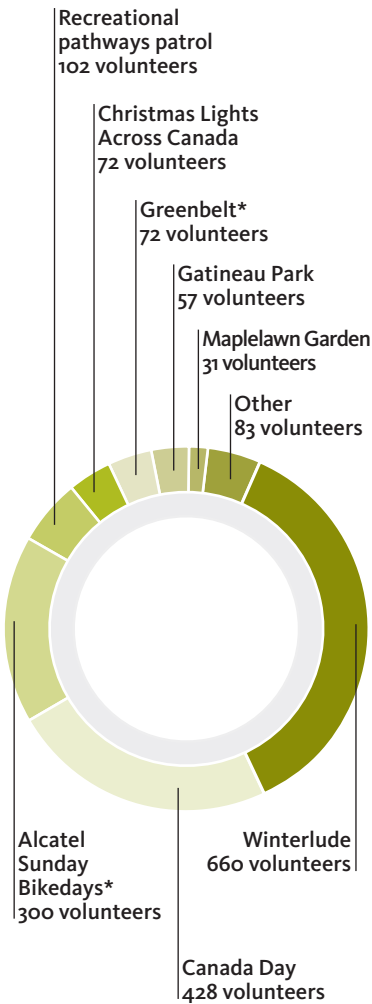
Volunteers The NCC recognizes the great contribution that volunteers make to its work and to the quality of life in CCR. Volunteers are invaluable in helping to build the kind of capital that Canadians want, and ensuring that important national values, such as a sense of community, are alive and well in today’s capital. The volunteer program aims to involve the community to support and add to the public programs developed by the NCC. Originating from 62 different countries, the NCC’s volunteers are members of its large multicultural family.

Factors That Shaped 2006–2007 Operations

The 2006–2007 fiscal year has been an important year of renewal for the NCC. The organization faced a transition in leadership, a change in governance structure and, in parallel, a review of its mandate by the government. Marcel Beaudry, Chairman and CEO of the NCC for more than 14 years, completed his term at the end of 2006, with great achievements such as the reconstruction of the Champlain Bridge, the revitalization of the Quebec shoreline, the ongoing rehabilitation of heritage buildings (including the official residences) and the redevelopment of LeBreton Flats. He also addressed important challenges, having seen the corporation through many changes in times of fiscal restraint, Program Review and commercialization. Heather Chiasson, Vice-Chairperson of the board of directors, assumed the role of chairperson for the remainder of the fiscal year. In the new fiscal year, for the newly separated positions of chairperson and CEO, the government appointed Russell Mills as chair of the board and Micheline Dubé as CEO (until the CEO staffing process is completed).

The mandate review aimed to examine the NCC’s mandate, functions and operations, and to assess their continuing relevance for the future. The NCC welcomed the review as an opportunity to ensure that the corporation’s mission and operations correspond to the interests of today’s public, and that the NCC is well positioned to meet future needs. The review was completed in a relatively short time frame. It required a considerable contribution from staff, who provided extensive background material and conveyed the context of the corporation’s risks and challenges to the review panel during its public consultations. In the mandate review report, published in December 2006, the panel made 31 recommendations centred on the NCC’s role in planning the Capital, openness and governance, and funding levels. The government is now considering the recommendations and will provide direction to the NCC, as required. At the same time, the NCC is analyzing the recommendations of the report to identify the potential implications and requirements and, wherever possible, it will integrate the principles put forward in the report.

Number of Volunteers Per NCC Event or Program
1,805 Total Volunteers



*Estimates

Performance and Direction by Program Activity

Each year, the NCC sets performance targets to advance its goals and drive results toward achieving its strategic outcome:

Optimum contribution of federal lands and public programs in creating a capital as a source of pride and national significance.

A number of the NCC's planned activities in 2006–2007 were affected by the mandate review exercise, partially due to uncertainty in terms of longer-term initiatives, such as the planning function, and to the reallocation of resources to address the research, information and analysis requirements of the mandate review panel.

Animating and Promoting the Capital

Performance in 2006–2007 The NCC celebrates and promotes the Capital through its flagship events and other programs. To achieve this goal in 2006–2007, it invested \$20.75 million, and secured \$2.37 million in cash and goods and services sponsorship revenues. More than 1.1 million people attended key events in the Capital and participated in Parliament Hill programs, a true celebration of Canada and Canadians. Despite unseasonably warm temperatures in January, the Rideau Canal Skateway did freeze over in time for Winterlude, and the event was one of the most successful ever. Beyond attendance, satisfaction surveys indicate, year over year, that participants are satisfied with events, and that local and national pride and perception with respect to the NCC and CCR are positive.

To communicate the Capital as a reflection of Canada and Canadians, the NCC has been actively pursuing strategic partnerships with national broadcasters for live national events, such as the Canada Day evening show. In the absence of such a partnership, the NCC has successfully pursued the use of new media and technologies to extend the reach of Canada Day festivities across the country and around the world.

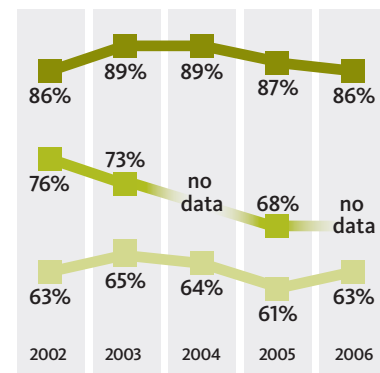
To commemorate notable Canadian historic events and the significant contributions Canadians have made to this country, the NCC developed the *Comprehensive Commemoration Program and Policy for Canada's Capital*, which will guide this process over the next 20 years.

The *Valiants Memorial* was unveiled during the week of Remembrance Day 2006. It attracted attention from the general public, and received positive media coverage.

Next Steps

- The NCC will continue to renew its programming to ensure an appropriate and inclusive representation of Canada and Canadians in CCR, working with partners, making use of new technologies and integrating a strengthened national component into its activities.
- In 2007, Canada Day will promote important Canadian anniversaries, such as the 150th anniversary of Ottawa's selection as the capital, the 175th anniversary of the Rideau Canal and, in 2008, the 400th anniversary of Québec.
- The NCC will continue to develop Winterlude as a means to discover, experience and celebrate the Canadian winter, and to highlight provincial and territorial celebrations.
- In summer 2007, the NCC will open its prime festival park at LeBreton Flats.
- Over the next few years, the NCC will integrate a greater national component into its marketing and communications, with a greater focus on new Canadians and youth.

Positive Perceptions of the NCC and Pride in CCR



- Local pride in CCR
- National pride in CCR
- Residents' perception of NCC

Planning, Design and Land Use

Performance in 2006–2007 In addition to the impact of the mandate review, a number of project delays were incurred as a result of the City of Ottawa's municipal elections. A significant achievement was the issuance of a contract to the ROCHE-NCE (National Capital Engineering) consortium to conduct Phase I of an environmental assessment for future interprovincial crossings in CCR. The NCC is managing the contract, which is being cost-shared with Ontario and Quebec, and includes the participation of Ottawa and Gatineau. Phase I will report on planning feasibility, needs assessment, an evaluation of alternatives and cost estimates for Phase II. Public consultations will begin in June 2007, with Phase I to be completed by September 2008. The NCC continued work on a number of area plans, such as the Ottawa River Corridor, the Escarpment District, O'Brien House and the Moore Farm. It also initiated reviews of other master plans. In addition, the NCC is continuing to work with local municipalities to develop sustainable transportation strategies and infrastructure.

Next Steps

- The development of the Capital Urban Lands Master Plan over the next few years will be key to planning sustainable development in CCR.
- The development of this master plan will involve extensive stakeholder and public participation, aimed at increasing the public's understanding of the planning rationale associated with the NCC's land holdings.
- There will be further public consultations, as Phases I and II of the environmental assessment for interprovincial crossings in CCR are completed.
- The NCC is also a contributing partner in an environmental assessment study for interprovincial transit integration, and will play a proactive role in transportation planning, including improvements to local transit.

Real Asset Management

Performance in 2006–2007 The NCC is continuing to rationalize its land maintenance services as part of the program and service reductions announced in 2005 to generate a 5 percent reduction in its operating budget. At the end of 2006–2007, the corporation divested its responsibilities for Crown corporations and other non-core area properties that are no longer relevant to the NCC's mandate. Reductions were also initiated to partially recover costs for the remaining Public Works and Government Services Canada sites, to be fully implemented by the end of 2007–2008. During 2006–2007, the NCC renewed several multi-year maintenance contracts through competitive bidding processes, including contracts for maintaining Gatineau Park and the Rideau Canal Skateway. Costs have increased dramatically in recent years, primarily due to the high costs of energy and construction materials. Despite the attempt to lower the costs of land maintenance contracts through the rationalization exercise, the contracts were awarded at higher amounts, reflecting the impact of inflation.

Several major core projects continued. LeBreton Flats Park is on schedule for opening a new festival site in summer 2007. The Canlands B project on Sparks Street is largely completed, and full occupancy should soon be achieved, bringing more life into the area.

Gatineau Park was the focus of attention, with the introduction and review of Bill S-210, proposing amendments to the *National Capital Act* which are aimed primarily at defining in law the boundary of the park. The NCC provided additional information to the Senate Standing Committee on Energy, the Environment and Natural Resources. At the same time, the NCC continued to implement the Gatineau Park Master Plan, with a report on the ecological health of the park and an ecological vision, for use in producing a conservation plan.

Proceeds from land sales were below target this year at \$3.76 million, compared with the \$6 million planned. This is due in part to the government's restriction on the NCC to limit land sales to those where commitments were already in place and to other government organizations, until the government has addressed the recommendations of the mandate review.

