



National Capital Commission

## Sharing the Story

Annual Report 2008-2009

SHARING THE STORY

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National Capital Commission

# Sharing the Story

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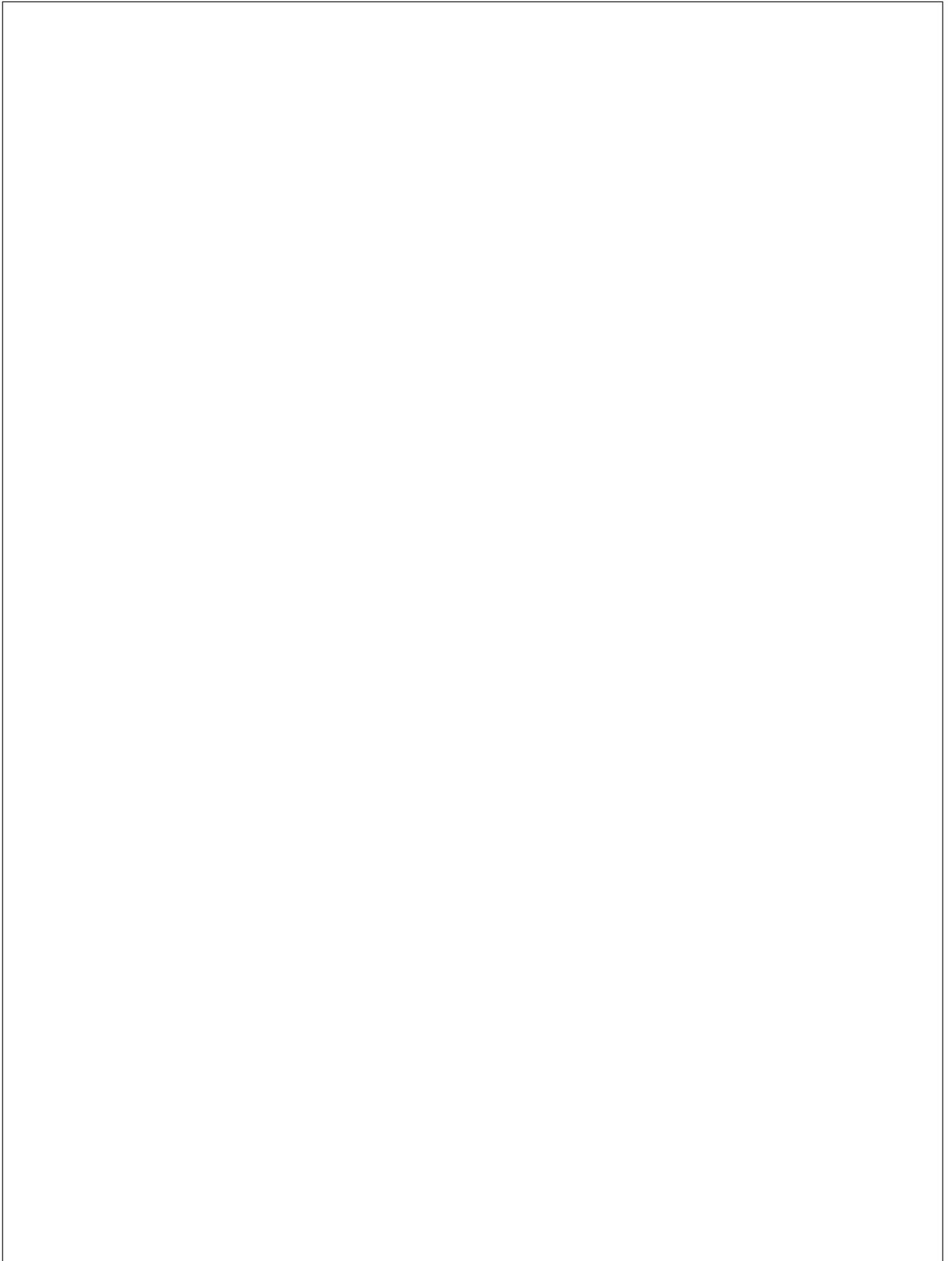
The NCC is, first and foremost, people — more than 450 employees, each making a unique contribution to fulfilling the organization’s mandate. This annual report provides a close-up look at some of these individuals and the work they do, sharing their perspective of the NCC story.

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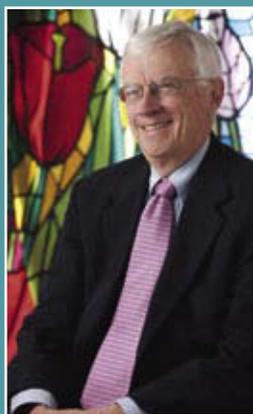
## **Part I: The NCC in Action**



## Interview with Russell Mills, Chair

The arrival of Russell Mills in late 2007 coincided with Parliament's decision to split the role of chair (responsible for oversight) from that of chief executive officer (responsible for day-to-day management). That decision sparked an era of transformation at the NCC.

Many innovations followed, including the first annual strategic retreat for the board. The concept of "strategic retreat" is hardly new. Indeed, for many years now, management has begun the annual planning cycle by gathering to define goals and strategies. In 2008–2009, a similar gathering of Board members was held, the mission being to provide high-level guidance to management at the beginning of the planning process. Having the board involved this early in the decision-making process was new



for the organization, and a result of the NCC's new governance. "It's simply the right way to do things," says Mr. Mills. "The board retreat was part of an overall change in governance," Mr. Mills goes on to say, "taking us toward more openness and transparency."

The NCC also made another vital decision: to open board meetings to the public. There is more work to do, says Mr. Mills. "Openness is still limited by the *National Capital Act*." Land purchases, for example, have to be referred to Treasury Board and the Governor-in-Council. Confidentiality attaches to such matters.

"Spending authority for the NCC was established in 1959," says Mr. Mills, "and never changed. That means the NCC



## Speaking of the Board



needs Treasury Board approval, for example, to purchase any property worth more than \$25,000.” This is with the exception of Gatineau Park, where the NCC received specific authority to move forward on acquisitions. As a result of a mandate review in 2006, a bill to amend the *National Capital Act* was recently tabled and is now being considered in Parliament. What this means is that the NCC may soon be able to bring more of its business into the public eye.

The benefits of increased openness are already being felt — for example, in the matter of a new interprovincial bridge crossing, which inspired much public discussion last year. A vigorous, open debate took place, and the NCC and its partners will now proceed to study three possible crossings in detail.

Last year’s appointment of an ombudsman, who reports directly to the board, is also helping move the NCC toward greater accountability. The position is currently part-time, which the Board believes will be sufficient to handle the volume of complaints.

“Our expectation is that NCC staff will be very responsive in handling complaints from the public and that there will not be a huge volume of work for the ombudsman,” said Mr. Mills.

The Board took steps during the year to ensure that it contributes strongly to the future. Work included the updating of director profiles, so that board vacancies can be filled with people who not only represent the country geographically, but who also come armed with the right kinds of knowledge and expertise. Self-assessment is in place to measure how well the board is functioning and to allow for continual improvement.

In 2009, the NCC celebrates its 50th birthday as an entity. With the important changes that are taking place, that is a historic milestone for a maturing organization.



## Interview with Marie Lemay, CEO

In 2009, Marie Lemay completed her first year as chief executive officer of the National Capital Commission. For her, it has been a period of intense learning and energetic activity. And now, at year's end, she has a satisfying sense of distance travelled.

When Ms. Lemay took up the reins in January 2008, she was optimistic about her new role as head of the region's oldest planning organization. "The NCC has an important mandate," she says, "that of planning and building a capital that will inspire pride and create unity in Canada." As well, the organization has a distinguished history, a fine reputation among world capitals and a legacy of achievement, including the management of such national assets as Gatineau Park and the Greenbelt.



Ms. Lemay is proud to be leading a group of such dedicated staff, with a history of unparalleled professionalism. "The quality of the staff is extraordinary," she says. "They have a strong belief in the mandate, in what they're doing. It's an exciting group to work with."

Much of Ms. Lemay's energy in the past year has gone outward, as she has striven to connect personally with partners and collaborators, both existing and potential. With 13 municipalities in the region, and various federal, provincial and First Nations interests, Canada's Capital Region is probably the single most complicated jurisdiction in Canada. Forward movement, says Ms. Lemay, hinges on effective working relationships. "I keep using the same old words: 'collaboration' and 'partnership.' But you'd better get used to it,



## Speaking of the NCC



because I'm going to keep on using them. There's no way we can deliver the mandate on our own, without establishing good channels of communication and cooperation with others. That's why I invited all the mayors of the Capital Region to meet last year. Communication is vital. Let's talk."

In fact, Ms. Lemay met with the mayors of Gatineau and Ottawa on two other occasions through tripartite meetings, to discuss a number of transportation initiatives, environmental matters and planning issues of common interest. "At times, easy adjustments can have an impact," she says. "By simply sharing our planning calendars, we will reduce the potential for duplication."

Ms. Lemay has also reached out to the public, opening the doors and inviting the community in to take a look and talk things over. "There was a big emphasis last year in the area of openness and transparency," she maintains. "Our staff has been encouraged to be more accessible and to share their work more fully with the public." The public response has been positive.

Reaching out to the public has also put Ms. Lemay into the role of ambassador to the community at large. "It's what I promised right from the beginning: 'I'm going to tell the story of the NCC to the outside world.' It's a wonderful story that the public should know. So I've done a lot of talking, as well as listening and sharing. I've tried to take the pulse of the community, going out to groups and inviting them to visit us here."

Like many organizations, the NCC is especially concerned with connecting more meaningfully with youth. "Over the past year," Ms. Lemay says, "we have worked to engage young Canadians in particular. The Board identified this as a priority, but it's very challenging. Everyone wants to engage youth. The question is how? We've been exploring ways to do this better in the future."

The NCC is still the only comprehensive planning agency that covers Canada's Capital Region. In 2008–2009, it continued to shape an integrated array of plans under the single umbrella of the Plan for Canada's Capital. "We started to review the Plan for Canada's Capital," Ms. Lemay reports.



“That’s tremendously important.” The current plan was completed in 1999, setting goals and policies for the development of the Capital over the next 50 years. Even within a decade, however, new opportunities and pressures have emerged that make it necessary to revisit certain parts of the plan, notably in the area of transportation.

“You can’t talk about land use without addressing transportation,” Ms. Lemay insists. “Of course, we’ve been involved in transportation in the past, but last year we engaged in a bolder way. In the Plan for Canada’s Capital, we will be aiming to provide a strong framework and vision to move toward ‘sustainable mobility.’”

The environment is on everyone’s mind. Ms. Lemay arrived at the NCC last year determined to position the organization as a leader in the field. “We’ve identified sustainability as a priority,” she explains. “We’ve always had the environment at heart, but this was the first time we talked about making it into a framework for everything we do. We want to make the Capital

Region into a model of environmental best practices for the country. We want people all over Canada to say, ‘How is it done in the Capital Region?’”

That is the environmental dream. The starting point in 2008 was a renewed environmental strategy. “We’ve been working on this all year toward a June 2009 launch,” Ms. Lemay explains. “This is a long-term strategy. We want the plan to be bold but practical. Our targets have to be achievable.”

The NCC recognizes the importance of stewardship not only over the land, but over built heritage as well. “If you own buildings, you have to maintain them,” Ms. Lemay insists. “We’ve been looking at NCC holdings in a comprehensive way to ensure that the proper plans and processes are in place.”

The land — and, more precisely, ownership of the land — is central to the NCC’s ability to address its mandate. The NCC owns some 10 percent of all land in the region. The last great era of land acquisition ended in the 1960s; last year, a new



## Speaking of the NCC

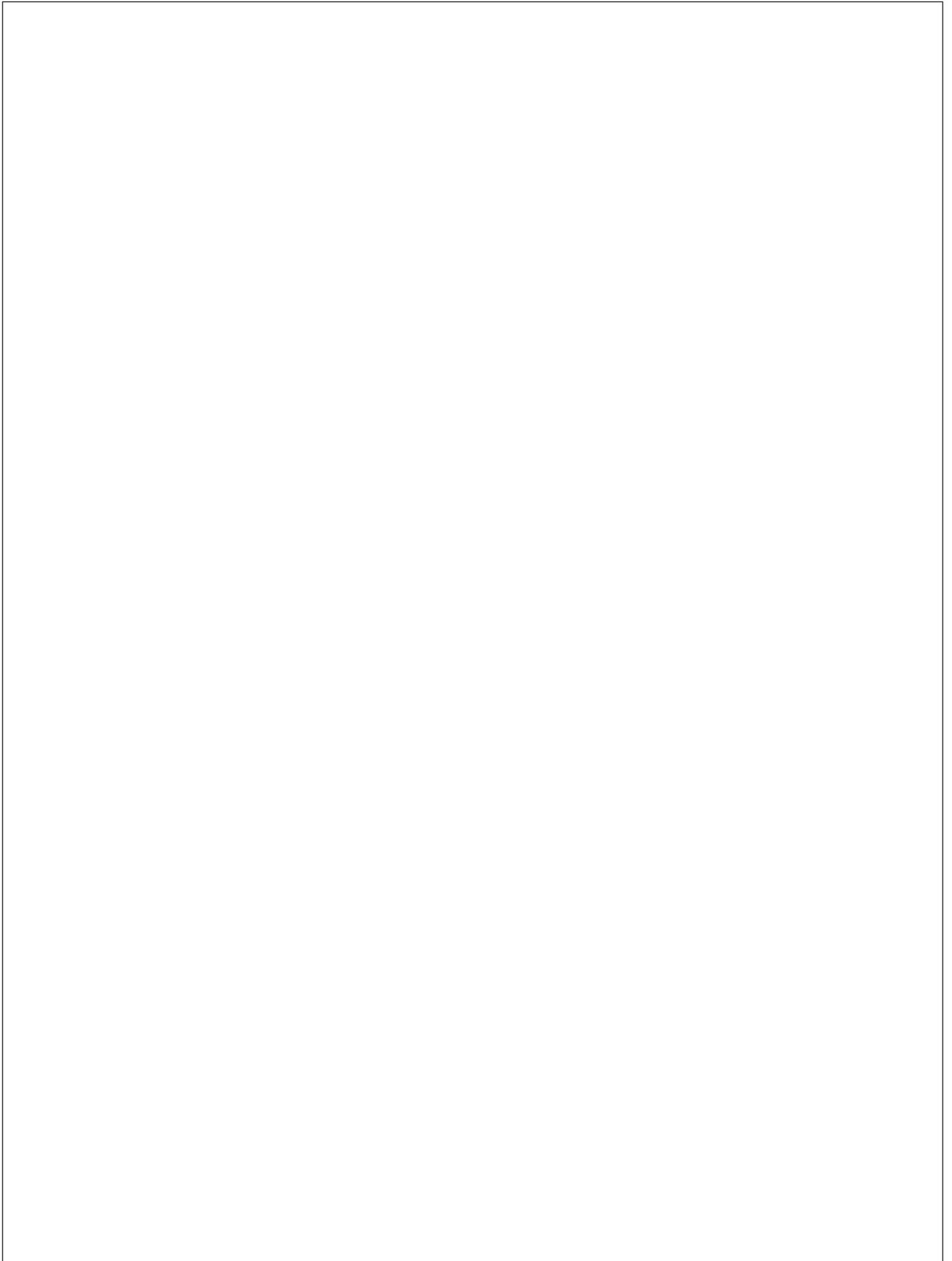


era began. “In Gatineau Park, we started to acquire privately owned lands in 2008 — some 100 acres to date,” Ms. Lemay reports. “That’s something we haven’t done in a long time. Our objective is to prevent development in the park over the long term, and we are going to acquire land as long as there are opportunities and budgets to do so. We’ve hired staff, inventoried private holdings and developed a proactive action plan.”

Confederation Boulevard — a ceremonial avenue that circles through the heart of the Capital — was an award-winning project of the NCC in the 1990s. Together with an array of parks, it provides the NCC with extraordinary public stages for national programming. NCC events have an important role when it comes to the NCC’s mission. “Programming in the Capital opens windows into the history, geography and culture of Canada,” Ms. Lemay explains. “We want to engage Canadians in their capital. Consider Winterlude. Last year, we dedicated an entire weekend to the province of New Brunswick, which was celebrating its 225th anniversary as a province. I overheard

several New Brunswickers saying how proud they were to see their province showcased in the Capital.”

Marie Lemay has now embarked on her second year at the NCC. Many of the plans and strategies that came into renewed focus last year — the assets acquired, the partnerships nurtured — will be built upon. This is especially true now that the federal government has responded so positively to the mandate review. The NCC is in business for the long term, she reminds us. Stay tuned.



# About the NCC: A Comprehensive View

## Our Mission

The mission of the National Capital Commission (NCC) is to create national pride and unity through Canada's Capital Region.

## Our Mandate

The *National Capital Act* of 1958, amended in 1988, directs the NCC

- 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 with respect to the organization, sponsorship or promotion by federal departments of public activities and events related to Canada's Capital Region; and approving building design and land use, as well as any change in use related to federal lands in Canada's Capital Region.

## Our History

**A specific mission** When Parliament created the NCC in 1959, it gave the corporation a specific mission: to turn the vision contained in the "Gréber Plan" (1950) into the physical reality of roads and parks and government complexes. By 1988, most of the Gréber Plan had been realized, and Parliament gave the NCC an added responsibility: to work with federal partners to bring the Capital to life with nationally significant programming.

**Heir to the past** Though the NCC is just 50 years old, as a corporate entity it stands on the shoulders of two predecessors: the Ottawa Improvement Commission, created in 1899 to beautify the lumber town that was Ottawa; and the Federal District Commission, established in 1927 to expand Canada's Capital as a federal district within two provinces. Together, these organizations pioneered urban planning in the Capital.

**A record of achievement** Much has been accomplished in the past century. Ottawa in 1900 was the first city in North America to develop an urban parkway; today, many kilometres of scenic parkway connect Quebec and Ontario within a single green system. Gatineau Park turned an expanse of farmland into an extraordinary enclave where conservation and recreation exist in delicate balance. The Greenbelt — one of the largest in the world — still protects our northern landscapes and rural heritage at the edge of the city. As well, the NCC has invested in the restoration of heritage buildings and neighbourhoods, the design and building of a ceremonial boulevard, the installation of monuments, the hosting of national festivals, and much more.

**The work goes on** These achievements did not occur overnight. They result from generations of careful, focused and persistent planning and from a consistent focus on the needs of future Canadians. Since 1959, the NCC has twice renewed its master plan, each time looking further into the future. As circumstances change, the focus shifts. As Canada evolves, the requirements alter. As Canadians clamour for more involvement, the processes adapt. But the mission remains: to create national pride and unity through Canada's Capital Region.

## Our Corporate Structure

As of March 31, 2009, the corporation had 472 employees, who contribute to the planning, building, promotion and meaningful use of Canada's Capital Region.

The NCC is divided into branches, each headed by a senior executive responsible for ensuring that the corporation's policies are fully implemented and well managed. The chief executive officer (CEO) sets operational and management objectives, prepares implementation strategies, oversees day-to-day operations, and is the spokesperson for the organization. The CEO is accountable to the board of directors.

**Executive remuneration** Members of the executive team receive a compensation package that includes a base salary, and are eligible for performance pay and employment benefits similar to those received by executives within the larger public service (including health, dental and insurance benefits, and a pension plan).

## NCC Executive Management Committee

As at March 31, 2009



Seated (from left to right):

**Marie Lemay,**  
Chief Executive Officer

**Jean-François Trépanier,**  
Executive Vice-President of Operations

Standing (from left to right):

**Diane Dupuis,**  
Vice-President, Human Resources  
and Information Management

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

**Michelle Comeau,**  
Vice-President, Environment,  
Capital Lands and Parks

**Richard Fularczuk,**  
General Counsel, Legal Services and  
Commission Secretariat

**Guy Laflamme,**  
Vice-President, Capital Experience,  
Communications and Marketing

**François Lapointe,**  
Executive Director, Capital Planning

**Roland Morin,**  
Executive Director, Real Estate  
Management, Design and Construction

**Natalie Kinloch,**  
Senior Strategic Advisor,  
Corporate Planning

## Our Products

### Discovering the Capital

Events that enrich the Capital experience, including Canada Day, Winterlude, the Sound and Light Show, Christmas Lights Across Canada, and tributes to national commemorations and events

Interpretation programs, bringing meaning and significance to the Capital experience, such as Parliament Hill and Confederation Boulevard

Commemorations to honour Canadian history and achievements such as the Valiants Memorial

### Planning, preserving and developing the Capital

Integrated system of plans from the most general, region-wide level (the Plan for Canada's Capital), all the way to detailed sector and area plans

Land use and design authority on federal lands

Leadership in the development of regional transportation

### Stewardship of land and assets

Heritage assets, parks and green spaces, recreational pathways, parkways, leased properties, bridges, roads, and other real assets

Canada's official residences

Environmental stewardship

## Our Guiding Principles

As a steward of the public trust, the NCC has developed a series of principles to guide its business actions.



### Accountability

The NCC is committed to serving the public with pride and to being responsible and respectful by applying prudent fiscal management.



### Clarity

The NCC sets clear priorities and is committed to creating a shared vision for Canada's Capital Region on behalf of all Canadians.



### Integrity

The NCC interacts with clients, partners and the public with honesty, respect and fairness.



### Openness and Transparency

The NCC conducts its affairs openly, collaboratively and inclusively. It consults with stakeholders and is responsive in its business approach.



### Leadership and Innovation

The NCC values creativity and innovation, based on knowledge and research. It continually aims to be proactive in finding solutions to problems, and to lead by example.

# Financial Highlights: Five Years, Ending March 31

(in thousands of dollars)

	2009	2008	2007	2006	2005
			As restated		As restated
<b>Operating Funding</b>					
Parliamentary appropriations for operating expenditures	78,703	78,160	77,198	70,195	68,404
Operating revenue	38,130	37,005	37,642	51,675	33,429
	<b>116,833</b>	<b>115,165</b>	<b>114,840</b>	<b>121,870</b>	<b>101,833</b>
<b>Capital Funding</b>					
Parliamentary appropriations for capital expenditures*	25,134	17,935	17,935	22,898	33,263
Transfer from Acquisition and Disposal Fund to capital program**	n/a	215	3,739	5,589	7,366
	<b>25,134</b>	<b>18,150</b>	<b>21,674</b>	<b>28,487</b>	<b>40,629</b>
<b>Cost of Operations</b>	148,781	131,455	127,666	125,585	133,679
<b>Capital Assets</b>					
Land	260,350	262,225	258,028	267,161	285,716
Buildings, works and infrastructure (net of amortization)	241,308	245,543	246,602	237,493	249,099
Purchases and improvements to capital assets	23,361	21,827	21,952	19,424	35,438
<b>Major Capital Projects</b>					
LeBreton Flats redevelopment	986	1,795	1,778	7,022	24,697
Official residences	3,938	4,551	5,939	2,530	568
Real property acquisitions	3,301	2,599	904	–	–
<b>Acquisition and Disposal Fund</b>	43,280	42,887	44,015	43,655	19,130

\* Including funding for special projects

\*\* The Acquisition and Disposal Fund is no longer used to fund the capital program, following a Treasury Board decision on September 4, 2008.

# Operating Highlights: Animating and Promoting the Capital



The public spaces in Canada's Capital are natural stages where Canadians come to experience the history and culture of the nation and connect with each other. Last year, the NCC worked strategically to build and improve on an integrated body of programming grounded in national themes, focused on Canadian diversity, and that reflects provincial and territorial celebrations.

Canada celebrated many anniversaries in 2008–2009 — many of which were marked in the Capital — including the 400th anniversary of Québec City, the 150th anniversary of British Columbia and the 100th anniversary of powered flight. New Brunswick, which in 2009 celebrated 225 years of history as a province, was highlighted at Winterlude, to share that anniversary with the nation.

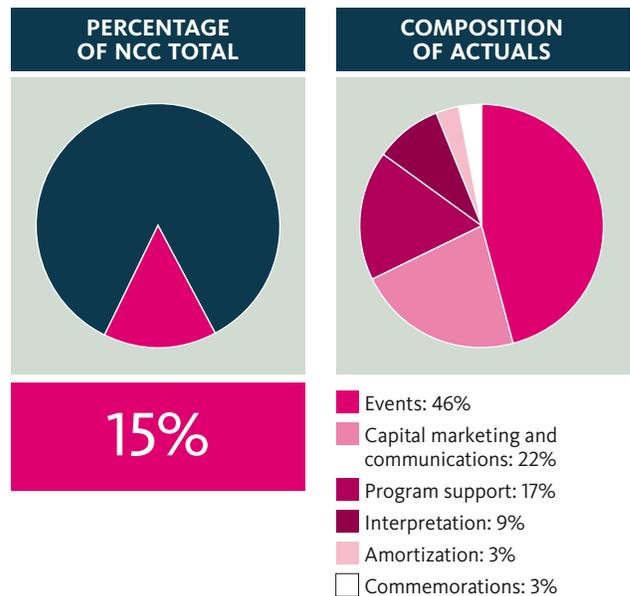
Canada's youth is learning to engage with the Capital. The NCC connected with some 500,000 young Canadians last year through educational and outreach activities. Nearly 40,000 teachers nationwide visited "The Gathering Place," an online educational resource that provides information as well as lessons and activities about the Capital. The NCC is working hard to develop new communications tools to connect with young people, and a group of local students helped test an MP3 production telling a story of young Canadians at war.

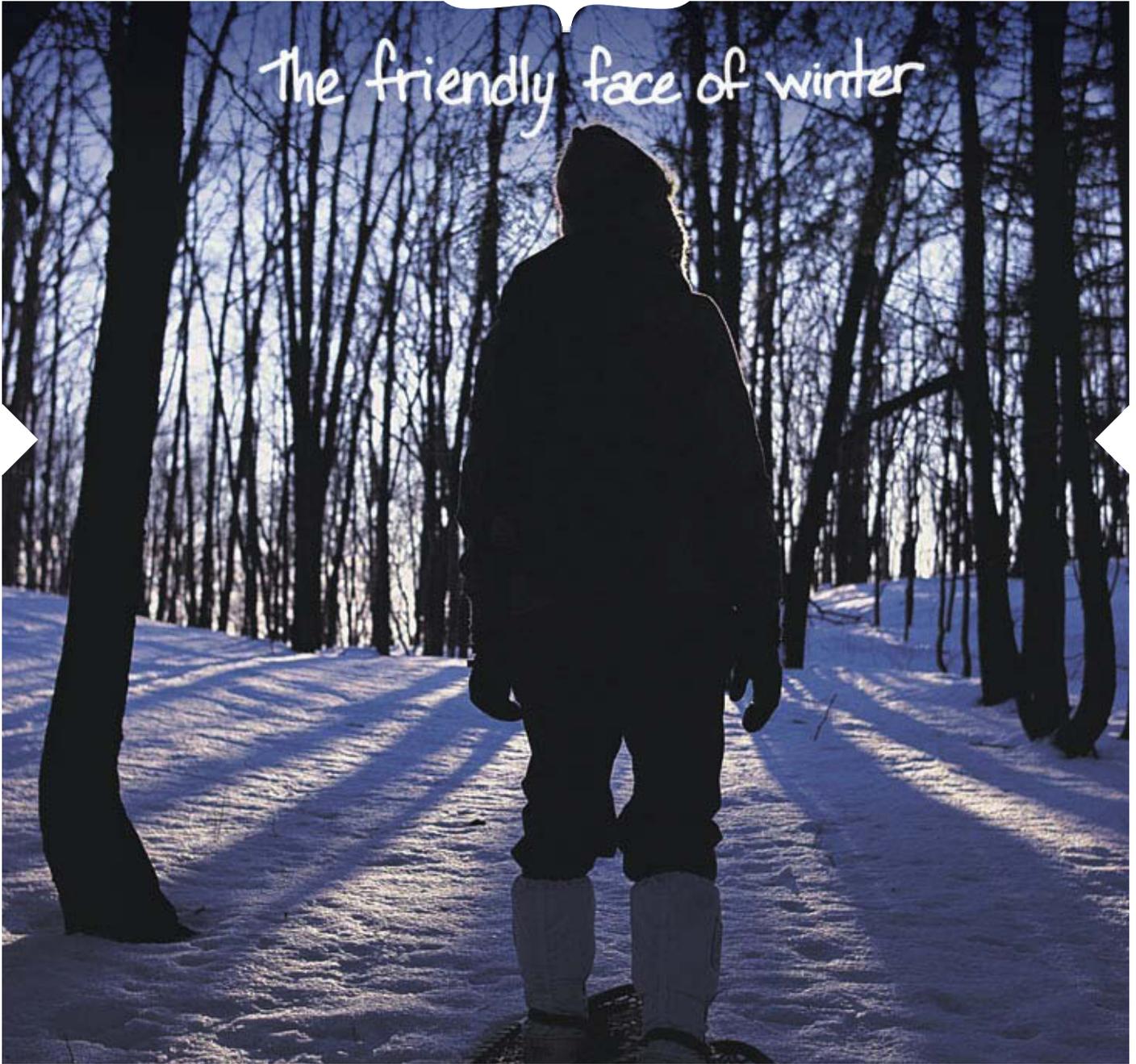
The Capital is a place where Canadians gather to remember, and honour our past. The week of November 4 to 10, thousands of names flashed across the face of the National War Memorial during night-long vigils honouring those who died in the First World War. Interpreters at the cenotaph told visitors about two soldiers in particular from the Second World War — Elmer Paudash, an Aboriginal pilot missing in action, and Arthur Wilkinson, an Ottawa-born soldier whose mother, Alta, founded the Silver Cross Mothers of Ottawa — and helped to put a human face on war.