The NCC is addressing the most critical elements of a health and safety backlog at the official residences. A major contract is being carried out at Rideau Hall to provide air conditioning in the Ballroom and the Mappin Wing, copper roofing repairs and upgrades, and the rehabilitation of the front facade, including masonry and window restoration. Attention will focus on Rideau Hall and 24 Sussex Drive over the next few years.

Next Steps

- Over the next few years, the NCC will continue its role as “capital builder,” with an emphasis on revitalizing the Capital’s core area.
- The NCC will pursue opportunities to return the Ottawa River islands to greater public use.
- Priority will be placed on implementing key aspects of the Gatineau Park Master Plan, including producing an ecosystem conservation plan, enhancing gateways and signage to reinforce park boundaries, and ensuring legal protection for the park.
- With partners, the NCC will rehabilitate and expand the pathway system with an enhanced public safety and way-finding system.

Corporate Services

Performance in 2006–2007 Much of the year was spent preparing the NCC’s submission to the mandate review panel, providing background information to the panel and analyzing the panel’s 31 recommendations. The planned review of NCC by-laws was partially completed with respect to the separation of the roles of chairperson and CEO, the board’s committee structure, and a new board charter. Further work, including the development of an enterprise risk management framework, was deferred pending government direction with respect to the recommendations of the mandate review.

Next Steps

- In 2007–2008, the NCC will begin the development of an integrated risk management framework, which will allow for a comprehensive evaluation of the interdependence of risks across all of the corporation’s activities.
- Also in 2007–2008, the NCC will explore the full spectrum of opportunities for more public participation and will identify new mechanisms for ongoing public engagement.

Significantly, these opportunities arise at the same time as a change in leadership at the NCC. This juxtaposition suggests that the five years of the present planning period are likely to emerge as an interesting, productive and, in many ways, novel period in the long-term task of building CCR.



Parliamentary Appropriations

In 2006–2007, the NCC received \$95.1 million in total parliamentary appropriations for both operating and capital expenditures. This represents a \$2.0-million increase over last year's appropriations, which totalled \$93.1 million (*see Chart 1 and Table 1*).

The increase is primarily the result of higher appropriations (\$1.1 million) to cover salary increases as a result of the collective agreement, and funding received for environmental studies under the Federal Contaminated Sites Action Plan program (\$0.4 million). Also, a net increase resulted from the higher appropriations for the rehabilitation and operations of the official residences (\$8.3 million). This amount was mostly offset by reduced appropriations for the LeBreton Flats project (\$7.6 million).

Total appropriations decrease slightly in 2007–2008 and 2008–2009 to \$94.2 million per year, as annual adjustments in salaries and benefits are shown for future years only through the supplementary estimates.

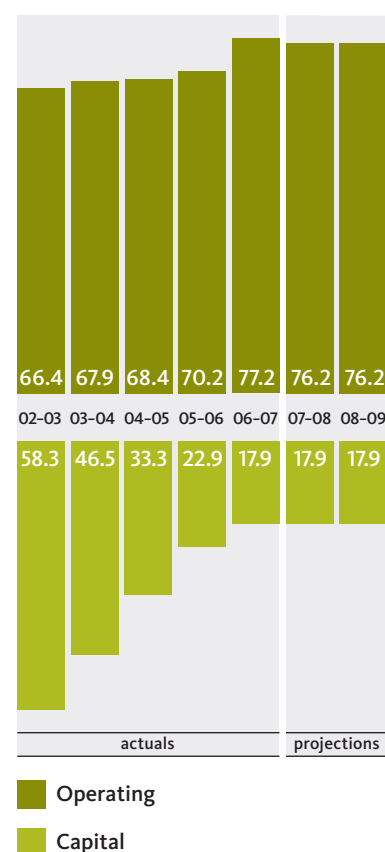
Table 1 — Parliamentary Appropriations

2005–2006 to 2008–2009 (thousands of dollars)

	Actuals			Projections	
	05–06	06–07	Variance	07–08	08–09
Operating	66,494	74,657	8,163	76,226	76,226
Supplementary operating	3,701	2,541	(1,160)	—	—
Subtotal	70,195	77,198	7,003	76,226	76,226
Capital	22,063	16,713	(5,350)	17,935	17,934
Supplementary capital	835	1,222	387	—	—
Subtotal	22,898	17,935	(4,963)	17,935	17,934
Total appropriations	93,093	95,133	2,040	94,161	94,160

Chart 1 — Parliamentary Appropriations

2002–2003 to 2008–2009 (millions of dollars)



Operating Income

As shown on the statement of operations, the NCC generated \$37.6 million of operating income in 2006–2007, compared with \$51.7 million in 2005–2006. The \$14.1-million decrease is mainly attributable to a lower net gain on the disposal of capital assets (\$14.4 million), as the prior year included major sales of surplus land associated with the redevelopment of LeBreton Flats Phase I, Prince of Wales Phase II and the widening of Woodroffe Avenue by the City of Ottawa. As well, lower revenues were generated in other fees and recoveries, further to the winding down of merchandising activities (\$1.4 million), offset by increased interest revenues (\$1.9 million).

Rental operations and easements provided the largest source of operating income in 2006–2007, representing 56 percent (compared with 58 percent in 2005–2006) of total operating income, excluding the net gain on the disposal of capital assets. All sources of operating income should remain stable in future years, with the exception of variations in the net gain on the disposal of capital assets (*see Chart 2*).

Total funding for operations (appropriations plus operating income) has remained relatively stable in recent years (*see Chart 3*), other than in 2005–2006, when there was a large net gain on the disposal of capital assets, as previously mentioned. With revenue streams having limited growth potential, the NCC is challenged as it strives to maintain high-quality products and services, while facing constant inflationary cost pressures.

Chart 2 — Main Sources of Operating Income

*2002–2003 to 2008–2009
(millions of dollars)*

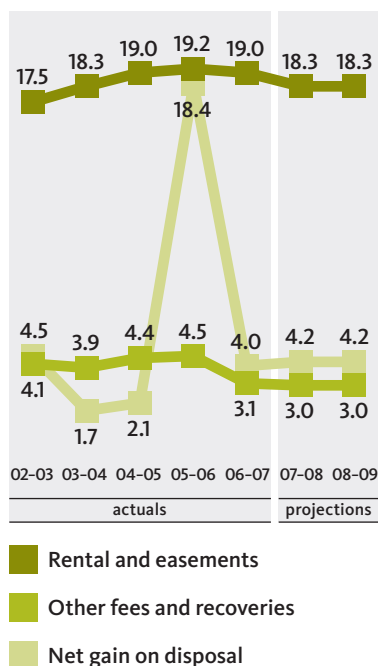


Chart 3 — Total Operating Funding

*2002–2003 to 2008–2009
(millions of dollars)*



Cost of Operations

As shown in the statement of operations, and detailed by major classification in Note 10 to the financial statements (see *Chart 4*), the total cost of the NCC's operations for 2006–2007 increased by less than 2 percent to \$127.7 million, from \$125.6 million in the previous year. The \$2.1-million increase is generally in line with inflation.

In future years, the NCC will face greater cost pressures for its headquarters accommodation and the renewal of property maintenance contracts, as each of these expenditure areas includes contracts with escalating inflation clauses, and no compensation is being provided through appropriations.

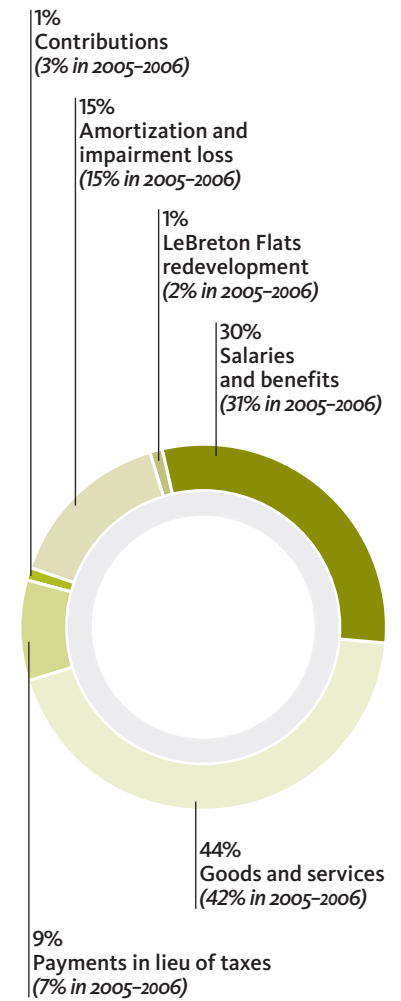
Capital Expenditures

In 2006–2007, \$22.0 million in capital purchases and improvements were made, compared with \$19.4 million in 2005–2006. The increase stems largely from \$3.4 million in higher spending on the official residences (\$5.9 million in 2006–2007 versus \$2.5 million in 2005–2006), for projects such as rehabilitation of the front facade of Rideau Hall, plus a \$3.8-million decline in input tax credits recorded net of expenditures for 2006–2007 (a one-time adjustment was received in 2005–2006 due to a change to the calculations methodology). These increases were mostly offset by a \$5.2-million reduction in expenditures for the LeBreton Flats project, as significant infrastructure works were completed last year (\$1.8 million in 2006–2007, compared with \$7 million in 2005–2006).

The timing of the remaining phases of the LeBreton Flats redevelopment project will be extended to better coordinate with municipal and private sector plans and changing market conditions.

A transfer of \$3.7 million was made from the Acquisition and Disposal Fund to help fund purchases, improvements, maintenance and rehabilitation of capital assets in 2006–2007 (versus \$5.6 million drawn out in 2005–2006).