The Capital belongs to all Canadians, and the NCC cannot build that capital without public engagement and the support of partners and sponsors. Last year, 21 different departments and agencies came on board and helped bring the Capital to life. Ten multi-year sponsorship agreements were entered into for a value of nearly one million dollars. And the NCC succeeded in establishing two important event-related alliances which helped gain national visibility for the Capital Region, as well as for the NCC. The first alliance was with Hockey Canada for the World Junior Championships, and the second, with the Academy of Canadian Cinema & Television for the presentation of the 29th annual Genie Awards, which was held in April 2009.

**Sharing National Moments** Crowds turned out to celebrate moments of national significance in the Capital. Collaboration with the provinces and territories meant that NCC programming and events provided a showcase of the country. The number of those engaged — including youth — mounted steadily.

## COST OF OPERATIONS: ANIMATING AND PROMOTING THE CAPITAL





+ Imagine you are new to Canada. It's cold and snowing outside, and you may just want to hide away until spring. Interpreters in Gatineau Park have another idea. They want to show you the friendly face of winter.

"We offer a program of snowshoeing for new Canadians," Gatineau Park interpreter Rachel Paquette explains. "We teach people from community centres or language schools to use snowshoes, we take them for an hour-long hike and finish up with hot chocolate."

For many participants, this hour they spend on snowshoes is just the beginning of the adventure. "We have weekend programs that are open to everybody — young people, students, Canadians in general," says Paquette. "And later, we're happy to see people from the snowshoe program coming back to the park with their families."

"People are blown away by the beauty," Paquette adds, "but they're also proud of themselves for getting out there to see it."

That's the message for Canadians: "Winter is wonderful. Come and discover Gatineau Park as the year-round wonderland it is."

# Operating Highlights: Planning, Design and Land Use



The creation of a great modern capital is the work of many years, and it depends on careful, persistent and long-term planning. The NCC continued to develop new plans last year and to look again at those that have been affected by changing circumstances and new opportunities. The process is long and complex, involving multiple stakeholders, with plans that range from a single policy plan for Canada's Capital Region at the top of the planning hierarchy down to a number of detailed sector and area plans. Three master plans provide policy guidance for major assets: Gatineau Park, the Greenbelt and urban lands.

## NCC PLANNING HIERARCHY



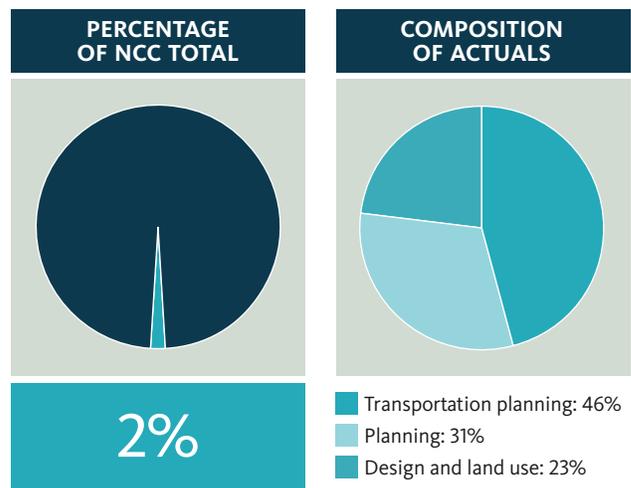
Last year, the NCC re-evaluated the Plan for Canada's Capital, which was produced in 1999 to guide developments in the Capital as a whole over a 50-year period. The NCC started a review of the Greenbelt Master Plan and consulted widely to determine where urban pressures have been mounting since the plan emerged in the mid-1990s, and to explore areas where the plan needs to adapt. It continued drafting a new plan for capital urban lands, last year assessing conditions in order to develop a guiding vision. And, at the same time, it undertook more detailed planning for certain areas within the core, where the NCC foresees a future enhancement of public access, significance and enjoyment.

The NCC, as the only planning agency with jurisdiction on both sides of the Ottawa River, has identified an important leadership role for itself in the development of integrated, region-wide transportation. Last year, working with partners, the NCC consulted the public on interprovincial crossings and reported on the preferred option, and also initiated a strategic planning study of interprovincial transit integration.

In every area of planning, the NCC found new ways to work more closely and productively with stakeholders, municipalities and members of the general public. Partnership, for the NCC, has proven value.

**All According to Plan** The NCC continued to shape — and sometimes to re-shape — a large body of integrated plans for the Capital. In the area of transportation in particular, the NCC worked with partners and stepped forward on important issues in the region.

## COST OF OPERATIONS: PLANNING, DESIGN AND LAND USE





+ When it comes to planning, the NCC cannot do it alone. That's why every major planning process — the Greenbelt Master Plan, for example, which has recently come up for review — is enriched and strengthened by an orderly, positive and detailed exchange of views between planners and the people they serve.

Elisabeth Lacoursière is a senior officer in Public Consultations. It's her job to bring people together, get them talking and help them understand each other.

Part of the process is internal. "We work with staff to make sure that they are well prepared for consultations, that they know the kinds of questions that will be asked and, most of all, to help them navigate through a process that usually consists of an open house session and presentation, followed by questions and answers."

The public also needs to be reassured. "The doors are open," says Lacoursière, "and we are there to welcome people. We make them feel comfortable, and assure them that they will be taking part in a constructive process."

The end product, insists Elisabeth Lacoursière, is better planning.

# Operating Highlights: Real Asset Management



In its efforts to physically enhance the Capital last year, the NCC undertook a wide range of projects, from heritage restoration to new construction, from the laying down of pavement to the landscaping of parks, and from the protection of the environment to the management of the world's largest skating rink. It also undertook a full slate of infrastructure renewal projects, everything from bridges and roadways to retaining walls. And it did all this while working hard to protect the environment.

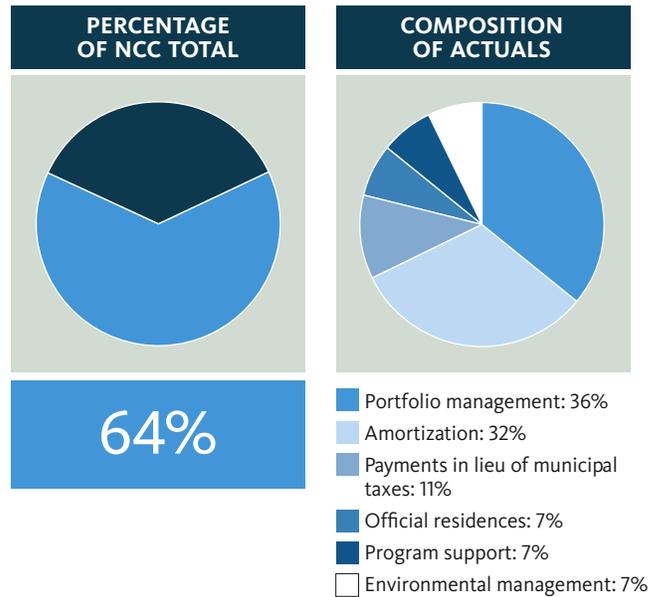
In the core area, the NCC continued work on LeBreton Flats, where it is now looking at how best to undertake the second phase of the project. Work also continued on Confederation Boulevard, where a design was completed for Sussex Drive South. In the Greenbelt, the NCC constructed an engineered wetland at the site of a former landfill as an innovative solution to better manage the flow of water. The NCC also continued to make progress on the assessment and remediation of contaminated sites in the region, usually where industry once operated or fuel tanks are buried. It undertook 26 environmental studies and risk assessments during the year, and three remediation projects are ongoing.

The "Green Capital" continues to expand, with the NCC buying 45 hectares (more than 100 acres) of private land in Gatineau Park, as part of the long-term conservation plan for the park. It also established a conservation plan to help it protect park ecosystems, and held workshops with municipalities, interest groups and staff on a variety of topics, including species at risk. As visits to the recreational pathways hit the 52-million mark last year, the NCC continued to develop the system, with new sections being laid down in both the Greenbelt and downtown (from the Canadian Museum of Civilization to the Canadian War Museum).

Work continues to maintain and rehabilitate the official residences in keeping with their value as heritage buildings and as stages for national hospitality and ceremony. Notably, the Visitor Centre at Rideau Hall was restored during the year — work for which the NCC was well recognized, as it received a 2009 certificate of merit for restoration as part of the Ottawa Architectural Conservation Awards.

**Building and Restoring Life** The NCC continued to shape the Capital as the natural setting for the seat of government, which is linked to its symbolic nature. It also worked to protect the environment, and managed the nuts and bolts of infrastructure renewal.

## COST OF OPERATIONS: REAL ASSET MANAGEMENT





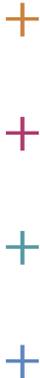
Since that historic winter of 1970–1971, when the NCC pioneered a skating rink on the Rideau Canal, millions of Canadians have put on skates and clumped awkwardly down the wooden stairs to the ice. The existing version of those staircases began to be replaced in 2008.

Industrial designer Richard Palmer looks back on the project with satisfaction. “Three years ago,” he says, “we were thinking only about life cycle replacement. Then we started to consider ways to make the stairs easier and safer, facilitate installation and removal, minimize repairs, and develop a design more sympathetic to a World Heritage Site.

“We geared the design to accommodate the widest possible cross-section of people,” Palmer continues, “including children, seniors and those with vision restrictions, skaters and non-skaters alike. To help us, we brought in advisers from the Rehabilitation Centre and from the Canadian National Institute for the Blind.”

The result in 2009 is a stronger, safer, more elegant structure. From now on, more Canadians will find their way more easily down to the Rideau Canal Skateway.

# Operating Highlights: Corporate Services



Last year, the NCC made a commitment to openness and transparency, and undertook important steps to meet this commitment. The renovation of the boardroom at NCC headquarters was a visible sign of change, with the introduction of public seating and communications technology to facilitate openness. The position of ombudsman was created and filled to serve as an independent resource for members of the public in resolving complaints when other redress avenues have been exhausted. Internally, the focus was placed on community relations, and on the development of customer service principles and a process to manage public requests.

Community relations have been an important component of the NCC's success. The CEO was very active in the community last year, delivering presentations and collaborating with numerous groups and municipalities, including the tripartite planning meetings with mayors of the cities of Gatineau and Ottawa and the hosting of a first-ever mayors' round table. Critical to maintaining good relations, the NCC also proactively communicated with communities affected by NCC projects throughout the year.

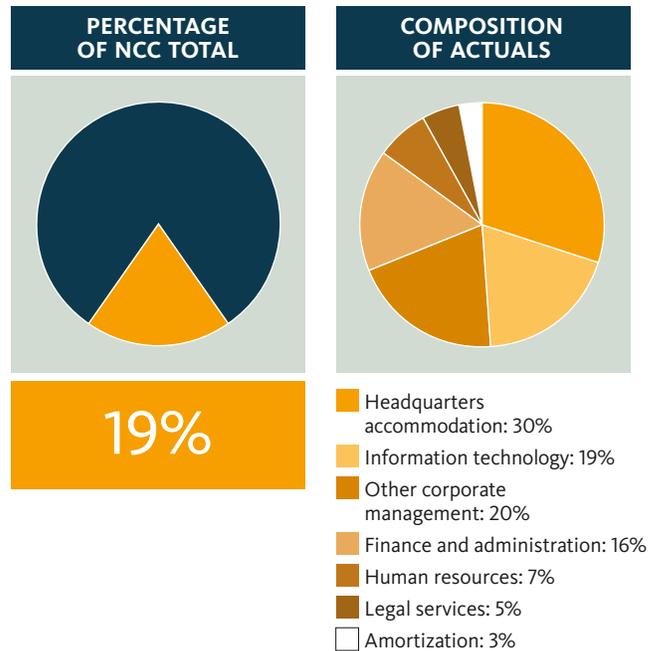
Corporate governance and management processes continued to be improved during the year. At the board's first-ever strategic retreat, the agenda included consultation on the development of a new governance framework. A process was also launched to amend the by-laws and to draft charters for the board and certain committees. As well, the NCC developed an enterprise risk management framework, and will start implementing it in corporate business. New regulations also set the work in motion to adopt, by April 1, 2011, International Financial Reporting Standards for the corporation's financial reporting.

The recruitment and retention of knowledgeable and skilled employees are vital to the success of the NCC, but the area of human resources represents a major challenge as the workforce ages. The NCC is integrating human resource planning into the corporate planning process and, last year, branches identified key positions and developed action plans that provided the basis for the first phase of the NCC's succession planning process.

## Toward Openness and Transparency

The NCC moved strongly to improve governance processes, and to make the corporation more open and transparent. At the same time, it looked inward to improve basic management processes and systems.

### COST OF OPERATIONS: CORPORATE SERVICES





Employees at the NCC are extraordinarily committed people. Indeed, statistics tell us that these employees, on average, have been with the corporation for more than 10 years. One of those dedicated veterans, Senior Survey Technologist Don Martin, is preparing to retire in 2009.

The Rideau Canal Skateway was barely a decade old when Don left a 25-year career in the military to take responsibility for ice management. Don, working with Dr. Nirmal Sinha of the National Research Council Canada, played a central role in the evolution of ice safety techniques over the next 25 years.

Don is — and will continue to be — recognized as the “master of the ice.” “Don has shaped what the Rideau Canal Skateway has become as a world-class attraction, and his name will be in the forefront of Skateway pioneers,” says Marc Corriveau, Director, Urban Lands and Transportation.

A central thrust in last year’s human resource planning was succession planning. And it is exactly this — the skill and knowledge of employees like Don — that makes the process so vital.



## Speaking of Good Corporate Citizens

### An ENVIRONMENTAL SHIFT

When it comes to the environment, the NCC is actively seeking new ways to “walk the talk.” In 2008, for example, staff took what might have been an ordinary demolition project and turned it into a new model of recycling for the NCC.

The NCC had already decided to tear down an old school in the Greenbelt and develop a trail-head in its place. “What happened then,” says Eva Katic, Senior Land Use Manager, “is that we decided, prior to demolishing the building, to see how much we could recycle.”

The results were outstanding. “We diverted 97.6 percent of materials,” says Katic, “973,626 pounds [441,637 kg] of waste from the landfill.” Copper, for instance, was sold and old fir beams went to a boat builder. Other materials were reused on site.

The real significance of the project for the NCC lies not in money saved or in the reduction of garbage. “It shows us the value of looking for environmental alternatives as we do our daily work,” Katic explains. “The project was part of a shift in thinking.”

### An extraordinary Campaign

When the team from the Capital Experience, Communications and Marketing Branch took over the organization of the 2008 Government of Canada Workplace Charitable Campaign, they knew the campaign was going to have an innovative and compelling impact.

“The challenge was matching or exceeding the very successful campaigns of past years,” explained Patrice Bastien, campaign leader. “To succeed, we knew we had to be very creative.”

The team decided to focus on emotions. “We created a video featuring five NCC employees, who were either volunteering for or receiving services from health or community organizations.” That video, along with a song — written by Richard Daigneault, an NCC employee, and performed live — was presented to employees during the launch.

“The video was very, very emotional,” says Bastien. “But its impact was obvious. Within just five days, our target of \$90,000 was reached!”

The employees raised a remarkable \$109,887, with 80 percent participation. And that’s not all. The campaign was also a finalist for the best overall campaign among the 108 federal departments and agencies; Richard’s song was shared with other departments, and has now been recorded.

It was, indeed, a remarkable campaign.

## **Part II: Report to Parliament**

# Governance

## Public Accountability

The NCC is accountable to the Canadian people through Parliament and the minister of Transport, Infrastructure and Communities, with the assistance of the minister of Foreign Affairs as the assigned minister of State (National Capital Commission). The government takes the interests of Canadians into account in communicating federal policy and priorities for the NCC. The board of directors is guided by these policies and priorities in its decisions throughout the year and in developing a new corporate plan annually. A summary of the corporate plan and an annual report are tabled each year in Parliament. Through these documents, the NCC reports on its performance in relation to objectives, strategies and performance targets.

## 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 audit. Under recent amendments to the *Financial Administration Act*, every 10 years, the Auditor General also conducts a special examination of the NCC. The last one, completed in 2007, identified no significant deficiencies in the systems and practices examined. Ten recommendations were made in the areas of planning, governance, strategic and risk management, and human resource planning, and these are being addressed by the NCC.

## Board of Directors

### STRUCTURE AND PERFORMANCE

The NCC, a federal Crown corporation, is headed by a group of 15 members (*see the note on page 25*) who represent a geographical cross-section of the nation. The board of directors is responsible for high-level oversight and the provision of strategic direction to the corporation. In addition to ensuring that corporate resources are safeguarded, and used effectively and efficiently, the board of directors strives to foster good relations with other levels of government and the public. It also monitors, evaluates and reports on performance, and oversees and takes advice from corporate and advisory committees. (*For a list of advisory committees and members, refer to Appendix I.*)

The organizational chart on the following page illustrates the relationship between the board and its committees.

## ACCOMPLISHMENTS

During 2008–2009, there were a total of 10 board meetings, six of which were both public and in-camera, and four of which were in-camera only. There was also an annual general meeting with the public and one meeting directed at local interest groups. The Board also participated in its first strategic retreat.

Throughout the year, the Board of Directors approved the NCC's annual report, corporate plan and financial statements, numerous real estate transactions (leases, acquisitions and land transfers), design and land use proposals, and contractual agreements, as well as exercised other authorities pursuant to the *National Capital Act* and the NCC's by-laws.

Approvals included the following:

- the response to the Environmental Assessment Study of Future Interprovincial Crossings in the National Capital Region
- the creation of the ombudsman position
- the acquisition of 11 privately owned properties in Gatineau Park (residence, vacant lot and large developable properties)
- the Canadian Navy Centennial Monument
- the NCC director profile.

## ORIENTATION

Four new members joined the Board of Directors last year. The NCC welcomes new board members with a presentation on accountability, reporting structures and by-laws. Incoming members learn about NCC programs, and review current issues with members of senior management. They also receive copies of federal guidelines and related documents on corporate governance, and attend an information session on roles and responsibilities, ethics, and conflict of interest, as well as a course on governance offered by the Canada School of Public Service.

## PERFORMANCE EVALUATION

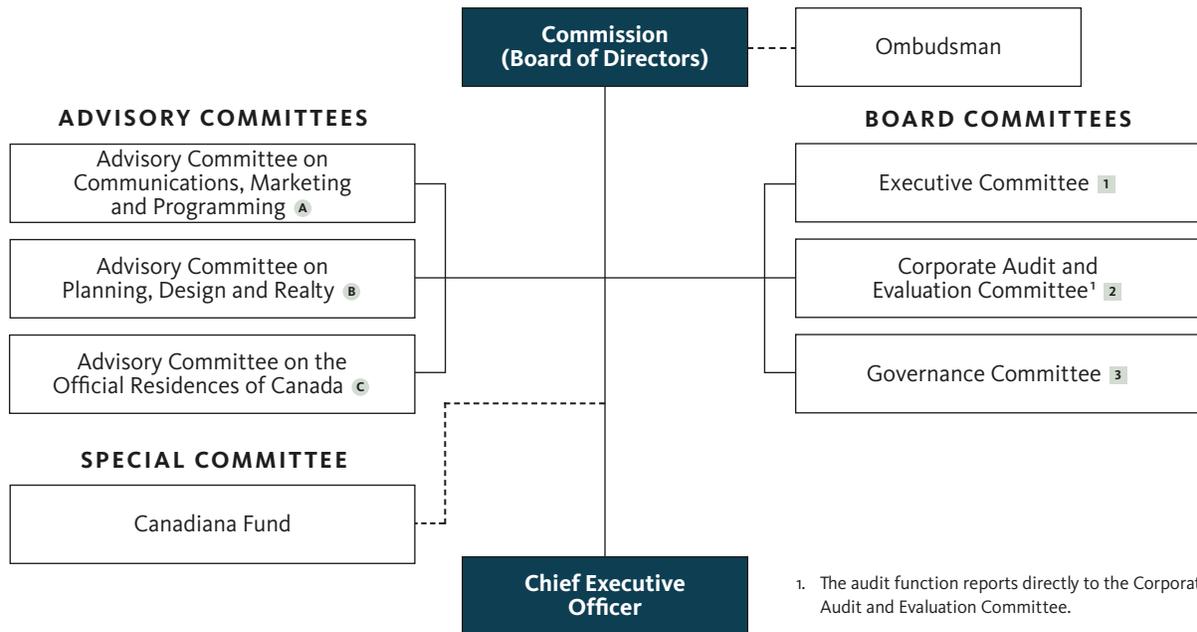
In 2008, the Board of Directors conducted a self-evaluation. The majority of members rated the Board's performance as above average. Upon their request, the Board was also evaluated by the NCC's executive management team, who rated their overall performance as very good.

## INDEPENDENCE

Members of the board 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 member review and acknowledge his or her understanding of the principles expressed in the *Conflict of Interest Act*.

## NCC Board of Directors and NCC Committees

As at March 31, 2009



1. The audit function reports directly to the Corporate Audit and Evaluation Committee.



**Russell Mills**  
Ottawa, Ontario  
Chair  
April 30, 2007,  
to April 29, 2012

A B C 1 2 3



**Marie Lemay**  
Chelsea, Quebec  
Chief Executive Officer  
January 7, 2008,  
to January 6, 2013

A B C 1



**Richard Aubry**  
Williamstown, Ontario  
July 30, 2008,  
to July 29, 2012

C



**Adel A. Ayad**  
Ottawa, Ontario  
November 15, 2007,  
to November 14, 2011

B 2



**Kory Bobrow**  
Beaconsfield, Quebec  
October 11, 2007,  
to October 10, 2011

2



**Hélène Grand-Maître**  
Gatineau, Quebec  
April 1, 2007,  
to March 31, 2011

A 2



**Jacquelin Holzman**  
Ottawa, Ontario  
November 15, 2007,  
to November 14, 2009

3



**Richard P. Jennings**  
Gatineau, Quebec  
December 3, 2007,  
to December 2, 2009

2



**Eric D. MacKenzie**  
Fredericton,  
New Brunswick  
March 5, 2007,  
to March 4, 2010

A 1



**Frieda Martselos**  
Fort Smith,  
Northwest Territories  
June 9, 2005,  
to March 25, 2013

1 3



**André Rioux**  
Sept-Îles, Quebec  
June 18, 2008,  
to June 17, 2012

2



**Jason M. Sordi**  
Richmond Hill,  
Ontario  
April 30, 2007,  
to April 29, 2010

1 2 3



**Brent Stefanson**  
Winnipeg, Manitoba  
August 29, 2008,  
to August 28, 2012

3



**Robert Tennant**  
Ottawa, Ontario  
March 5, 2007,  
to March 4, 2010

3

**Note:** At March 31, 2009, there was one vacant position on the Board of Directors.

The NCC wishes to thank the following Board members who completed their terms in 2008–2009.

**Jagtar Bains**, Victoria, British Columbia (June 17, 2008); **Anne Fry**, Edmonton, Alberta (October 26, 2008); **James Yamashita**, Winnipeg, Manitoba (August 28, 2008); **Martin Cohos**, Calgary, Alberta (January 16, 2009 — resignation)

## MANAGEMENT RELATIONSHIP

Board meetings begin with a CEO's activity report to update the board of directors on ongoing and new projects and issues. The board of directors participates fully in strategic planning for the NCC, conducting its own annual strategic retreat in which senior executives participate, and providing direction for the current year's corporate plan. As well, the board reviews performance relative to the plan three times a year, and approves the corporate plan and annual report before these documents are submitted to the minister of Transport, Infrastructure and Communities.

## REMUNERATION

Pursuant to the *National Capital Act*, the Governor-in-Council establishes the remuneration paid to the chair, CEO and other board members.

The remuneration of the chair follows the government's Remuneration Guidelines for Part-Time Governor in Council Appointees in Crown Corporations (effective October 1, 2000). The chair receives an annual retainer between \$8,000 and \$9,400 and a per diem of \$375 for attending meetings of the board and its committees and for certain special executive, analytical or representational responsibilities approved by the board of directors.

Other board members are not remunerated for attending or participating in the regular meetings of the board. For the performance of committee and other special duties, members are paid an annual retainer between \$4,000 and \$4,700 and a \$375 per diem, which are set by the Governor-in-Council pursuant to the *Financial Administration Act*. The chair 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 NCC by-laws. Board 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 for each member of the board, according to committee responsibilities and distance travelled to participate in board meetings. (*See Appendix II for board remuneration and attendance figures.*)

## Committees

A number of committees support the board of directors: board committees, and advisory and special committees.

### BOARD COMMITTEES

**Executive Committee** The board of directors may delegate certain powers and functions to its Executive Committee. As all business was dealt with by the Board of Directors itself, no meetings of the Executive Committee were held in 2008-2009.

**Corporate Audit and Evaluation Committee** This committee reviews internal audits, as well as the Office of the Auditor General of Canada'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, as well as to guarantee the highest standards of integrity and behaviour.

**Governance Committee** The Governance Committee reviews and, when appropriate, makes recommendations to the board on matters relating to the following:

- amendments to the by-laws;
- the selection criteria, duties, benefits and remuneration of the chair, CEO, and other board and committee members;
- the mandate, functioning, competency profile and performance appraisals of the board and its committees; and
- governance issues in general.

### ADVISORY AND SPECIAL 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. The following 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 long-range plans and policies for the use of public lands and properties in the National Capital Region, on design proposals affecting these federal lands, and on real property issues.
- The Advisory Committee on the Official Residences of Canada advises on asset management and related matters that pertain to the six official residences in Canada's Capital Region.
- The Canadiana Fund solicits donations of heritage art, furniture and funds for the enhancement of state rooms in the official residences.

# Management Discussion and Analysis

## Operating Environment

There are external factors — economic, social, political, technological and environmental management — that affect the NCC in fundamental ways. The following is a snapshot of the operating environment in which the NCC carried out its business last year, and a glimpse of how the NCC responded to these challenges and opportunities.

### GLOBALLY

Since midway through 2008, every economy in the world has been affected by economic declines. A fall in the Canadian dollar below the U.S. dollar offered some relief to the export industry. However, a widespread decline in consumer confidence is expected to continue to depress tourism. Other global factors during the year included the effects of faster communications, a shift of global attention to Asia and increasingly visible signs of climate change.

### IN CANADA

Canada was affected by the global economic crisis, though it was protected somewhat by the stability of its financial system and increases in government spending. Manufacturing provinces such as Ontario and resource-producing provinces such as Alberta have been especially affected by the downturn. Canadian tourism continues to be weak, and domestic travel has also slowed. Canadian society continues to change, with its population aging and 20 percent of Canadians now born outside of the country. Urbanization continues, and regional tensions, both economic and political, still affect the country, though polls indicate that Canadians identify with the same history and respond to the same symbols. Urban infrastructure is deteriorating and, though heritage preservation is increasingly valued, it has become more costly. Technology (especially in the form of hand-held communications devices and wireless laptops) is commonplace now. Partly because of the “democratizing” effect of the Internet, Canadians increasingly want to be involved in government decision making. They are concerned about climate change and the environment.

### FEDERALLY

The economic crisis has dominated the agenda in Canada’s Parliament. A new budget adopted in 2009 foresees a substantial deficit for many years to come. Before the economic crisis erupted, the federal government had identified five priorities: strengthening Canada’s sovereignty and place in the world; building a stronger federation; providing effective economic leadership; continuing to tackle crime; and improving the environment. To these priorities, the government has now added economic stimulus with investments in projects, most notably in the area of infrastructure renewal. Public safety concerns continue to guide policy decisions, and an aging federal workforce is of increasing concern. The government also created an independent tribunal to govern the resolution of specific land claims of First Nations. Federal Court rulings confirm the duty of the Crown to consult with Aboriginal groups. Public-private partnerships are increasingly common in government initiatives.