Chart 4 — Expenses by Major Classification
2006–2007 (and 2005–2006)



Budgetary Analysis

Table 2 provides the following comparisons in terms of operating results: (i) for 2006–2007, actual results versus the forecast presented in the 2006–2007 to 2010–2011 Summary of the Corporate Plan; and (ii) a similar comparison for 2005–2006 of the actual results to the budget, based on the 2005–2006 to 2009–2010 Summary of the Corporate Plan. The table also provides the forecast of operating expenditures for 2007–2008, presented in the 2007–2008 to 2011–2012 Summary of the Corporate Plan.

The NCC exceeded its revenue budget in 2006–2007 by \$5.4 million, with higher than budget revenues from partnership contributions for its events and programs (\$1.3 million), rental operations and easements (\$0.8 million), user access fees (\$0.6 million), and interest income (\$2.7 million).

The actual cost of operations was \$3.8 million lower than budget, mainly due to the receipt of input tax credits recorded in reduction of expenditures under corporate services (\$2.8 million), which are not accounted for in the budget.

Table 2 — Statement of Operations

from 2005–2006 to 2007–2008 (thousands of dollars)

	2007–2008	2006–2007			2005–2006		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
Income							
Rental operations and easements	18,260	18,209	18,963	754	17,931	19,176	1,245
Net gain on disposal of capital assets	4,200	4,200	4,033	(167)	4,200	18,405	14,205
Interest	2,737	3,008	5,685	2,677	1,200	3,764	2,564
Sponsorship							
Cash	966	966	1,197	231	1,091	1,373	282
Goods and services	750	750	1,173	423	500	1,137	637
Headquarters sublease	1,787	1,881	1,764	(117)	1,536	1,655	119
User access fees	1,115	1,115	1,712	597	1,090	1,690	600
Other fees and recoveries	3,009	2,087	3,115	1,028	2,286	4,475	2,189
	<u>32,824</u>	<u>32,216</u>	<u>37,642</u>	<u>5,426</u>	<u>29,834</u>	<u>51,675</u>	<u>21,841</u>
Cost of operations							
Animating and promoting the Capital	20,651	21,236	20,747	(489)	18,356	23,227	4,871
Planning, design and land use	2,550	2,568	2,145	(423)	2,349	2,300	(49)
Real asset management	78,670	80,361	79,737	(624)	73,004	79,234	6,230
Corporate services	28,367	27,313	25,037	(2,276)	27,092	20,824	(6,268)
	<u>130,238</u>	<u>131,478</u>	<u>127,666</u>	<u>(3,812)</u>	<u>120,801</u>	<u>125,585</u>	<u>4,784</u>
Net cost of operations before parliamentary appropriations	(97,414)	(99,262)	(90,024)	9,238	(90,967)	(73,910)	17,057
Parliamentary appropriations	76,226	74,338	77,198	2,860	66,494	70,195	3,701
Net loss	<u>(21,188)</u>	<u>(24,924)</u>	<u>(12,826)</u>	<u>12,098</u>	<u>(24,473)</u>	<u>(3,715)</u>	<u>20,758</u>

Like many federal Crown corporations, the NCC faces a number of business risks. Some are perennial, and others are more specific. The principal risks faced and managed by the NCC are described below.

Mandate Review

The mandate review report presented to the Minister of Transport, Infrastructure and Communities in December 2006 supported a strengthened and expanded role for the NCC. The government is still reviewing this report, and is expected to provide the NCC with direction in the coming months. A principal recommendation of the report is the need for a cultural transformation that would change the way the NCC does business. Although many initiatives have been undertaken to engage the community, the NCC is challenged to do more. Risks remain in terms of potential additions to or subtractions from the NCC mandate, changes in the range of NCC activities, including the divestiture of certain functions and the transfer of responsibilities to the NCC from, or from the NCC to, other federal departments.

Influence in the Planning and Development of the Capital

The NCC's role is to champion a vision for the Capital, and coordinate the appropriate development of the Capital. To implement its Land Use Planning Framework, the NCC must review and approve other federal organizations' projects and plans, as well as their use and disposal of lands, to ensure high-quality planning, design and stewardship of all federal lands. The NCC works as one player in a collective of provincial and municipal jurisdictions, as well as with other federal departments and agencies. It could play an even greater role in bringing together all players, for example, in the area of transportation. Without collaboration with these entities, the NCC is at risk of being unable to influence the vision and development of the Capital.

Government Directions and Priorities

In addition to its legislative framework, the NCC is subject to certain government regulations and policies, such as the Government Contract Regulations and, most recently, the terms of the new *Federal Accountability Act*. Also, the recommendations stemming from the mandate review, if accepted, may affect the NCC's role and responsibilities, and could carry important financial implications. With federal initiatives, such as the proposed sale-leaseback of certain federally owned government office properties, it is important that the NCC exercise its role of preservation and protection of the vision for the Capital.

Funding and Financial Risks

The NCC's operations are funded through operating and capital appropriations from Parliament and through the generation of other sources of revenues. As operating costs continue to escalate, the NCC is increasingly at risk of not being able to deliver its mandate with existing funding. Solutions identified in the past, namely partnerships and the sale of surplus lands, are limited. To manage this risk, the NCC continues to proactively adjust budgets and programs as required, and communicates its funding issues to the central agencies and to the government. In 2006–2007, the NCC raised its funding issues in the information provided to the mandate review panel. The decisions regarding the NCC reflected in the 2007 federal budget may alleviate the risk.

Human Resources

Like all other public and private organizations, the NCC's is facing a workforce renewal as a result of numerous retirements. The key risk is not only the loss of skills and experience, but also the loss of corporate memory and significant knowledge of the Capital. A stable workforce is also required for the NCC to deliver its mandate. The current collective agreement will conclude on December 31, 2007, and negotiations will be initiated in the 2007–2008 fiscal year. To manage these risks, the NCC offers a high-quality work environment, with a competitive compensation and benefits package in line with the federal public service, and maintains a positive relationship with its employee union.



Asset and Environmental Management

The NCC, as the single-largest landowner in CCR, is responsible for the stewardship of these lands. The asset base is complex and aging, and requires significant investment and monitoring. The primary risk in this area is the health and safety of the public who use these assets. The preservation of these national assets is dependent on available funding for rehabilitation, and involves a set of important considerations such as the environment, universal accessibility and heritage preservation. To mitigate these risks, the NCC undertakes inspection plans and timely repairs, based on life cycle maintenance. Maintenance contracts are monitored by NCC staff to achieve good value, tendered in accordance with Treasury Board guidelines and adjusted where possible to increase competition. Further, a number of NCC lands are contaminated as a result of the historic uses of the land. The NCC actively monitors the environmental health of its properties to ensure the safety of the public, through programs for contaminated sites, groundwater testing, inspection programs and so on. Environmental management is addressed and monitored annually through the Environmental Action Plan.

Ongoing Risk Management

Other risks include ensuring public and employee health and safety; legal claims and litigation; loss of public image, credibility and support; and project and partnership management risk to the NCC's delivery of its programs to Canadians and the implementation of its mandate.

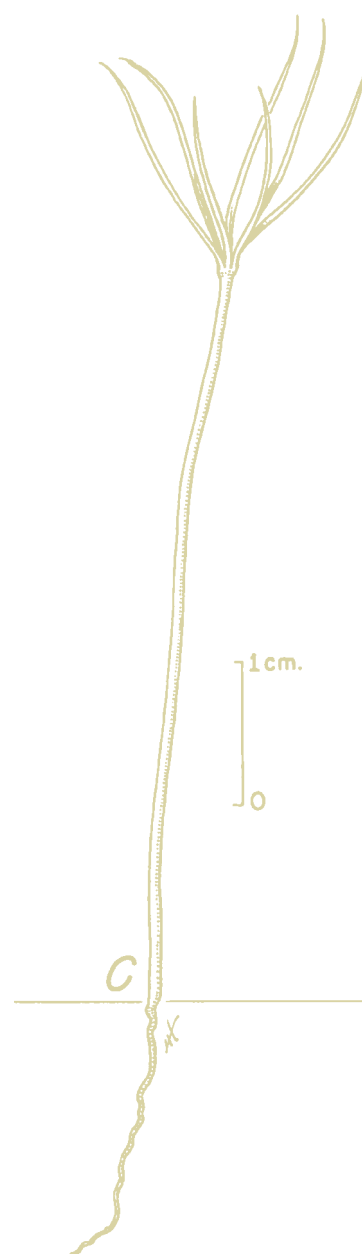
The NCC operates in an environment that continues to change rapidly. Several risks and uncertainties exist that could affect the successful implementation of the NCC's strategic plan and priority commitments. Risks are actively managed through a number of new and existing measures, including corporate analysis of management submissions; a defined process for project management; a corporate planning process that identifies, reviews and monitors risks through the year, and reports results to the Commission; annual plans and reports in areas of higher risk, such as health and safety and environmental management; and, finally, audit and evaluation studies conducted by internal audit and evaluation personnel, which are reviewed and approved by the Audit and Evaluation Committee.

In 2007–2008, the NCC will begin the development of an integrated risk management framework to create a more structured, systematic and disciplined approach to risk, in keeping with best practices, and with the federal government's desire to strengthen its practices in this area. The framework will be developed with the following goals:

- to identify the significant risks faced by the corporation;
- to provide a common means of classifying and communicating risks;
- to provide a structure to assess, report and monitor identified risks;
- to integrate the consideration of risk into operational planning and delivery;
- to identify options for the Commission on the management of significant risks.