### IN CANADA’S CAPITAL REGION

Canada’s Capital Region has thus far managed to escape the worst of the recession, due to its stable, public sector employment base. The cost of providing municipal services continued to rise. Regional transportation has been identified as an urgent priority, with the City of Ottawa examining the feasibility of a downtown transit tunnel and the City of Gatineau planning to create dedicated bus corridors for a new Rapibus system. The management of urban growth and the environment are issues for municipalities in the region. Federal and provincial governments are accelerating funding for local infrastructure renewal that is now being reflected in a wide array of projects to be undertaken over the next few years. On the tourism side, although a decline in tourism has been felt, the Capital Region is preparing to take part in the torch relay for the Vancouver 2010 Olympic and Paralympic Winter Games, and to host the Jeux du Québec in 2010.

### AT THE NCC

The NCC is responding to opportunities and challenges in a number of ways. To ensure that programs and activities remain relevant to Canadians, it is shaping programs that respond to the diversity of the population. It is looking at new communication technologies to facilitate openness and reach out to youth. It has taken a greater leadership role in transportation planning and undertaken to renew its land use plans. It has opened up its decision-making processes to public participation and collaboration, and is establishing partnerships with different levels of government, the community and the private sector. Strong flexible plans and stewardship of the Capital’s assets ensure a balance between public enjoyment and preserving assets for future generations. Accordingly, the NCC has adopted environmental leadership as a prime objective.

## Strategic Issues

While external environmental factors influenced the NCC's business last year, there were also organizational factors behind the NCC's performance. These organizational factors, or strategic issues, were identified by the Board of Directors and executive management team at the onset of the planning year. Some of these are further discussed in the Risk section of this report.

### MANDATE RENEWAL

The NCC's mandate was reviewed at the request of the Minister of Transport, Infrastructure and Communities by an independent panel, which submitted its report in December 2006. The panel's recommendations focused primarily on the areas of governance and openness, increased status for long-term planning, and a strengthened coordination role, which includes transportation and stewardship of assets. While awaiting a response from the government, the NCC has undertaken improvements where it could. In 2008-2009, it further prepared itself to implement additional changes anticipated from the government's response to the mandate review.

### OPENNESS AND TRANSPARENCY

Canadians care about their capital, and want a larger role in how it develops. As a result, the NCC has responded with a number of measures designed to increase openness and transparency, and to engage municipalities and members of the public as partners in decision making. Finding innovative ways to reach out and engage Canadians has been, and will continue to be, a fundamental tenet in how the NCC operates.

### 2017: A CELEBRATION OF CANADA'S LEGACY

In 2017, Canada will mark the 150th anniversary of Confederation, and Canada's Capital Region will be an important centre of celebration for Canadians. The NCC views this milestone as an important opportunity to celebrate Canada's history and highlight its bright future. In keeping with the timing of this anniversary, the NCC needs to plan to further enhance the core of the Capital. It also needs to work to engage Canadians, particularly youth, in its efforts.

## TRANSPORTATION ROLE AND ENVIRONMENTAL LEADERSHIP

As the Capital continues to grow, it faces mounting transportation and environmental pressures that cannot be addressed without coordinated action on the part of all jurisdictions. With complex transportation issues on both sides of the Ottawa River, the NCC has the capacity to play a leadership role to develop sustainable transportation. The NCC has already begun to play that role with regard to the siting of a new interprovincial bridge and the development of an urgently needed plan for regional mass transit. With vast land holdings within the region, the NCC is also poised to shape Canada's Capital Region as a model of environmental practice. To achieve this, the NCC needs to re-examine all activities through an environmental lens and hone its plans accordingly.

### Capability to Deliver Results

The following describes how the NCC's resources contribute to its ability to execute strategies and deliver results.

### NON-FINANCIAL RESOURCES

The NCC relies heavily on non-financial resources to carry out its mandate. These include its employees, volunteers and sponsors.

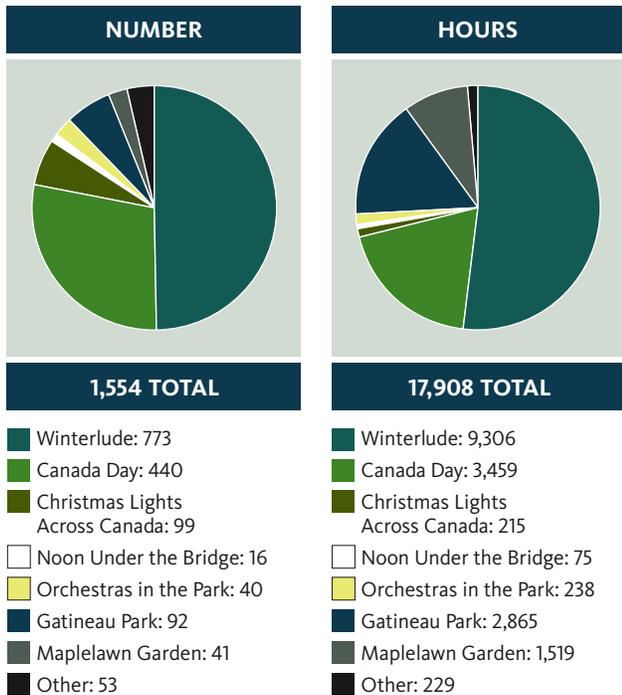
**Employees** The NCC is an organization filled with extremely competent, motivated and experienced employees, who are its greatest asset. The average number of years of service for employees at the NCC is more than 10 years. Nearly 10 percent of employees have been with the organization for longer than 25 years, and this jumps to over 15 percent, if all public service experience is included. Although this extensive experience raises succession management concerns, these risks are being managed through succession planning. The NCC has seen a 9 percent increase in the number of employees last year, thanks to increased funding, which permitted the organization to fill vacant positions.

A new, four-year collective labour agreement between the NCC and its unionized employees was ratified by both parties in April 2009. Economic increases were in line with Treasury Board direction, and were 2.3 percent for the first year, and 1.5 percent for the remaining three years of the agreement.

### NUMBER OF EMPLOYEES

2009	2008	2007	2006	2005
472	437	434	437	453

### NCC VOLUNTEERS PER EVENT OR PROGRAM



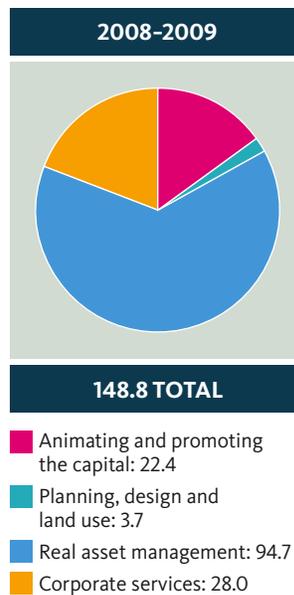
**Volunteers** The NCC recognizes the great contribution that volunteers make to its work and to the quality of life in Canada's Capital Region. Volunteers are invaluable in helping to build the kind of capital that Canadians want, as well as in helping to ensure that important national values, such as a sense of community, are alive and well in today's capital. The NCC's volunteer program aims to involve the entire community to support and add to public programs developed by the NCC.

**Partners and Sponsors** Partners and sponsors are also critical to the NCC's success. They enable the NCC to provide optimal value to Canadians through the contribution of others in a variety of ways, including sponsorship, the provision of expertise, joint initiatives for mutual benefits, or the contribution of a programming element. For a list of partners and sponsors of the NCC, refer to Appendix III.

### FINANCIAL RESOURCES

The recent increase of \$15 million in annual funding, although an important resource to the NCC, will not answer all of the NCC's funding challenges. Increasing asset maintenance costs, rent and other operating costs will continue to put pressure on the NCC's financial situation. Thus, the organization will need to continue to focus on obtaining cost efficiencies, and on sustaining operating revenues from leasing activities, partnership cost recoveries, sponsorships and volunteer support, to ensure that it has the capacity needed to continue to fulfill its mandate in the long term.

### NCC OPERATING EXPENSES BY PROGRAM ACTIVITY (in millions of dollars)



## Financial Performance

The following provides a budgetary analysis and management perspective of the NCC's financial performance for 2008–2009.

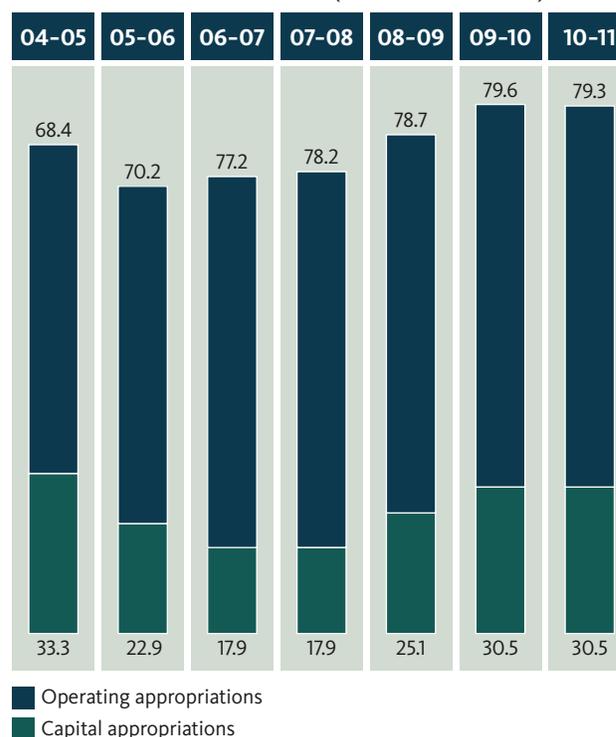
### PARLIAMENTARY APPROPRIATIONS

In 2008–2009, the NCC received \$103.8 million in parliamentary appropriations for both operating and capital expenditures. This represents a \$7.7-million increase over last year's appropriations, which totalled \$96.1 million (see Chart 1 and Table 1).

The fluctuation results essentially from additional appropriations following the 2007 federal budget (\$15 million) and from supplementary funding to cover salary and employee benefit increases (\$0.8 million) and environmental studies under the Federal Contaminated Sites Action Plan program (\$0.8 million). These increases were partly offset by the realignment of funding of \$8.4 million for the official residences program to 2009–2010 and 2010–2011 (\$4.2 million each year) and a federal government permanent budget reduction starting in 2008–2009 (\$0.5 million).

Total appropriations are expected to increase to \$110.1 million per year in 2009–2010 (\$109.8 million in 2010–2011), primarily as a result of fluctuations in the official residences overall funding (net increases of \$9.4 million in both years). These increases will be partly offset by a reduction in funding for environmental studies under the Federal Contaminated Sites Action Plan program (a variance of \$1.5 million and \$1.6 million in 2009–2010 and 2010–2011, respectively), annual salary and benefit adjustments granted only through supplementary estimates (a reduction of \$1.4 million in both years), and an additional federal government budget reduction (\$0.2 million and \$0.4 million in 2009–2010 and 2010–2011, respectively).

**CHART 1**  
**PARLIAMENTARY APPROPRIATIONS,**  
**2004-2005 TO 2010-2011** (in millions of dollars)



**TABLE 1**  
**PARLIAMENTARY APPROPRIATIONS, 2007-2008 TO 2010-2011** (in thousands of dollars)

	Actuals			Projections	
	2007-2008	2008-2009	Variance	2009-2010	2010-2011
Operating	76,226	76,313	87	79,627	79,320
Supplementary operating	1,934	2,390	456	–	–
<b>Sub-total</b>	<b>78,160</b>	<b>78,703</b>	<b>543</b>	<b>79,627</b>	<b>79,320</b>
Capital	17,935	17,934	(1)	30,513	30,513
Supplementary capital	–	7,200	7,200	–	–
<b>Sub-total</b>	<b>17,935</b>	<b>25,134</b>	<b>7,199</b>	<b>30,513</b>	<b>30,513</b>
<b>Total appropriations</b>	<b>96,095</b>	<b>103,837</b>	<b>7,742</b>	<b>110,140</b>	<b>109,833</b>

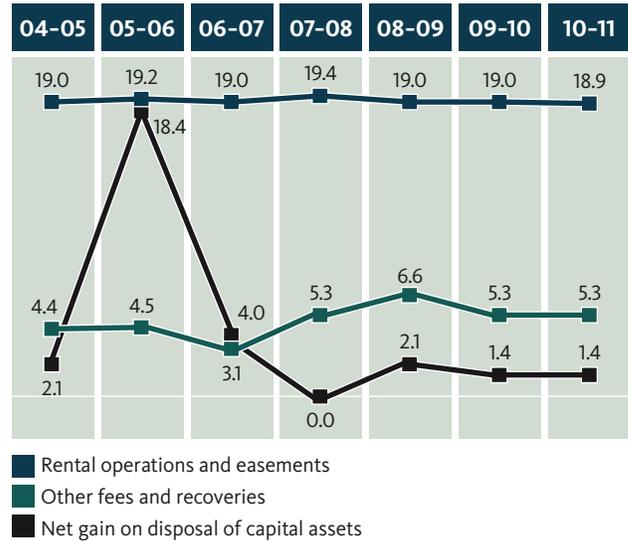
### OPERATING REVENUE

As shown in the statement of operations (see Table 2 on page 33), the NCC generated \$38.1 million in operating revenue in 2008–2009, compared with \$37.0 million in 2007–2008. The \$1.1-million increase is primarily attributable to the net gain on the disposal of capital assets (\$2.1 million) and higher other fees and recoveries (\$1.4 million), mainly from partner contributions for events and programs. These were partly offset by lower revenues from interest (\$2.1 million) and rental operations and easements (\$0.4 million).

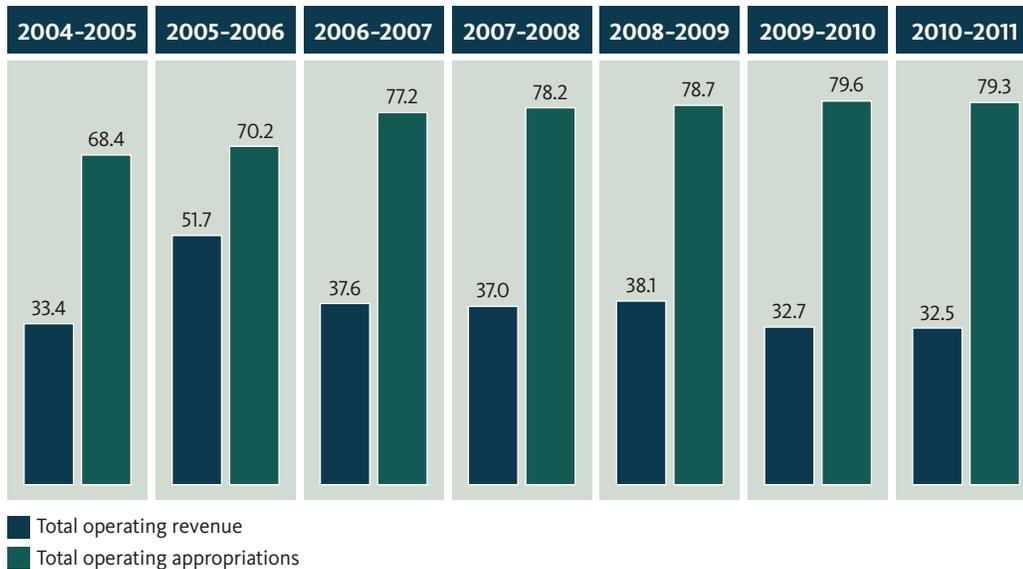
Rental operations and easements provided the largest source of operating revenue in 2008–2009, representing 53 percent (same as last year) of total operating revenue, excluding the net gain on the disposal of capital assets (a loss was recorded in 2007–2008). All sources of operating revenue are expected to remain relatively 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 revenue) has remained relatively stable in recent years (see Chart 3), other than in 2005–2006, when there was a significant net gain on the disposal of capital assets.

**CHART 2**  
MAIN SOURCES OF OPERATING REVENUE,  
2004-2005 TO 2010-2011 (in millions of dollars)



**CHART 3**  
TOTAL OPERATING FUNDING, 2004-2005 TO 2010-2011 (in millions of dollars)

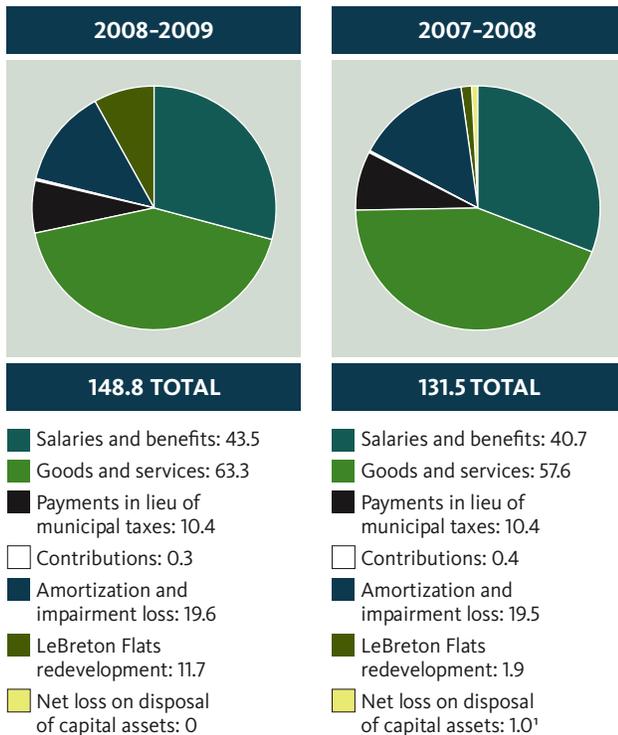


## COST OF OPERATIONS

As shown in the statement of operations and comprehensive income and detailed by major classification in Note 11 to the financial statements (see Chart 4), the total cost of the NCC's operations for 2008-2009 increased by 13 percent to \$148.8 million, from \$131.5 million in the previous year. The \$17.3-million increase was primarily the result of a higher impairment loss on the net fair value of LeBreton Flats properties (\$9.8 million more than in the previous period<sup>1</sup>), an expanded workforce and increased salaries and benefits (\$2.8 million), and the provision for environmental expenses (\$2.2 million). In addition, expenses related to the NCC's governance and the upgrade of facilities increased by \$0.9 million, compared with 2007-2008.

In future years, the NCC will face greater cost pressures for its headquarters accommodation and the renewal of the property maintenance contracts, as each of these expenditure areas includes contracts with escalating inflation clauses. Life cycle management costs, including materials and labour, will also increase.

**CHART 4**  
EXPENSES BY MAJOR CLASSIFICATION,  
2008-2009 AND 2007-2008 (in millions of dollars)

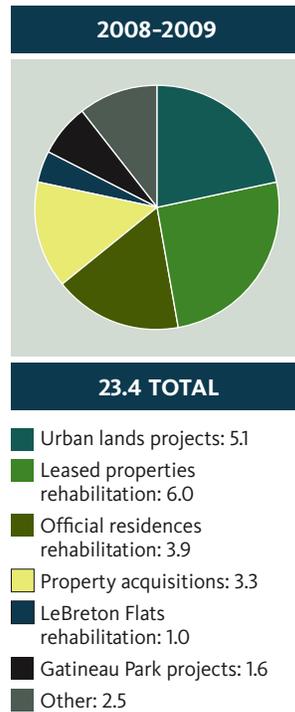


1. The loss was a result of the disposal of Wellington Street to the City of Ottawa as part of the LeBreton Flats Revitalization project.

## CAPITAL EXPENDITURES

In 2008-2009, \$23.4 million in capital purchases and improvements were made, compared with \$21.8 million in 2007-2008. The variation results primarily from increases in investments in other projects, leased properties and property acquisitions (\$2.7 million in total), partly offset by reduced expenditures in LeBreton Flats and the official residences (\$1.4 million in total).

**NCC CAPITAL EXPENDITURES**  
(in millions of dollars)



## BUDGETARY ANALYSIS

Table 2 provides the following comparisons in terms of operating results: for 2008–2009, actual results versus the forecast presented in the 2008–2009 to 2012–2013 Summary of the Corporate Plan; and, for 2007–2008, a similar comparison of actual results with the budget, based on the 2007–2008 to 2011–2012 Summary of the Corporate Plan. The table also provides the forecast of operating expenditures for 2009–2010, presented in the 2009–2010 to 2013–2014 Summary of the Corporate Plan.

The NCC exceeded its revenue budget in 2008–2009 by \$4.3 million, with higher-than-budget income from partners' contributions for events and programs (\$2.7 million), cost recoveries related to the provision of property maintenance services

(\$1.3 million), user access fees (\$0.9 million), rental operations and easements (\$0.7 million), and interest (\$0.7 million). These increases were partly offset by a lower-than-budget net gain on the disposal of capital assets (\$2.1 million).

The actual cost of operations was \$20.1 million higher than budget, primarily due to an impairment loss on the net fair value of LeBreton Flats properties (\$11.7 million), which is not accounted for in the budget, as well as higher-than-budgeted expenditures for event programming (\$3.3 million — of which \$2.7 million was funded from partners' contributions), a provision for environmental expenses (\$2.0 million), cost recoveries related to the provision of property maintenance services (\$1.3 million), environmental studies under the Federal Contaminated Sites Action Plan program (\$1.0 million), and transportation studies (\$0.4 million).

**TABLE 2**  
**STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED MARCH 31, 2008 TO 2010** (in thousands of dollars)

	2009-2010	2008-2009			2007-2008		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenue</b>							
Rental operations and easements	18,960	18,260	18,992	732	18,260	19,429	1,169
Interest	2,406	3,541	4,286	745	2,737	6,342	3,605
Net gain on disposal of capital assets	1,400	4,200	2,123	(2,077)	4,200	–	(4,200)
Sponsorship							
Monetary	966	966	1,390	424	966	1,318	352
Goods and services	750	750	949	199	750	1,170	420
Headquarters sublease	1,802	1,799	1,801	2	1,787	1,779	(8)
User access fees	1,115	1,115	1,965	850	1,115	1,714	599
Other fees and recoveries	5,317	3,240	6,624	3,384	3,009	5,253	2,244
	<b>32,716</b>	<b>33,871</b>	<b>38,130</b>	<b>4,259</b>	<b>32,824</b>	<b>37,005</b>	<b>4,181</b>
<b>Cost of Operations</b>							
Animating and promoting the Capital	21,598	19,087	22,379	(3,292)	20,651	21,922	(1,271)
Planning, design and land use	5,746	3,229	3,647	(418)	2,550	3,624	(1,074)
Real asset management	78,932	77,096	94,740	(17,644)	78,670	80,545	(1,875)
Corporate services	28,286	29,256	28,015	1,241	28,367	25,364	3,003
	<b>134,562</b>	<b>128,668</b>	<b>148,781</b>	<b>(20,113)</b>	<b>130,238</b>	<b>131,455</b>	<b>(1,217)</b>
<b>Net comprehensive loss before funding from the Government of Canada</b>	(101,846)	(94,797)	(110,651)	(15,854)	(97,414)	(94,450)	2,964
<b>Funding from the Government of Canada</b>							
Parliamentary appropriations for operating expenditures	79,627	76,313	78,703	2,390	76,226	78,160	1,934
Amortization of deferred capital funding	16,160	–	21,055	21,055	–	17,103	17,103
<b>Net Comprehensive (Loss) Income</b>	<b>(6,059)</b>	<b>(18,484)</b>	<b>(10,893)</b>	<b>7,591</b>	<b>(21,188)</b>	<b>813</b>	<b>22,001</b>

## Program Performance: 1. Animating and Promoting the Capital

**Program Description** 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), interpretive 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 the Capital, and identify with its role and significance.

**Overview** Through a rich variety of events and programming, Canadians celebrated national and provincial anniversaries, learned more about Canadian history, and experienced political and cultural heritage in the Capital Region last year. There were over a million visits to key events, and communication about the Capital was further extended to Canadians through Parliament Hill, youth programming and commemorations, as well as through partners and sponsors. In 2008–2009, the NCC invested \$22 million in operating expenditures, raised \$2.3 million in sponsorships, as well as \$2.6 million in partner contributions to achieve these goals. Public opinion surveys reveal that the impact of the Capital continues to improve, and that the NCC is clearly making solid progress in promoting Canada’s Capital as a source of national pride and reflection of Canadian identity.

### 1.1 EVENTS, INTERPRETATION PROGRAMS AND COMMEMORATIONS

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

#### PROGRAMMING EVENTS

TARGETS	RESULTS
Maintain high levels of attendance at flagship events and programs: <ul style="list-style-type: none"> <li>• Sound and Light Show (target, 250,000);</li> <li>• Canada Day (target, 300,000); and</li> <li>• Winterlude (target, 600,000).</li> </ul>	Target partially met: <ul style="list-style-type: none"> <li>• Sound and Light Show: 218,000 visitors</li> <li>• Canada Day: 466,000 visitors</li> <li>• Winterlude: 457,000 visits on the Rideau Canal Skateway</li> </ul>
Maintain public satisfaction levels of 85 percent or higher.	Target met: <ul style="list-style-type: none"> <li>• Orchestras in the Park: 94 percent were satisfied/very satisfied.</li> <li>• <i>Ukiuk</i>: 96 percent were very satisfied, and 81 percent stated that <i>Ukiuk</i> enhanced their Winterlude experience.</li> </ul>
Annually, enter into partnerships with at least 10 federal departments or agencies.	Target met: 21 partnerships were formed with departments or agencies on various initiatives.

#### COMMENTS

Flagship events and programs were well attended last year, with high public satisfaction levels. The decrease in attendance at the Sound and Light Show on Parliament Hill is in part attributed to an overall downturn in tourism during the summer of 2008. The show is also at the end of its five-year cycle, with a new Sound and Light Show being launched in the summer of 2010. According to the counters at the Rideau Canal Skateway access points, attendance at Winterlude was estimated at 457,000 visits. Winterlude was rich in national content, and

included a celebration of New Brunswick’s 225th anniversary, as well as highlighted Northern traditions, and premiered *Ukiuk* — a free, outdoor, sound and light show partially funded by a one-time contribution from the Ontario Ministry of Tourism. Performers and artists from the Yukon were also featured through a partnership with the Government of Yukon. The NCC relies heavily on its partners and sponsors for events and programming initiatives throughout the year. For a full listing of sponsors and partners, see Appendix III.

## INTERPRETATION PROGRAMS

TARGETS	RESULTS
Maintain an 85 percent satisfaction rate, and achieve 700,000 visits for Parliament Hill programs.	Target substantially met: 690,900 contacts were made; program satisfaction was not measured this year.
In 2009–2010, complete the renewal of the Capital Infocentre.	Target will not be met: Renewal completion is scheduled for May 2011.
Provide services to 325,000 visitors annually at the Capital Infocentre, and maintain an 80 percent service standard level at the Capital Contact Centre.	Target substantially met: <ul style="list-style-type: none"> <li>• Capital Infocentre visits: 318,200</li> <li>• Capital Contact Centre service standard level: 87 percent</li> </ul>
Reach 300,000 youth annually, through educational outreach activities.	Target exceeded: 500,000 youth were reached.

### COMMENTS

Parliament Hill continues to be the main focus for the NCC’s visitor programs, especially during the summer tourist season, but visitation levels, as measured through contacts made, fell slightly in relation to levels from previous years. While program impact and satisfaction levels were not measured in 2008–2009, the *Discover the Hill Outdoor Self Guiding Booklet*, which was redesigned with renewed content last year, received 90 percent satisfaction ratings.

The project to renew the Capital Infocentre, situated on Wellington Street across from Parliament Hill, fell behind

schedule as a request for proposals for the project did not yield any successful submissions. A new approach was adopted, and three separate requests for proposals will be issued to address the following areas: architecture and building systems; the exterior plaza; and content and messaging, including visitor services and signage.

Educational outreach activities exceeded the target by 67 percent last year, and the NCC’s educational resource “The Gathering Place” was used by 39,400 teachers nationwide, while student reach for the tool is estimated at 1,724,800 students since the 2006 launch.

## COMMEMORATIONS

TARGETS	RESULTS
Develop and implement an awareness program of commemorative opportunities in the Capital with a focus on under-represented themes, to attract a minimum of five new commemoration requests annually over the planning period.	Target met: Nine new commemoration requests were received.
Mark and support significant national anniversaries identified in Canadian Heritage’s five-year commemoration plan (2008–2012).	Target met: Seven national anniversaries were marked and supported.
In 2008–2009, complete a public art strategy.	Target not met: Completion of the public art strategy is planned for fall 2009.

### COMMENTS

Commemorations contribute to creating a capital that represents Canada and Canadians. In 2008–2009, the NCC continued to build awareness and opportunities for commemorations in the Capital. The NCC received nine new commemoration requests representing a wide range of Canadian themes, anniversaries and people, such as the 100th anniversary of the Canadian Red Cross (2009) and the late Honourable Charles Caccia. As well, a site was identified for the memorial commemorating Canada’s participation in the Battle of Hong Kong and work proceeded toward an unveiling in August 2009.

A design competition was also launched for the Canadian Navy Centennial, with an unveiling planned for May 2011.