Looking to 2007–2008 and Beyond

The outlook for the NCC is bright. It is building upon an extraordinary capital which plays a vital role in the pride and identity of Canadians, and provides tremendous enjoyment for local residents. The NCC will continue to deliver and adapt quality programs to reflect Canada's diverse culture and to enrich the appreciation of the Capital. Planning initiatives will focus on revitalizing the urban core through the development of the Capital Urban Lands Master Plan and ongoing capital spending for major core projects for LeBreton Flats, Sparks Street and Confederation Boulevard. As well, the task of planning interprovincial and urban transportation provides an opportunity for the NCC to make a significant contribution to the Capital. High standards will be maintained in land management, and greater protection will be sought for the Greenbelt and Gatineau Park. With sufficient capital funding, the NCC will continue its work on rehabilitating the official residences, and will be able to preserve the heritage of these national treasures for future generations. In summary, the NCC's mandate continues to be relevant, and there are many opportunities where it can increase its already significant contribution to CCR.



Financial Statements, 2006–2007

Management Responsibility for Financial Statements

The accompanying financial statements of the National Capital Commission (NCC) are the responsibility of management and have been approved by the Board of Directors. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and, where appropriate, they include amounts that have been estimated according to management's best judgment. Financial information presented elsewhere in this annual report is consistent with that shown in the financial statements.

Management has developed and maintains books of accounts, financial and management controls and information systems. These are designed to provide reasonable assurance that the NCC's assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *National Capital Act*, and the by-laws of the NCC. Internal audits are conducted to assess the performance of information systems and management controls and practices.

The NCC's external auditor, the Auditor General of Canada, has audited the financial statements and reports to the Minister of Transport, Infrastructure and Communities.

The members of the NCC's Board of Directors carry out their responsibilities for the financial statements principally through the Corporate Audit and Evaluation Committee, which consists of members of the Board of Directors only. This committee meets periodically with management, as well as with the internal and external auditors, to discuss the results of the audit examinations with respect to the effectiveness of internal accounting controls and to review and discuss financial reporting matters. The external and internal auditors have full access to the Corporate Audit and Evaluation Committee, with or without the presence of management.



Micheline Dubé
Chief Executive Officer



Pierre Désautels
Executive Director, Finance and Procurement,
and Chief Financial Officer

June 15, 2007



Auditor's Report

To the Minister of Transport, Infrastructure and Communities

I have audited the balance sheet of the National Capital Commission (NCC) as at March 31, 2007 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the NCC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the NCC as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the NCC that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *National Capital Act* and the by-laws of the NCC.

Mark G. Watters, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 15, 2007

National Capital Commission Balance Sheet

as at March 31 (thousands of dollars)

	2007	2006
ASSETS		
Current		
Cash and cash equivalents (note 3)	22,852	31,092
Short-term investments (note 3)	31,111	26,167
Accounts receivable		
Federal government departments and agencies	2,610	889
Tenants and others	4,417	3,582
Prepaid expenses	2,801	3,987
	<u>63,791</u>	<u>65,717</u>
Deferred charges (note 4)	2,440	2,617
Restricted cash and cash equivalents and investments (note 3)	77,239	68,925
Capital assets (note 5)	517,417	516,383
	<u>660,887</u>	<u>653,642</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Federal government departments and agencies	3,356	1,939
Others	12,540	15,936
Current portion of provision for environmental cleanup (note 13)	2,809	2,481
Current portion of unsettled expropriations of property and land exchanges	1,626	2,837
	<u>20,331</u>	<u>23,193</u>
Provision for environmental cleanup (note 13)	18,985	15,951
Employee future benefits (note 7)	5,955	5,760
Deferred rental revenue (note 8)	5,026	5,128
Deferred rent inducement	2,313	2,495
Other long-term liabilities	1,290	749
Unsettled expropriations of property and land exchanges	162	160
	<u>54,062</u>	<u>53,436</u>
Commitments and contingencies (notes 12 and 13)		
Equity of Canada	<u>606,825</u>	<u>600,206</u>
	<u>660,887</u>	<u>653,642</u>

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Russell Mills
Chair, Board of Directors



Jacques Carrière
Chair, Corporate Audit and Evaluation Committee

National Capital Commission Statement of Operations

for the year ended March 31 (thousands of dollars)

	2007	2006
Revenue		
Rental operations and easements	18,963	19,176
Net gain on disposal of capital assets	4,033	18,405
Interest	5,685	3,764
Sponsorship		
Cash	1,197	1,373
Goods and services (note 14)	1,173	1,137
Headquarters sublease	1,764	1,655
User access fees	1,712	1,690
Other fees and recoveries	3,115	4,475
	37,642	51,675
Cost of Operations (notes 9 and 10)		
Animating and promoting the Capital	20,747	22,903
Planning, design and land use	2,145	2,300
Real asset management	79,737	79,234
Corporate services	25,037	21,148
	127,666	125,585
Net cost of operations before parliamentary appropriations	(90,024)	(73,910)
Parliamentary appropriations (note 11)	77,198	70,195
Net loss	(12,826)	(3,715)

The notes are an integral part of the financial statements.

National Capital Commission Statement of Equity of Canada

for the year ended March 31 (thousands of dollars)

	2007	2006
Operations		
Balance at beginning of year	594,147	593,162
Net loss	(12,826)	(3,715)
Parliamentary appropriations to acquire and improve capital assets (note 11)	17,935	22,898
Transfer of capital assets from Government of Canada (note 15)	1,100	—
Transfer of capital assets to a Crown corporation	—	(18,198)
Balance at end of year	600,356	594,147
Canadiana Fund (note 1)		
Balance at beginning of year	6,059	5,455
Donations (note 14)	410	604
Balance at end of year	6,469	6,059
Total balance at end of year	606,825	600,206

The notes are an integral part of the financial statements.

National Capital Commission
Statement of Cash Flows

for the year ended March 31 (thousands of dollars)

	2007	2006
Cash flows from operating activities		
Cash receipts from parliamentary appropriations for operating activities	75,777	72,093
Cash receipts from rental operations and easements	19,091	18,953
Cash receipts from other operations	7,005	10,073
Cash paid to suppliers and employees	(101,036)	(102,908)
Interest received	5,152	3,275
Cash flows from operating activities	5,989	1,486
Cash flows from investing activities		
Purchases and improvements to capital assets	(21,952)	(19,424)
Proceeds from disposal of capital assets	4,183	29,604
Net change in short-term investments	(4,944)	(34,213)
Net change in restricted cash and cash equivalents	–	8,046
Net change in restricted short-term investments	(8,030)	(33,286)
Disbursements for restricted long-term investments	(1,402)	(1,422)
Cash receipts from restricted long-term investments	1,039	4,089
Disbursements for environmental cleanup	(1,058)	(1,869)
Cash flows used in investing activities	(32,164)	(48,475)
Cash flows from financing activities		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	17,935	22,898
Cash flows from financing activities	17,935	22,898
 Decrease in cash and cash equivalents	 (8,240)	 (24,091)
 Cash and cash equivalents at beginning of year	 31,092	 55,183
 Cash and cash equivalents at end of year	 22,852	 31,092

The notes are an integral part of the financial statements.

Notes to Financial Statements

as at March 31, 2007

1. Authority and Objectives

The NCC was established in 1959 by the *National Capital Act* (1958). The NCC is an agent Crown corporation without share capital named in Part I of Schedule III to the *Financial Administration Act* and is not subject to the requirements of the *Income Tax Act*. The objects and purposes of the NCC, as stated in the *National Capital Act* as amended in 1988, are to

- prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and
- organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of the official languages of Canada and the heritage of the people of Canada.

As well as these objectives, in 1988, the Act gave the NCC an important additional power: to coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region.

The NCC is also responsible for the management and maintenance of the assets of the official residences located in the National Capital Region. It created the Canadiana Fund to encourage Canadians to participate in the development of the official residences as shrines of Canadian history and achievement.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

a. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased three months or less from maturity and are carried at the lower of cost or market value.

b. Investments

Short-term investments are carried at cost. Long-term investments are carried at amortized cost with premiums and discounts amortized over the period to maturity. Where there has been a decline in value of a long-term investment that is other than temporary, the carrying value of the security is appropriately reduced. Interest revenue, amortization of premiums and discounts, gains and losses on disposal, and adjustments to record any impairment in value other than temporary are included in revenue.

c. Capital Assets

Capital assets are generally recorded at cost. The NCC's capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An impairment loss is recognized when the carrying amount of a capital asset is not recoverable and exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount exceeds its fair value. Properties acquired for a nominal

value or by donation are recorded as transferred capital assets, at fair value at time of acquisition or at the nominal value if the fair value cannot reasonably be determined. Antiques or works of art donated to the Canadiana Fund and the NCC are recorded as donated capital assets, at fair value at time of the donation. If the fair value cannot reasonably be determined, the transaction is recorded at nominal value. Properties acquired for a nominal value or by donation are considered to be contributions and, for this reason, are recorded on the Statement of Equity of Canada. Improvements that extend the useful life of buildings and equipment are capitalized. Land improvements and development costs are also capitalized.

d. Amortization

Amortization of capital assets in use is charged to operations in equal annual amounts, based on the cost of the assets and their estimated useful life, as follows:

Buildings	20 years
Parkways, roadways, and bridges	25 years
Park landscaping and improvement	20 and 25 years
Leasehold improvements	Term of lease
Machinery and equipment	10 years
Office furniture	10 years
Office equipment	5 years
Vehicles	5 years
Computer and communications equipment, and software	3 years
Antiques and works of art	Not amortized

e. Capital Assets Held for Sale

The NCC records a capital asset held for sale when the following criteria are met: the sale of the capital asset is approved, the capital asset is available for immediate sale, an active program to locate a buyer has been initiated, the sale within one year is probable, the capital asset is being actively marketed at a reasonable price and actions required to complete the sale indicate that it is unlikely that the sale will be withdrawn. The capital asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell, and is not amortized while classified as held for sale. A capital asset to be disposed of other than by sale is classified as held and used until it is disposed of. Amortization estimates are revised to reflect the use of the capital asset over its shortened useful life.

f. Non-Monetary Transactions

In the normal course of business, the NCC regularly signs non-monetary agreements. The NCC carries out non-monetary exchanges, which are exchanges of non-monetary assets, liabilities or services for other non-monetary assets, liabilities or services with little or no monetary consideration involved. It also carries out or receives non-monetary non-reciprocal transfers, which are transfers of non-monetary assets, liabilities or services without consideration. When a non-monetary transaction has a commercial substance for the NCC, the transaction is recorded at the fair value of the asset, good or service given up, unless the fair value of the asset, good or service received is more reliable. If the transaction lacks commercial substance, it is recorded at the carrying amount of the asset, good or service given up.