The NCC marked and supported national anniversaries in the Capital, including the 400th anniversary of Québec City, the 90th anniversary of the end of the First World War, the 250th anniversary of representative government in Nova Scotia, the 150th anniversary of British Columbia, the 100th anniversary of the first powered flight in Canada, and the 10th anniversary of Nunavut.

## 1.2 MARKETING AND COMMUNICATIONS

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

TARGETS	RESULTS
Maintain an overall positive tone of coverage in the media at a level of at least 80 percent.	Target substantially met: No official research was conducted. The overall tone of coverage is estimated as positive.
Establish at least two new strategic alliances, and focus on high return on investment arrangements with major sponsors, by having at least 60 percent of sponsorship revenues generated by 10 multi-year sponsorship agreements.	Target met: Two new strategic alliances were formed, Hockey Canada/World Junior Championships and the Academy of Canadian Cinema & Television; the NCC made 10 multi-year sponsorship agreements, representing 67 percent of sponsorship revenues.
Achieve cash sponsorships of \$966,000 annually over the planning period.	Target exceeded: \$1.39 million was generated.

### COMMENTS

Forming strategic alliances continued to be an important part of the NCC's work. Two new partnerships were formed in 2008–2009, which helped gain national visibility for the region. The first was the Hockey Canada/World Junior Championships, where the NCC leveraged promotional opportunities to showcase its programs and Canada's Capital Region during the tournament, including multiple airings of a promotional spot featuring the Capital's icons on national sports broadcasters TSN and RDS. Capital icons also figured prominently as "bumpers" or visual breaks within the actual hockey games. The World Junior Championship drew record

crowds to games (more than 450,000 attended), as well as record ratings — especially the gold medal game, which saw more than 3.7 million viewers cheer Canada to victory. The second partnership was with the Academy of Canadian Cinema & Television. In exchange for facilitating the Genie Awards in Canada's Capital Region and liaising with suppliers and venues, the NCC received marketing benefits and a national promotional campaign for Canada's Capital Region — with an estimated value of more than \$4.5 million. Multi-year sponsorship agreements entered into by the NCC amounted to \$933,000, a 40 percent increase over last year.

### Next Steps: Animating and Promoting the Capital

Continue to focus NCC programming to ensure that it has an impact on the pride and identity of Canadians, as well as showcase programs and services of federal partners in areas complementary to the NCC's programming mandate.

Lead federal institutions in the Capital's celebrations of the 150th anniversary of Confederation in 2017.

Use new technologies to renew public programming to ensure that all Canadians, and in particular youth, are represented, with a focus on educating, promoting and creating awareness of the Capital.

Renew the NCC website as one of the primary NCC tools for public communication.

Renew and implement an updated five-year marketing and communications plan.

Focus on developing and implementing an awareness program of commemorative opportunities in the Capital, especially for under-represented themes, and provide support for significant national anniversaries.

## Program Performance: 2. Planning, Design and Land Use

**Program Description** 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 lands in the Capital, as well as identifying the National Interest Land Mass (NILM) 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 federal archaeological collections and review federal 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 Canada's Capital Region.

**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.

**Overview** In 2008–2009, the NCC continued to position the Plan for Canada's Capital as the vision for the future development of the Capital Region. It continued to update its land use planning framework, and assumed a leadership role working with municipalities to develop a regional plan for mass transit, and to study and consult on the siting of a new interprovincial bridge. It continued to safeguard and enhance the built and natural environments in Canada's Capital Region, through the application of the federal land use, transaction and design approvals process. And it worked energetically to increase the public's understanding of the planning rationale that supports the NCC's land holdings, through extensive stakeholder and public participation, and ongoing communications and coordination with stakeholders, municipalities and members of the general public.

### PLANNING THE CAPITAL

TARGETS	RESULTS
<p>Complete the evaluation and review of the Plan for Canada's Capital by 2009–2010, with the following milestones:</p> <ul style="list-style-type: none"> <li>a. by 2008–2009, complete the evaluation of the existing plan;</li> <li>b. by 2009–2010, complete the first phase of the review of the existing plan by identifying key factors or trends that affect the plan's vision and policies and by undertaking extensive consultation with all of the plan's users; and</li> <li>c. by 2009–2010, define the scope and nature of the review to update the Plan for Canada's Capital, using input from the update of other master plans.</li> </ul>	<ul style="list-style-type: none"> <li>a. Target met: The evaluation of the existing plan has been completed.</li> <li>b. Target will not be met: Phase 1 of the review will be initiated in the winter of 2010.</li> <li>c. Progress made: A statement of requirements was developed.</li> </ul>
<p>By 2009–2010, complete the Capital Urban Lands Master Plan, with the following key milestones:</p> <ul style="list-style-type: none"> <li>a. complete Phase 1 by 2008–2009 — assess existing conditions, and develop a vision statement, the land use concept, the planning principles and strategic objectives;</li> <li>b. complete Phase 2 by 2009–2010 — formulate planning proposals, policies and guidelines, as well as land use designations, and complete public consultations.</li> </ul>	<p>Target will not be met: Completion of the Capital Urban Lands Master Plan was deferred to 2011–2012.</p> <ul style="list-style-type: none"> <li>a. Progress made: The assessment report was drafted. Consultations on the vision statement have begun, and consultations on the land use concept will take place in fall 2009.</li> <li>b. Target will not be met: Phase 2 was deferred to 2011–2012.</li> </ul>
<p>By 2010–2011, update the Greenbelt Master Plan with the following milestones:</p> <ul style="list-style-type: none"> <li>a. complete Phase 1 by 2008–2009 — research and update the vision statement, planning guidelines, principles and strategic objectives;</li> <li>b. complete Phase 2 by 2010–2011 — update sector plans, including land use designations, policies and guidelines; implement planning proposals for each sector; and complete public consultations.</li> </ul>	<ul style="list-style-type: none"> <li>a. Progress made: The evaluation of the existing Greenbelt Master Plan was completed. Assessment and research are under way and consultations with staff, City of Ottawa and federal stakeholders are nearing completion.</li> <li>b. Target will not be met. Phase 2 was deferred to 2011–2012.</li> </ul>

(continued)

## PLANNING THE CAPITAL *(continued)*

TARGETS	RESULTS
<p>Implement the priorities of Canada's Capital Core Area Sector Plan by supporting and completing the following joint initiatives with municipal partners during 2008–2009:</p> <ul style="list-style-type: none"><li>a. the Ottawa River Integrated Development Plan — Phase 2, which includes the Ottawa River Corridor-Central Basin Area Plan;</li><li>b. the Escarpment District Area Plan;</li><li>c. the Portage-Wellington Node Study, taking into account the 2007 Mill Restaurant Rehabilitation Plan; and</li><li>d. initiate the Rideau Canal North Area Plan and the West Precinct Core Area Plan.</li></ul>	<ul style="list-style-type: none"><li>a. Target met: Phase 2 was completed.</li><li>b. Target met: The City of Ottawa is drafting an Official Plan Amendment to incorporate the NCC's recommendations on the Escarpment Plan into its policy.</li><li>c. Target substantially met: A number of stand-alone initiatives, when considered together, fulfilled the original intent of this study.</li><li>d. Progress made: Design guidelines were approved for the Rideau Canal North Area Plan.</li></ul>
COMMENTS	
<p>In 2008–2009, the NCC continued to implement its initiative to complete or review and update its suite of land use plans. The NCC's lead policy plan, the 1999 Plan for Canada's Capital, was re-evaluated, forming the basis for the plan's full revision by 2012–2013. The NCC also continued to draft a Capital Urban Lands Master Plan. Using web discussion technology, national experts were consulted on the vision statement for the plan. Analysis of the results will continue in 2009–2010. Timelines for both of these plans have been extended in order to ensure broad and inclusive consultations with stakeholders and the public, and to incorporate more extensive research results.</p>	<p>Detailed planning was completed for key areas within the core. As part of the Core Area Sector Plan, design guidelines for the Rideau Canal North Area were approved, but further planning was deferred due to the need to interface with the urban design plan and strategy for Rideau and Sussex and the Ottawa Congress Centre expansion project. The NCC also assessed and began a wide consultation process for the Greenbelt Master Plan, to determine where urban pressures have been mounting since the plan emerged in the mid-1990s and to explore areas where the plan needs to adapt. Consultations with the general public and the Public Advisory Committee were delayed to early 2009–2010. National consultations will be held after the visioning exercise begins, also in 2009–2010.</p>

## TRANSPORTATION PLANNING

TARGETS	RESULTS
By 2009–2010, and in collaboration with funding partners, complete phases I and II of the environmental assessment study for future interprovincial crossings.	Target will not be met: Phase I, including the identification of the preferred technical corridor, was completed, and the initiation of Phase II was deferred to summer 2009.
By 2009–2010, and in collaboration with funding partners, complete phases I and II of the joint Interprovincial Transit Integration — Core Area Strategic Planning Study.	On target: The study was initiated, with completion planned for January 2010.
In 2008–2009, initiate the implementation of the 2005 Strategic Transportation Initiative White Paper action plan.	Progress made: The priority for the strategic network partnership was modified to reflect a regional green transportation strategy, which will be integrated as part of the Plan for Canada's Capital.
COMMENTS	
Through the Strategic Transportation Initiative and action plan, the NCC is working with local municipalities, transportation agencies and the provinces of Ontario and Quebec, and is taking the lead to develop projects and plans to address urgent transportation issues. The NCC is able to take a regional view of transportation planning, which will serve to advance	the federal government's transportation goals, and provide the coordination role that will benefit local municipal plans and infrastructure projects, such as Gatineau's Rapibus system, and the City of Ottawa's downtown transit tunnel. Of particular importance to the NCC is ensuring that sustainable interprovincial transit improvements are advanced.

## DESIGN AND LAND USE APPROVALS

TARGET	RESULTS
Over the planning period, review approximately 300 submissions annually for federal approval of design, land use and transactions.	Target partially met: Approximately 216 design, land use and land transaction submissions were reviewed.
COMMENTS	
Design, land use and transaction approvals form a central part of the NCC's mandate and function. The review of proposals for changes affecting federal land and buildings not only ensures compliance with NCC plans and policies, but also fosters excellence and incorporates best practices in terms of environmental sustainability, view protection, heritage conservation and aesthetics. Design and land use reviews and/or approvals included LeBreton Flats Residential,	Stages 1 and 2; the Canada Aviation Museum, Phase 2 Site Development; Strandherd-Armstrong Bridge; Rehabilitation of the Alexandra Bridge; Realignment of Colonel By Drive to allow for the expansion of the Ottawa Convention Centre; 24 Sussex Drive, Sun Room; Rideau Hall, Forecourt; Canadian Museum of Nature; and the Lorne Building, 90 Elgin Street.

### Next Steps: Planning, Design and Land Use

Complete the Capital Urban Lands Master Plan, as well as the reviews of the Greenbelt Master Plan and the Plan for Canada's Capital, with extensive stakeholder and national public consultation.
Finalize these three plans to bring the land use planning framework up to date and in line to meet the current realities, as well as Canadians' expectations in terms of Canada's Capital Region.
Move forward with the environmental assessment study for future interprovincial crossings; based on the results of these studies, the NCC will be able to recommend a new interprovincial crossing.
Continue to plan the integration of interprovincial mass transit through the core area, including a regional green transportation strategy.

**Program Performance:**  
**3. Real Asset Management**

**Program Description** The NCC owns more than 470 square kilometres of land, or 10 percent of Canada’s Capital Region, 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 Canada’s Capital Region, as well as Gatineau Park, the Greenbelt, and other parks and green spaces. The NCC manages and protects these physical assets through its life cycle management program. The aim is to enhance the rich cultural heritage and natural environment of Canada’s Capital, optimize the contribution of these assets in the support of corporate programs, and ensure that NCC assets are appropriately accessible to the public. The NCC also manages approximately 650 leases, and provides grounds maintenance for many federal organizations in Canada’s Capital Region. 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.

**Overview** Despite the challenge of managing a wide-ranging and diverse real asset portfolio, the NCC continued to maintain a positive revenue stream in support of NCC programs. Gross revenues for the Real Asset Management Program exceeded \$19 million last year. Planning for the completion of key core area projects continued, namely LeBreton Flats and Confederation Boulevard, although delivery options are under review for the former, and the NCC has adjusted its construction schedule to meet that of its partner, the City of Ottawa, for the latter. In 2008–2009, the NCC began active acquisition of private property in Gatineau Park to consolidate ownership of park lands and realize the goal of protecting the integrity of the park as a key asset of Canada’s Capital Region. The NCC continued to develop the recreational pathways system and to maintain and rehabilitate official residences in keeping with their value as heritage buildings and as stages for national hospitality and ceremony.

**3.1 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**

TARGETS	RESULTS
<p>In 2008–2009:</p> <ul style="list-style-type: none"> <li>a. design and construct the municipal infrastructure (roads, sewers and water system) for Block O (north);</li> <li>b. complete the sale of Blocks U and T, subject to market conditions;</li> <li>c. complete supporting studies and application to the City of Ottawa for a master subdivision plan; and</li> <li>d. complete stages 3 and 4 of an archaeological investigation of Block L and O (south).</li> </ul>	<ul style="list-style-type: none"> <li>a. Target not met: The design and construction of municipal infrastructure were deferred pending strategic direction as to future development of the site.</li> <li>b. Target not met: Discussions are ongoing for the sale of Blocks U and T.</li> <li>c. Target not met: Supporting studies were deferred pending directions as to how the future development of LeBreton Flats will be delivered.</li> <li>d. Target substantially met: Field work was completed, and finalization of the report and cataloguing of artifacts are planned for early 2009–2010.</li> </ul>
<p>In 2009–2010, the NCC will evaluate public perception of redevelopment of the NILM encompassed in the LeBreton Flats Infrastructure and Remediation Project.</p>	<p>Long-term target: Public perception will be evaluated in 2009–2010.</p>
COMMENTS	
<p>In 2008–2009, the NCC focused on options to advance the completion of the remaining non-NILM portion of LeBreton Flats. Supporting studies required for the application to the</p>	<p>City of Ottawa for a master subdivision plan were deferred accordingly; however, archaeological investigations continued.</p>

## CONFEDERATION BOULEVARD

TARGETS	RESULTS
By the end of 2009–2010, substantially complete Sussex Drive South.	Target will not be met: The design was completed and construction has been deferred to 2010–2011 to align with changes in the City of Ottawa’s implementation schedule.
By the end of 2011–2012, substantially complete Sussex Drive (mid-section), from the former Canadian War Museum to King Edward Avenue.	Long-term target: The design will be completed in 2009–2010.
COMMENTS	
Confederation Boulevard is the NCC’s ceremonial route for the nation’s capital. Last year, a design was completed for Sussex Drive South. The completion of Sussex Drive South	was deferred to align with changes in the City of Ottawa’s implementation schedule.