A non-monetary transaction has commercial substance for the NCC when its future cash flows are expected to change significantly as a result of the transaction. It is significant when the configuration of the future cash flows of the asset, good or service received differs significantly from the configuration of the cash flows of the asset, good or service given up. It is also significant when the NCC specific value of the asset, good or service received differs from the NCC specific value of the asset, good or service given up, and the difference is significant relative to the fair value of the assets, goods or services exchanged.

g. Employee Future Benefits

i. Pension Benefits All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The NCC's contributions are currently based on a multiple of an employee's required contributions and may change over time, depending on the experience of the plan. The NCC's contributions are expensed during the year in which the services are rendered, and represent the total pension obligation of the NCC. The NCC is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii. Other Benefit Plans Severance benefits and workers' compensation benefits represent the obligations of the NCC that entail settlement by future payments.

Severance Benefits Employees are entitled to severance benefits, as provided for under collective agreements and the terms of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and salary projections, as well as demographic assumptions. This represents management's best long-term estimates. The actuarial loss is not amortized, since it represents less than 10 percent of the accrued benefit obligation. The average remaining service period of active employees covered by this plan is 13 years for the years ending March 31, 2006, and March 31, 2007.

Workers' Compensation Benefits Workers' compensation benefits represent for the NCC an obligation that entails settlement by future payment. The NCC is subject to the *Government Employees Compensation Act* and, therefore, is not mandatorily covered under any provincial workers' compensation acts. As a self-insured employer, the NCC is accountable for the obligation assumed since its establishment. The NCC's obligations, for workers' compensation benefits and post-employment benefits for employees in receipt of long-term disability benefits, are based on known awarded disability and survivor pensions and other potential future awards with respect to accidents that occurred up to the measurement date. The obligation is determined using management's best estimates and actuarial data obtained from the Workplace Safety and Insurance Board.

h. Provision for Environmental Cleanup

The NCC records a provision for environmental cleanup in situations where it is obligated or is likely to be obligated to incur costs related to the management and remediation of contaminated sites, and the cost can be reasonably estimated following a detailed environmental assessment. Remediation costs are capitalized if contamination occurred before acquisition, and are charged to the cost of operations of the year if contamination occurred after acquisition. Management costs of contaminated sites are charged to the cost of operations of the year. If the likelihood of the obligation to incur these costs is not determinable, if the obligation to incur these costs is unlikely, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

The NCC is obligated or, is likely to be obligated, to incur such costs for reasons of public health and safety, due to contractual arrangements, or to meet standards set out in an act or regulation of a government in Canada. The NCC is likely to be obligated to incur such costs when elements, in particular public documents, as well as Treasury Board decisions, demonstrate a duty or responsibility to others that obligates the NCC, leaving it little or no discretion to avoid it.

The costs related to management and remediation of contaminated sites may vary depending on the land use determined during the urban planning process and development of the National Capital Region. These costs are increased each year to reflect the time value of money, adjusted for changes in new environmental assessments, and reduced by the actual costs incurred.

i. Deferred Rent Inducement

The NCC currently leases its headquarters office space. Moving expenses and major leasehold improvements incurred by the lessor to accommodate NCC needs have been recorded as deferred rent inducement as at the effective date of the lease, and are amortized over the term of the lease.

j. Unsettled Expropriations of Property

Unsettled expropriations of property are recorded on the basis of real property appraisal performed by certified appraisers and other domain experts, in addition to other expenses incurred during the expropriation process.

k. Revenue Recognition

Revenue arises from rental operations and easements, net gain of disposal of capital assets, interest, sponsorship, headquarters sublease, user access fees, and other fees and recoveries, such as merchandising and advertising sales, concession revenue, contributions, and expenses recoveries.

The NCC recognizes revenue when persuasive evidence of an arrangement exists, services have been provided or goods have been delivered, amount is fixed and determinable, and collection is reasonably assured. The NCC also recognizes deferred revenue when payments are received in advance.

l. Parliamentary Appropriations

Parliamentary appropriations for operating expenditures and for grants and contributions to other levels of government and other authorities are included on the statement of operations in the year for which they were approved. Parliamentary appropriations to acquire and improve capital assets are credited to the equity of Canada, as they represent the permanent investment of Canada in the NCC.

m. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and cost of operations during the reporting period. Provision for environmental cleanup, employee future benefits, unsettled expropriations of property and land exchanges, estimated useful lives of capital assets, and contingent liabilities are the most significant items for which estimates are used. Actual results could materially differ from those estimates.

n. Recent Changes to Accounting Policies and Standards

Section 3831: Non-Monetary Transactions The Canadian Institute of Chartered Accountants (CICA) has reissued section 3830 of the CICA Handbook as section 3831, Non-Monetary Transactions, which establishes standards for the measurement and disclosure of non-monetary transactions. It also includes the criteria for defining “commercial substance” that replaced the criteria for defining “culmination of the earnings process” in the former section. Adopting this section did not have a material effect on the financial statements.

o. Future Changes to Accounting Standards

In the course of the past two years, the CICA issued the following accounting standards that will or may have an effect on the NCC.

Section 1530: Comprehensive Income This standard, which comes into effect on April 1, 2007, describes how to report and disclose comprehensive income and its components. Comprehensive income is the change in the net assets that results from transactions, events and circumstances that would not normally be included in net earnings. It includes unrealized gains or losses on available-for-sale investments, as well as gains and losses on cash flow hedges. The NCC may be required to present a new financial statement titled Comprehensive Income to record such amounts until they are realized.

Section 3855: Financial Instruments — Recognition and Measurement This standard, which comes into effect on April 1, 2007, sets out criteria for recognition, derecognition, measurement and classification of financial instruments. The NCC will be required to categorize its financial assets as held for trading, held to maturity, available for sale, or as loans and receivables. The NCC will also be required to categorize its financial liabilities as held for trading or other liabilities. The related accounting treatment will be dependent on the classification. Financial assets and liabilities categorized as held for trading or available for sale are to be measured at fair value, while financial assets and liabilities held to maturity, loans and receivables, and other liabilities are to be measured at amortized cost.

Section 3861: Financial Instruments — Disclosure and Presentation The CICA has reissued section 3860 of the CICA Handbook as section 3861, which establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed. These changes came into effect on April 1, 2007.

Section 3862 and 3863: Financial Instruments — Disclosures These standards will come into effect on April 1, 2008, and will replace section 3861. These standards establish the information that should be disclosed in the financial statements to enable users to evaluate the significance of financial instruments, as well as the nature and the extent of risks arising from financial instruments to which the NCC is exposed, and how it manages those risks.

The NCC is currently analyzing the impacts of these standards on its financial statements.

3. Cash and Cash Equivalents, Short-Term Investments, and Restricted Cash and Cash Equivalents and Investments

The NCC's policy is to invest excess cash in guaranteed investment certificates, banker's acceptances, guaranteed notes, commercial papers, term deposits, and securities of the Government of Canada or of a provincial government. These types of investments are purchased from a member of the Canadian Payments Association and are redeemable on short notice.

a. Cash and Cash Equivalents

As at March 31, 2007, in addition to the \$2.2 million (\$1.9 million in 2006) in cash, cash and cash equivalents include banker's acceptances and bearer deposit notes, which amounted to \$20.6 million (\$29.2 million in 2006) at a weighted average interest rate of 4.3 percent (3.7 percent in 2006). The fair value of cash and cash equivalents approximates the book value due to the short period to maturity of the investments.

b. Short-Term Investments

As at March 31, 2007, short-term investments include banker's acceptances, bearer deposit notes and a floating rate note, which amounted to \$31.1 million (\$26.1 million in 2006) at a weighted average interest rate of 4.3 percent (3.7 percent in 2006) and have an average term-to-maturity of five months (seven months in 2006). The fair value of short-term investments approximates the book value due to the short period to maturity of the investments.

c. Restricted Cash and Cash Equivalents and Investments

	(thousands of dollars)	
	2007	2006
Restricted cash and cash equivalents	8	8
Restricted short-term investments	71,252	63,222
Restricted long-term investments	5,979	5,695
	<u>77,239</u>	<u>68,925</u>

As at March 31, 2007, restricted short-term investments include banker's acceptances, bearer deposit notes and a floating rate note, which amounted to \$71.2 million (\$63.2 million in 2006) at a weighted average interest rate of 4.3 percent (3.7 percent in 2006) and have an average term-to-maturity of eight months (seven months in 2006). The fair value of short-term investments approximates the book value due to the short period to maturity of the investments.

As at March 31, 2007, restricted long-term investments include bonds of the Government of Canada and of provincial governments, which amounted to \$6.0 million (\$5.7 million in 2006) at a weighted average interest rate of 5.4 percent (5.5 percent in 2006). The fair value of these investments is \$6.3 million (\$6.1 million in 2006).

Restricted cash and cash equivalents and investments include funds which the use is restricted or limited to the sole purpose for which they have been segregated. The following funds are segregated:

- i. cash donations received for the Canadiana Fund in the amount of \$8,467 (\$8,144 in 2006);
- ii. funds of \$3.4 million (\$3.6 million in 2006) for the revitalization of Sparks Street, in Ottawa;
- iii. funds of \$0.9 million (\$1.1 million in 2006) for rehabilitation of the official residences;
- iv. funds of \$16.7 million (\$18.5 million in 2006) for the redevelopment of LeBreton Flats;
- v. funds of \$2.2 million (\$2.1 million in 2006) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vi. funds of \$10.0 million for the improvements to the shoreline area of Jacques-Cartier Street, in Gatineau; and
- vii. funds of \$44.0 million (\$43.7 million in 2006) to acquire real property or to support other major programs, as may be authorized by Treasury Board of Canada and the Governor-in-Council. During the year, proceeds on disposal and interest revenues amounted to \$5.4 million (\$30.8 million in 2006), whereas acquisitions and disposal expenses were \$5.1 million (\$6.2 million in 2006).

4. Deferred Charges

As part of a non-monetary transaction carried out during 2001–2002, the NCC gave up properties and is committed to render services to the former City of Hull. In exchange, the City also gave up properties and is committed until 2022 to maintain parks and roads that belong to the NCC. As of March 31, 2007, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$2.4 million (\$2.6 million in 2006). These deferred charges are amortized on a straight line basis and are disclosed in Note 10 under goods and services. An impairment loss is recognized when the carrying amount of deferred charges is not recoverable and exceeds their fair value. During the year, no impairment loss was recognized.

5. Capital Assets

	(thousands of dollars)						March 31, 2006
	March 31, 2007						
	Land	Buildings, Works and Infrastructure	Equipment	Total Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and Buildings, Works and Infrastructure ¹							
Greenbelt	27,946	33,762	—	61,708	26,709	34,999	35,261
Gatineau Park	19,525	18,327	—	37,852	12,619	25,233	25,810
Parkways	34,004	119,450	—	153,454	72,100	81,354	83,529
Parks	22,893	68,865	—	91,758	35,351	56,407	56,606
Bridges and approaches	263	76,467	—	76,730	32,362	44,368	48,010
Historical properties	126	72,992	—	73,118	40,938	32,180	29,060
Recreational facilities	19,656	23,468	—	43,124	16,239	26,885	27,314
Rental properties	82,268	71,885	—	154,153	37,407	116,746	115,701
Development properties	42,785	26,320	—	69,105	5,681	63,424	62,758
Unsettled expropriations and land exchanges	1,788	—	—	1,788	—	1,788	2,997
Administrative and service buildings	6,774	19,207	—	25,981	12,507	13,474	10,884
	258,028	530,743	—	788,771	291,913	496,858	497,930
Less: Provision for transfers	—	—	—	—	—	—	(1,838)
	258,028	530,743	—	788,771	291,913	496,858	496,092
Leasehold Improvements	—	15,434	—	15,434	7,662	7,772	8,562
Equipment							
Machinery and equipment	—	—	11,035	11,035	9,215	1,820	2,429
Office furniture and equipment	—	—	4,088	4,088	4,062	26	34
Vehicles	—	—	1,579	1,579	1,172	407	366
Computer and communications equipment, and software	—	—	8,974	8,974	8,097	877	1,052
Antiques and works of art							
Canadiana Fund	—	—	6,460	6,460	—	6,460	6,051
Other	—	—	3,197	3,197	—	3,197	1,797
	—	—	35,333	35,333	22,546	12,787	11,729
Total	258,028	546,177	35,333	839,538	322,121	517,417	516,383

1. The total cost of land and buildings, works and infrastructure includes \$17.1 million (\$16.9 million in 2006) of construction in progress. When completed, the cost of these projects will be amortized based on their estimated useful life.

6. Capital Assets Held for Sale

Among its surplus capital assets, the NCC has identified the capital assets that it intends to sell. As of March 31, 2007, these capital assets have a net carrying value of \$27.7 million (\$29.5 million in 2006), and none of them meets the criteria of capital assets held for sale.

7. Employee Future Benefits

a. Pension Benefits

The NCC and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The NCC's and employees' contributions to the Public Service Pension Plan for the year were as follows.

	(thousands of dollars)	
	2007	2006
NCC's contributions	3,943	3,886
Employees' contributions	1,800	1,747

b. Other Benefit Plans

The NCC provides severance benefits to its employees, based on years of service and final salary. The NCC also provides workers' compensation benefits, based on benefits determined by the Workplace Safety and Insurance Board. The accrued benefit obligation for these plans amounts to \$6.9 million (\$6.8 million in 2006) and is included in the table below.

These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from the NCC's future appropriations and other sources of revenue. Information about the plan, measured as at the balance sheet date is as follows.

	(thousands of dollars)	
	2007	2006
Accrued benefit obligation, beginning of year	6,791	6,437
Cost for the year	853	823
Benefits paid during the year	(727)	(469)
Accrued benefits obligation, end of year	6,917	6,791
Current portion	962	1,031
Long-term portion	5,955	5,760
	6,917	6,791

The severance benefits obligation and the expense for the year are determined by the NCC's actuary, using management's best estimates. The significant actuarial assumptions used to measure the NCC's obligation concern the discount rate, the future salary level and the workforce composition. The demographic assumptions, such as retirement rates and mortality rates, were taken from the actuarial valuation of the Public Service Pension Plan as of March 31, 2002.

The most recent actuarial valuation for the severance benefits was performed as of March 31, 2005. The next valuation will be carried out as of March 31, 2009, or before, if the effect of any change on the plan obligation is significant.

The workers' compensation obligation is presented on an actuarial basis. The value is determined on the basis of actuarial data from the Workplace Safety and Insurance Board.

8. Deferred Rental Revenue

The deferred rental revenue represents the present value of the minimum future lease payments the NCC has collected under land lease agreements. The present value was established using interest rates of 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates, with the latest ending in 2068. During the year, \$0.1 million (\$0.2 million in 2006) of deferred rental revenue was recognized in income.

9. Sector Definitions and Objectives

The NCC uses four sectors to structure its activities. Short-, medium- and long-term objectives linked to the mandate and mission have been developed for each one. The following are the long-term objectives established for each sector.

Animating and Promoting the Capital

To increase awareness of the Capital region outside the National Capital Region, through national marketing campaigns, communications contacts and outreach activities, and to present the Capital to visitors as a place to experience Canadian heritage, culture and achievements through varied services, events and programs.

Planning, Design and Land Use

To guide the physical development and use of federal lands, to coordinate and achieve excellence in design, and to plan development that is appropriate to the role and significance of the Capital of Canada.

Real Asset Management

To manage and protect physical assets of national significance on behalf of future generations of Canadians.

Corporate Services

To promote the efficient and productive use of resources through the centralized provision of corporate services to all of the business lines.

10. Cost of Operations

Summary of Expenses by Major Classification

	(thousands of dollars)	
	2007	2006
Salaries and employee benefits	38,540	38,516
Goods and services	54,975	51,588
Goods and services in kind (note 14)	1,173	1,137
Payments in lieu of municipal taxes	11,606	10,622
Contributions ¹	899	3,194
Amortization	19,131	18,260
Redevelopment of LeBreton Flats ²	949	2,115
Capital asset impairment loss	393	153
	127,666	125,585

1. Included in the contributions totalling \$0.9 million, the NCC has paid a contribution of \$0.7 million (\$2.9 million in 2006) to the City of Gatineau for the redevelopment of Maisonneuve and Saint-Laurent boulevards in the Hull sector.

2. This item represents the excess of redevelopment costs over the net fair value of the lands held for sale. These costs include development and remediation expenses, as well as a fair share of expenses incurred for infrastructure transferred to the City of Ottawa at the nominal value of \$1. Infrastructure transferred to the City includes water mains, sanitary and storm water sewers, the redevelopment of Booth Street, as well as the construction of Wellington Street.

11. Parliamentary Appropriations

	(thousands of dollars)	
	2007	2006
Parliamentary appropriations for operating expenditures received during the year	75,777	70,195
Parliamentary appropriations to acquire and improve capital assets received during the year	17,935	22,898
Parliamentary appropriations receivable at end of year	1,421	–
	95,133	93,093
Applied as follows:		
Parliamentary appropriations recorded on the Statement of Operations	77,198	70,195
Parliamentary appropriations recorded on the Statement of Equity of Canada	17,935	22,898
	95,133	93,093

12. Commitments

- a. The NCC has entered into agreements for services that amount to \$70.3 million (\$33.7 million in 2006) and office accommodation leases that amount to \$120.3 million (\$131.3 million in 2006). These agreements, which amount to \$190.6 million (\$164.9 million in 2006) have different termination dates, with the latest ending in 2044. As part of these agreements, contracts for the management and maintenance of a portion of its lands and properties amount to \$67.0 million (\$32.4 million in 2006).

Minimum annual payments under these agreements for the next five years are approximately as follows.

	(thousands of dollars)		
	Leases	Services	Total
2007–2008	6,490	18,160	24,650
2008–2009	6,570	13,078	19,648
2009–2010	6,839	10,286	17,125
2010–2011	8,776	10,476	19,252
2011–2012	9,221	7,304	16,525

In addition to the previous agreements, the NCC is committed to contribute to the City of Gatineau an additional amount of \$10 million for a joint initiative in the improvement to the shoreline area of Jacques-Cartier Street. This amount will be added to the \$6.1 million contributed in 1996 for this project, and will be payable upon the signing of the construction contract between the City and the assigned contractor. The NCC estimates that this amount will be paid in 2009–2010.

- b. The NCC has entered into contracts for capital expenditures of approximately \$5.7 million (\$6.5 million in 2006). Payments under these contracts are expected to be made within the next two years.

a. Claims

Claims have been made against the NCC totalling approximately a net amount of \$9.9 million (\$9.0 million in 2006), excluding interest and other costs, for alleged damages and other matters. The final outcome of these claims is not determinable and, accordingly, these items are not recorded in the accounts. In the opinion of management, the position of the NCC is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determinable. Finally, the NCC filed claims in the amount of \$9.1 million (\$6.1 million in 2006) to hold third parties responsible for environmental cleanup on some of its properties.

b. Environmental Protection

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,511 property assets that qualify for environmental assessment. Following a preliminary assessment of 1,251 of these property assets, more detailed studies were conducted on a number of these properties to determine the degree of remediation required. Based on the detailed studies conducted thus far, the NCC recorded a liability for environmental cleanup of \$21.8 million (\$18.4 million in 2006), of which \$2.8 million (\$2.4 million in 2006) represents the short-term amount owed. In addition, the NCC assesses at \$341.0 million (\$318.8 million in 2006) the contingency not recorded in the financial statement. The contingency reflects the suspected costs and potential additional costs associated with situations where it is uncertain if the NCC is obligated, or it is unlikely that the NCC will incur full remediation costs.

14. Non-Monetary Transactions

a. Sponsorship in Goods and Services

During the year, the NCC entered into sponsorship agreements through which it received various goods and services. In exchange, the sponsors received various benefits, including exclusive marketing rights and visibility. These non-monetary transactions with unrelated parties were recorded equally in revenues and cost of operations. They were measured to \$1.2 million (\$1.1 million in 2006), which represents the fair value of the goods and services received.

b. Non-Monetary Exchange

During the year, the NCC concluded a non-monetary land exchange with the Government of Quebec. Since this non-monetary transaction lacked commercial substance, it was measured and recorded at \$2.6 million, representing the carrying amount of the lands transferred by the NCC. As a result, no gain or loss on disposal of capital assets was recognized.

c. Non-Monetary Non-Reciprocal Transfers

During the year and in addition to the non-monetary transactions with related parties disclosed in Note 15, the NCC entered into the following non-monetary non-reciprocal transfers.

- i. The NCC transferred lands to the Government of Quebec at the nominal value of \$1 as per the agreement signed in 1972 regarding the financial assistance toward the improvement of the road system in the Quebec part of the National Capital Region. Over the course of the years, part of the road system was built on these lands. The transaction, as it lacked commercial substance, was measured and recorded at \$1.4 million, representing the carrying amount of the lands given up. However, this transaction resulted in a gain on disposal of capital assets of \$0.4 million as a result of a provision for transfer of \$1.8 million that was recorded in prior year financial statements.
- ii. The Canadiana Fund received donations of antiques and works of art. These donations had commercial substance and were measured as well as recorded at the fair value of the assets received. The value of these donations is \$0.4 million and was recorded in the capital assets.

15. Related Party Transactions

The NCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations, and is mainly financed by the Parliament of Canada. In addition to the related party transactions described below, and those disclosed elsewhere in these financial statements, the NCC also enters into transactions with Crown entities. In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the NCC incurred expenses totalling \$7.4 million (\$8.1 million in 2006) for utilities, rental of space, capital assets and services purchases from other government departments and agencies, and earned revenues totalling \$10.6 million (\$10.1 million in 2006) from services rendered, rental operations and sales of capital assets. Furthermore, the prepaid expenses include \$0.1 million (\$0.1 million in 2006) associated with related parties.

During the year, the Government of Canada transferred the ownership of a monument to the NCC. This transfer, for which no compensation was given by the NCC, was valued at the carrying amount of the monument, \$1.1 million, and is recorded as a capital asset. Also, this transfer is disclosed separately in the Statement of Equity of Canada and is presented in Note 5 under the heading “Antiques and works of art — Other.”

16. Fair Value of Financial Instruments

In addition to what has already been described in Note 3 relating to this topic, the fair value of accounts receivable and accounts payable and accrued liabilities approximates the book value due to their impending maturity.

17. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Appendix I

NCC Committees to the Board and Advisory Committees

Executive Committee

Acting Chairperson/Vice-Chairperson
Heather Chiasson

Member
Anne Fry

Corporate Audit and Evaluation Committee

Chairperson
Jacques Carrière

Members
Claudia Chowanec
Allison A. Fisher
Anne Fry
Marcel Legault

Ex-Officio Member
Heather Chiasson

Compensation Review Committee

Chairperson
Jacques Carrière

Member
Michael E. Kusner

Nominating Committee

Chairperson
Vacant

Members
Claudia Chowanec
Allison A. Fisher

Ex-Officio Member
Heather Chiasson

Advisory Committee on Communications, Marketing and Programming

Chairperson
Duncan McKie, Toronto, Ontario
President of POLLARA Inc., largest Canadian-owned marketing and public opinion research company; expert in audience research and strategic approaches to developing media-based products; formerly with CBC and TVOntario.

Vice-Chairperson
Jean-Pierre Arvisais, Blainville, Quebec
Past chairman and president, PNMD Communications (BBDO Montréal); former board member, BBDO North America; vice-chair, Canadian Advertising Congress; president, Association des agences de publicité du Québec.

Members
Raj Nigam, Edmonton, Alberta
Programming manager, Francis Winspear Centre for Music; former festival manager for the Edmonton Heritage Festival Association, Festival of the Worlds, and various concert series and festivals. Percussionist with the Edmonton Symphony Orchestra.

Pauline Rafferty, Victoria, British Columbia
CEO, Royal British Columbia Museum; archaeology graduate and board member of the Oak Bay Board of Variance, the Heritage Society, and the University of Victoria Faculty of Business Advisory Board.

Kevin Shea, Toronto, Ontario
Principal of SheaChez Inc., a communications management firm. Past president and CEO of Global Television Network, YTV Canada Inc., and Atlantis Communications Inc.; former chairman of the Canadian Association of Broadcasters TV Board and honorary chairman of Reach for the Rainbow's Crystal Ball (Award of Distinction 1997).

Henry Storgaard, Ottawa, Ontario
Senior vice-president and managing director of APCO Worldwide. Served on the boards of directors for Opera Lyra, the Canadian Tulip Festival, the American Marketing Association, and the Canadian Organization for Development through Education.

Board Member
Harry Doyle

Advisory Committee on Planning, Design and Realty

Chairperson
Larry Beasley, Vancouver, British Columbia
Co-director of Planning, director of Current Planning, City of Vancouver; adjunct professor, University of British Columbia, with degrees in geography, political science and planning; recognized for his work by the United Nations in 1996.

Vice-Chairperson
Claude Provencher, Montréal, Quebec
Founding partner and lead designer, Provencher, Roy et Associés architectes in Montréal; recognized with several prizes and honours, including an Award of Excellence by *Canadian Architect* magazine; frequent speaker at forums on architecture and urban planning.

Members
Paul Bedford, Toronto, Ontario
Urban mentor and retired chief planner for the City of Toronto; member and fellow of Canadian Institute of Planners; adjunct professor at University of Toronto and Ryerson University planning schools; member of Urban Design Review Panel for the Toronto Waterfront Revitalization Corporation; senior associate of Canadian Urban Institute.

Peter Busby, Vancouver, British Columbia
Principal, Busby Perkins + Will Architects, a firm recognized for design excellence and leadership in sustainable building design; current projects in Canada, Europe, the United States and China range from planning for sustainable communities to architecture of large-scale commercial developments.

Marc Letellier, Québec, Quebec
Partner, Gagnon Letellier Cyr Architects, a prize-winning firm for excellence from the Association of Landscape Architects of Canada and the Order of Architects of Quebec; an organizer of Canada Day festivities in Québec.

Brian MacKay-Lyons, Halifax, Nova Scotia
Owner of design firm, Brian MacKay-Lyons Architecture Urban Design, recognized by some 60 awards, including five Governor General's Medals; professor, Dalhousie University; the Max Fisher Professor of Architecture, University of Michigan.

Lawrence R. Paterson, Okotoks, Alberta
President, Paterson Design Group Inc., with over 30 years' consulting experience in western and northern Canada, with a focus on commercial, institutional and transportation projects; past president of the Alberta Association of Landscape Architects and the Canadian Society of Landscape Architects.

Donald Schmitt, Toronto, Ontario
Principal, Diamond and Schmitt Architects Inc., winner of over 90 awards, including five Governor General's Awards; professor, Dalhousie University; past professor, University of Toronto; a fellow of the Royal Architectural Institute of Canada; board member, Canadian Art Foundation.

David Witty, Winnipeg, Manitoba
Dean of the Faculty of Architecture, University of Manitoba; urban planner and urban designer on projects across western and northern Canada; a fellow of the Canadian Institute of Planners; member of the Royal Architectural Institute of Canada.

Board Members

Michael E. Kusner
Marcel Legault

Advisory Committee on the Official Residences of Canada

Chairperson

Daniel Brisset, Montréal, Quebec
Interior designer with more than 25 years' experience in residential and corporate design.

Vice-Chairperson

Patrick J. Murray, Ottawa, Ontario
Co-founder of Murray & Murray Architects and Planning Consultants; former mayor of the Village of Rockcliffe Park from 1985 to 2000; also served as regional councillor for the Regional Municipality of Ottawa-Carleton, commissioner of the Ottawa-Carleton Transportation Corporation, chair of the Ottawa-Carleton Regional Transit Commission's TransArt Committee; member of the Ontario Association of Architects and fellow of the Royal Architectural Institute of Canada.

Members

Edna Hall, St. John's, Newfoundland and Labrador

Director of Canadian Heritage, Newfoundland and Labrador; former district superintendent, Parks Canada, for Prince Edward Island and Newfoundland

J. André Perrier, Gatineau, Quebec
Advisor to the Speaker of the Senate; former assistant deputy minister of Public Works Canada.

Jean-François Sauvé, Montréal, Quebec
Executive vice-president, Pictet Canada L.P.; president, Jeanne Sauvé Foundation; past director, Investment Banking Department of Scotia Capital Markets.

Board Member

Anne Fry

Canadiana Fund

Chairperson

Paul LaBarge, Ottawa, Ontario
Appointed as chairman of the Canadiana Fund in 2001; a founding partner of the law firm LaBarge Weinstein; volunteer on a number of national initiatives in the technology sector.

Vice-Chairperson

Douglas Richardson, Saskatoon, Saskatchewan

Appointed vice-chairperson of the Canadiana Fund in October 2006. Partner and chairman of one of Saskatchewan's largest and oldest law firms; director of several companies; has extensive fundraising experience for charitable organizations.

Cynthia Price, Montréal, Quebec
Appointed vice-chairperson of the Canadiana Fund in October 2006. Community volunteer for a number of causes; has extensive fundraising experience for charitable organizations.

Agnes Benidickson, Ottawa, Ontario
Appointed vice-chairperson of the Canadiana Fund in 1995; stepped down in October 2006.

Members

Diane Campbell, Halifax, Nova Scotia
Currently president and chief executive officer of Berkeley Holdings Limited; president of Dicom Management Limited; director of Maritime Digital Colour Inc.

Catherine Graham, Toronto, Ontario
Serves in volunteer positions in Toronto and was educated at McGill University and the University of Toronto.

Shane O'Dea, St. John's, Newfoundland and Labrador
Academic and heritage advocate.

Gerald Pittman, Calgary, Alberta
Lawyer holding voluntary membership in several historical and artistic organizations.

Joan Richardson, Winnipeg, Manitoba
Community volunteer with a degree from the University of Manitoba; has held board positions for several organizations.

Harriet C. Meacher, Charlottetown, Prince Edward Island

Community volunteer holding numerous memberships in the arts community.

Fei Wong, Vancouver, British Columbia
Community volunteer with a degree from the University of British Columbia; great supporter of the arts community; has extensive fundraising experience for charitable organizations.

Appendix II

NCC Partners and Sponsors

The success of the NCC's programming and activities depends on the support and contributions of many partners. The NCC has benefited from a strong network of collaborators, and would like to take this opportunity to acknowledge and thank the following organizations, which contributed to NCC programming and activities in 2006–2007.

NCC Partners

1956 Hungarian Monument Committee
Air India Review Secretariat
Bank of Canada
Bytown Museum
ByWard Market Business Improvement Association (BIA)
Canada Aviation Museum
Canada Council for the Arts
Canada Science and Technology Museum
Canadian Agriculture Museum
Canadian Broadcasting Corporation
Canadian Fallen Firefighters Foundation
Canadian Heritage
Canada-Hungary Educational Foundation
Canadian Museum of Civilization
Canadian Museum of Contemporary Photography
Canadian Museum of Nature
Canadian Parliamentary Press Gallery
Canadian Space Agency
Canadian Tulip Festival
Canadian War Museum
CHIN International Radio TV
City of Gatineau
City of Ottawa
Currency Museum of the Bank of Canada
Gatineau Police Service
Girl Guides of Canada
Historic Sites and Monuments Board of Canada
House of Commons
Indian and Northern Affairs Canada
Keskinada Loppet
Kinsmen and Kinetite Clubs of Canada
Library and Archives Canada
Library of Parliament

Ministry of Tourism of Ontario
National Arts Centre
National Defence and the Canadian Forces
National Film Board of Canada
National Gallery of Canada
National Research Council Canada
Natural Resources Canada
OC Transpo
Office of the Secretary to the Governor General
Ottawa Emergency and Protective Services
Ottawa Fire Services
Ottawa-Hull Ice Carvers Society (OHICS)
Ottawa Police Service
Ottawa Tourism and Convention Authority (OTCA)
Parks Canada
Privy Council Office
Public Works and Government Services Canada
Rotary Club of Ottawa
Royal Canadian Legion
Royal Canadian Mint
Royal Canadian Mounted Police
SAW Gallery
Senate of Canada
Scouts Canada
Société de transport de l'Outaouais
St. John Ambulance Canada Federal District Council
St. John Ambulance
Supreme Court of Canada
Boy Scouts of Canada
Tourisme Outaouais
Turtle Island Tourism Company
Valiants Foundation
Veterans Affairs Canada
Zone3sports

NCC Corporate Sponsors

Alcatel Canada Inc.
Amex Canada Inc. / Amex Bank of Canada / American Express Philanthropic Program
Casino du Lac-Leamy — Loto-Québec
Chicken Farmers of Canada
Elephant & Castle Pub and Restaurant
Enbridge Gas Distribution
Empire Grill
Fairmont Château Laurier
Giant Tiger Stores Limited
Hilton Lac-Leamy
Home Hardware Stores Limited
Holiday Inn Plaza La Chaudière Gatineau
Hudson's Bay Company (Hbc)
Honda Canada Inc.
Lord Elgin Hotel
Métropolitain Brasserie Restaurant
McCain Foods Limited
Pepsi Bottling Group (Canada), Co.
Pizza Pizza Limited
Rideau Centre
Rogers Communications Inc.
Sheraton Ottawa Hotel
Southbank Dodge Chrysler Jeep
Sun Life Financial Canada
TELETOON Canada Inc.
The Westin Ottawa
VIA Rail Canada

A special thank-you to other corporate sponsors, hotels and restaurants not mentioned above that have supported National Capital Commission events and activities throughout the year.

Glossary of Terms

Access to Information Act A law that gives Canadian citizens and permanent residents of Canada the right to examine or obtain copies of records held by federal government institutions (including the NCC).

Acquisition and Disposal Fund Fund to acquire real property or to support other major programs, as may be authorized by Treasury Board and Governor-in-Council. It includes proceeds on disposal and interest revenues, as well as acquisition and disposal expenses.

Area plan A land use plan, approved by the NCC's Executive Committee, that articulates specific development and management recommendations for a specific federal property, or set of properties. An area plan can identify the location of specific land uses, access and circulation, environmental features, types and intensity of development, land management and visitor requirements. Where appropriate, an area plan establishes design guidelines for the development, improvement, protection or reinstatement of land, buildings and structures.

CCR (Canada's Capital Region) The seat of the Government of Canada and its surrounding area, specifically defined as the National Capital Region in the National Capital Act as a territory composed of part of the provinces of Ontario and Quebec, containing an area of 4,715 square kilometres, more or less.

Corporate plan A plan resulting from an in-depth analysis of the NCC and its environment by senior management and the Commission. The plan links the key issues faced by the NCC to its objectives and strategies, and identifies performance measures to serve as benchmarks for reviewing achievements.

Environmental assessment A planning tool designed to identify, predict, interpret and communicate information about environmental effects of a proposal on human health and the well-being of the ecosystem upon which human survival depends. Environmental assessments allow decisions to be made with a better understanding of their implications.

Environmental site assessment A systematic process that includes studies, services and investigations to plan, manage and direct assessment, and decommissioning and cleanup actions.

Governor-in-Council The Governor General of Canada acting by and with the advice and consent of the Queen's Privy Council for Canada (i.e. Cabinet).

Land use planning framework A hierarchy of land-use plans used to provide land-use policy direction for implementation by the NCC and other federal agencies and departments in CCR. Plans take into consideration the NCC's mandate, and that of any other federal custodian department within the planning area, planning documents that are already approved (e.g. master and sector plans), relevant social, economic and environmental matters, as well as regional and/or local official plans.

Life cycle management A process to ensure that assets are maintained to appropriate standards for the lowest long-term cost. It is a cyclical process that comprises the management of all activities required to acquire and support real property assets from the decision to procure to the time of its disposal. It includes, but is not restricted to, acquisition, construction, commissioning, ongoing maintenance and repairs, inspection, periodic reviews, rehabilitation, reconstruction, replacement, disposal and demolition.

Master plan A land-use plan, approved by the Commission, that details the policy directions and strategies expressed in the *Plan for Canada's Capital*. It provides broad development and land-use objectives, policies and strategies, including a system for designating lands, land uses, and visitor programming opportunities, for a set of federal lands in CCR (e.g. the Greenbelt, Gatineau Park and urban lands).

National Capital Region (NCR) Refer to CCR.

National Interest Land Mass (NILM) Lands essential to the long-term character of the Capital under four basic functions — political, symbolic, cultural and administrative — that are intended to be held by the NCC in perpetuity.

Payment in lieu of municipal taxes (PILT) Payments in lieu of taxes made to municipalities, provinces and other bodies exercising functions of local government that levy real property taxes.

Privacy Act A federal law that protects the privacy of people's personal information that government has on file. The Act also gives individuals the right of access to that information.

Sector plan A land-use plan for a smaller geographic area, approved by the NCC's Executive Committee, that refines the general themes, goals, policies and strategies of a master plan. It provides precise interpretations of land designations, and can address long-term development, environmental, traffic, heritage and visitor objectives, among others. A sector plan provides a framework to simplify management and resolve specific planning issues, and provides general directions for implementation.

Surplus properties Land holdings that do not form part of the National Interest Land Mass and that are not essential to the NCC's mandate.

NCC Contact Information

National Capital Commission

202-40 Elgin Street
Ottawa, Canada K1P 1C7
Telephone: 613-239-5555 Toll-free: 1-800-704-8227
TTY: 613-239-5090; 1-866-661-3530
www.canadascapital.gc.ca

Capital Infocentre

90 Wellington Street
Telephone: 613-239-5000 Toll-free: 1-800-465-1867
Fax: 613-239-5063
Email: info@ncc-ccn.ca

Capital Group Reservations

Telephone: 613-239-5100 Toll-free: 1-800-461-8020
Fax (tours and itineraries): 613-239-5758
Email: reservat@ncc-ccn.ca

Volunteer Centre

Telephone (general information): 613-239-5373
Fax: 613-239-5133
Email: volunteer_benevoles@ncc-ccn.ca
www.canadascapital.gc.ca/volunteer

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