## OTHER CORE AREA INITIATIVES

TARGETS	RESULTS
Canlands “A” (113 Queen Street) project: monitor development during the planning period, from detailed design and construction, to substantial completion in 2010–2011, and occupancy in 2011–2012.	Progress made: A long-term ground lease with the developer was signed.
Following occupancy of Canlands “A,” conduct a public opinion survey for Sparks Street to gauge public reaction to the design and built heritage, as well as to increased activity and rejuvenation of the core.	Long-term target: The survey is to be conducted after occupancy of Canlands “A” (2012–2013).
By the end of 2009–2010, have the former Mill Restaurant rehabilitated by the private sector, following a public proposal call in 2008–2009.	Progress made: The request for proposals (RFP) closed without any proposals having been received. A revised RFP will be launched in spring 2009.
COMMENTS	
The NCC continues to contribute toward the revitalization of Sparks Street through the redevelopment of federal properties and the introduction of mixed commercial and residential uses that will enhance the cultural landscape of downtown Ottawa and the gateway to Parliament Hill. The NCC executed a 66-year lease for Canlands “A” (113 Queen Street) with Ashcroft Urban Developments Inc. and approved	the developed design for the project. Construction is not expected to begin until 2009–2010, with substantial completion extended to 2012–2013. As a result of lack of response to the RFP for the Mill Restaurant, a new strategy has been developed, which may require investments by the NCC in operating and/or capital expenses rather than the original net lease approach.

### 3.2 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.

#### OPERATIONS AND MAINTENANCE

TARGETS	RESULTS
Achieve \$15 million in gross annual leasing revenue over the planning period.	Target exceeded: A total of \$16 million in gross leasing revenues was generated.
Ensure that 99 percent of public-use assets are available for public use.	Target met: 99 percent of public-use assets were available.
Achieve a performance evaluation rating of at least 75 percent for asset management contractors.	On target: A performance evaluation for asset management contractors for 2008–2009 will be conducted in June 2009.
During the planning period, revise the National Capital Commission Traffic and Property Regulations.	Target not met: Deferred to 2009–2010, pending the mandate review announcement.

#### COMMENTS

Leasing revenues continue to provide the NCC with its single largest source of ongoing operating income, aside from appropriations.

Performance was last measured for asset management contractors in 2007, at which time the rating was 79 percent.

#### DISPOSALS, DIVESTITURES AND DEVELOPMENT

TARGETS	RESULTS
Generate sufficient land disposal revenues (\$6 million annual target); to meet rehabilitation requirements until the allocation of appropriations replaces these revenues.	Target not met: A total of \$2.9 million was generated as a result of concluding major land transactions with the City of Ottawa.
Generate revenues of \$750,000 a year for easements and licences of occupation.	Target exceeded: A total of \$854,000 in revenues was generated.

#### COMMENTS

In 2008–2009, a number of land transactions were concluded with the City of Ottawa (Limebank Road, Longfields Drive and Colonel By Drive-Ottawa Congress Centre). Revenues from these sales will go in the Acquisition and Disposal Fund,

and will be used for the purchase of NILM land. Revenues generated by easement and licences exceeded the target, and represented a 1.8 percent decrease over last year.

## ENVIRONMENTAL MANAGEMENT

TARGETS	RESULTS
During the planning period, implement mitigation/remediation and monitoring activities at the Ridge Road former landfill site.	Target substantially met: Mitigation measures, remediation and monitoring are ongoing at the Ridge Road former landfill site.
By the end of 2008–2009, complete preliminary assessments (Phase I) for the remaining low-priority contaminated sites concurrently with assessments of on-site fuel storage tanks.	Target met: Assessments of low-priority sites and on-site fuel storage tanks were completed.
By 2010–2011, implement detailed studies in accordance with Phase I assessment results, and conduct risk assessments to establish a corporate risk management plan for all NCC contaminated sites.	Progress made: A total of 26 environmental studies were contracted, and three remediation projects are ongoing.
By 2009–2010, complete the assessment of Phase I of the Corporate Natural Resource Research Program and update the Phase II (2010–2014) program.	Progress made: The assessment of Phase I and update of Phase II of the Corporate Natural Resource Research Program were approved.
In 2008–2009, initiate a multi-year corporate Designated Substances Risk Management Program.	Target met: A multi-year risk management plan was established to evaluate high-priority NCC workplaces and dwellings.

### COMMENTS

The NCC initiated work on a new corporate environmental strategy that articulates a modern and comprehensive view, with a specific action plan that will deliver measurable results. The NCC has taken a leadership role in environmental issues and the protection of the environment in conducting all its activities.

Operational priorities over the past year have focused on the assessment, cleanup and management of contaminated sites, including on-site fuel storage tanks. At the Ridge Road former landfill site in the Greenbelt, the NCC constructed collection swales and an engineered wetland to protect local watercourses by gathering and treating water flowing from

the site. Field work for the monitoring of groundwater and surface water at Borthwick Creek and Black Creek was conducted and will continue in 2009–2010. The NCC received approval for \$1.6 million in funds from the 2008–2009 Federal Contaminated Sites Action Plan program. Half of the funding from the program was directed toward the former Ridge Road landfill site, Bayview remediation and Hurdman North.

The NCC has identified 26 projects under its Corporate Natural Resource Research Program for completion over the next five years (e.g. the identification of ecological corridors, species at risk studies, biodiversity monitoring, assessment of the impact of mountain climbers on the Eardley Escarpment).

## THE “GREEN” CAPITAL

TARGETS	RESULTS
<p>During the planning period, implement the updated Gatineau Park Master Plan as follows:</p> <ol style="list-style-type: none"> <li>by 2008–2009, complete a plan to enhance park gateways and signage to reinforce park boundaries and identity;</li> <li>by the end of 2008–2009, complete a conservation plan for park ecosystems;</li> <li>by the end of 2009–2010, complete a green transportation plan, a recreational services plan and a heritage conservation plan;</li> <li>by 2010–2011, eliminate motorized off-road activities;</li> <li>by 2011–2012, re-evaluate the existing public services in the Meech Valley sub-sector in order to harmonize them with the new provincial highway (A5) and to support the directions of the master plan;</li> <li>by 2011–2012, complete an assessment of completed and ongoing initiatives, as identified in the master plan of 2005, and update the implementation plan.</li> </ol>	<ol style="list-style-type: none"> <li>Target substantially met: The development of design guidelines and detailed programs for each category of entrance was completed.</li> <li>Target substantially met: The second draft of a conservation plan for park ecosystems was completed.</li> <li>Long-term target: The initiation of the green transportation plan is scheduled for 2009–2010; project plans for recreational services and heritage conservation plans were completed.</li> <li>Long-term target: A non-regulatory approach regarding motorboats on Gatineau Park lakes will be implemented and evaluated. Meetings were held with snowmobile clubs to initiate the relocation of trails outside Gatineau Park.</li> <li>Long-term target</li> <li>Long-term target</li> </ol>
<p>During the planning period, continue to execute the Rideau Canal Skateway Strategic Plan focusing on the new management operation model and greening strategy to minimize the environmental impact of the program.</p>	<p>Progress made: The universal access study was finalized; the second phase of the greening strategy was implemented (i.e. composting program and use of ecological products in certain aspects of facility operations).</p>
<p>During the planning period, implement key priorities of the Capital Pathway Strategic Plan in the areas of marketing, public safety and way-finding.</p>	<p>Target met: New connections on the Capital Pathway continue to be completed; the sixth annual safety and security campaign was successfully completed with municipal partners; the NCC, along with the cities of Gatineau and Ottawa will officially launch a bike share trial run (BIXI system) in June 2009.</p>
<p>During the planning period, implement programs to protect species at risk and valued ecosystems in all green spaces (i.e. knowledge enrichment, rehabilitation and protection, and monitoring).</p>	<p>Target met:</p> <ul style="list-style-type: none"> <li>Knowledge Enrichment Program — The NCC acquired knowledge on five new plant species at risk discovered in Gatineau Park.</li> <li>Rehabilitation and Protection Program — The NCC participated in the federal committee for the recovery of the loggerhead shrike and in the provincial committee for the recovery of the Blanding’s turtle.</li> <li>Monitoring Program — The NCC monitored five animal species at risk in Gatineau Park and nesting sites of the common loon.</li> </ul>
COMMENTS	
<p>The NCC continued to focus on advancing the implementation of the Gatineau Park Master Plan, particularly aspects that will enhance and protect the integrity of the park. A design concept for the enhancement of park gateways and signage was completed, and detailed design work has started. Other aspects included holding workshops with municipalities and interest groups to support the preparation of a conservation plan for park ecosystems. The approval of a final report on the conservation plan is scheduled for 2009–2010.</p>	<p>The NCC also worked on improving services for the Rideau Canal Skateway. A universal access study for the Rideau Canal Skateway was finalized, and recommendations will be integrated in future plans. Greening plans were prepared, based on the results of last year’s waste audit.</p> <p>New connections on the Capital Pathway system include a section in the western Greenbelt and a smaller piece between the Canadian Museum of Civilization and the Canadian War</p> <p style="text-align: right;"><i>(continued)</i></p>

**THE “GREEN” CAPITAL** *(continued)*

**COMMENTS**

Museum (with contributions from the City of Gatineau). The 2008 Capital Pathway survey showed that usage of the pathway reached 52 million visits. A market study and operating plan for the bike share service will be undertaken in summer 2009.

NCC staff worked with many agencies — Environment Canada, Quebec’s ministry of sustainable development,

the environment and parks (Ministère du Développement durable, de l’Environnement et des Parcs ) and the Canadian Food Inspection Agency — to gain awareness of species at risk on NCC lands and improve their knowledge of ecosystems in Gatineau Park. The NCC also solidified key partnerships through memoranda of collaboration with Parks Canada and the Municipality of Chelsea.

**NON-CORE AREA ASSET REHABILITATION**

**TARGET**

During the planning period, prioritize and implement projects under the Multi-Year Capital Construction Program.

**RESULTS**

Target met: Non-core asset rehabilitation projects continue to be prioritized and implemented.

**COMMENTS**

The NCC continued improving its management processes to deliver major projects under its capital program, and efforts continued to be focused on project delivery. Assets outside of the core area of the Capital represent significant investments. Major projects under way include the Greenbelt Pathway,

Queen Elizabeth Drive Pathway, Rockcliffe Parkway, Mill Restaurant base building rehabilitation and garage repairs at 425 Sussex. Major projects completed include Hog’s Back Road bridge rails and guardrails, Ottawa River Parkway bridges, and the Leamy Lake recreational pathway.

### 3.3 OFFICIAL RESIDENCES

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

TARGETS	RESULTS
<p>During the planning period, complete the following projects based on a five-year capital works program and priorities:</p> <ul style="list-style-type: none"> <li>a. Rideau Hall (\$21.6 million), where the priorities are to improve the main building envelope, to rehabilitate five site buildings that require heritage conservation and health and safety upgrades, and to stabilize and conserve the heritage fence along the Sussex Drive and Princess Road perimeters, following municipal road improvements; and</li> <li>b. the other five official residences, with a focus on 24 Sussex (\$6.6 million).</li> </ul>	<ul style="list-style-type: none"> <li>a. Progress made: The investigation and research of the building envelope were completed; the full exterior rehabilitation of the Visitor Centre was completed; and design work is under way for the Dome Building, the Palmhouse and Ceremonial Greenhouse; work was initiated for the rehabilitation of the perimeter fence, with completion planned for 2009–2010.</li> <li>b. Progress made: A target date is to be confirmed for the full rehabilitation of 24 Sussex.</li> </ul>
<p>In 2009–2010, evaluate progress on resolving priority issues at the official residences and report to Treasury Board of Canada Secretariat.</p>	<p>Long-term target</p>
<p>Develop and implement improved tools to communicate proactively to the public about the heritage of Canada's official residences, with an emphasis on the NCC's accomplishments and future plans.</p>	<p>Target met: Major revisions to the NCC website section on Canada's official residences were completed, and the newly revised section of the website was launched.</p>
COMMENTS	
<p>At Rideau Hall, studies and designs for buildings in the operations zone were deferred to future years, in light of budgetary and capacity issues. Design is under way for the rehabilitation of 24 Sussex, while the NCC continues to look for suitable temporary accommodation for the occupant during the construction period. Other significant projects at the official residences include the completion of the building</p>	<p>envelope for Harrington Lake, rehabilitation of chimneys at the Farm's main building and landscape rehabilitation work at 7 Rideau Gate. The NCC's new official residences website focuses on the history and current role of each residence, as well as the NCC's function in terms of management. Virtual tours of most of the residences, highlighting a number of rooms and areas, were also added to the website.</p>

### 3.4 PAYMENTS IN LIEU OF TAXES

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

TARGET	RESULTS
Annually, by the taxation year due date, pay 100 percent of payments in lieu of taxes on NCC properties to taxing authorities, except for payments being challenged under the <i>National Capital Act</i> and the <i>Payments in Lieu of Taxes Act</i> .	Target met: 100 percent of the payments were paid on time, except for payments being challenged.
COMMENTS	
Payments in lieu of taxes include disbursements to municipalities and school boards in Quebec. The new Ontario assessments will have minimal impact on the NCC.	

### Next Steps: Real Asset Management

Demonstrate leadership in environmental management, by establishing clear environmental objectives, managing environmental obligations through appropriate scientific research and risk assessments associated with contaminants.
Complete the NILM component of the LeBreton Flats redevelopment, and pursue options with external parties for the redevelopment of the non-NILM component.
Complete the mixed-use development of the Canlands "A" site on Sparks Street.
Continue to implement a renewed priority-based approach for the Multi-Year Capital Program in view of the substantial investments required, specifically to safeguard heritage assets.
Carry on the implementation of the Gatineau Park Master Plan, with a focus on the gradual acquisition of NILM lands.
Evaluate progress made to address priority issues at the official residences.

## Program Performance: 4. Corporate Services

**Program Description** 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 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.

**Overview** Renewal of the NCC's corporate governance structure continued to be a major focus during the year, in keeping with government policies and best practices. Emphasis continued to be placed on the organization's openness and transparency initiatives. Services continued to be delivered to provide strategic advantage to the organization, facilitate decision making and planning, and ensure effective and efficient management.

### GOVERNANCE AND PUBLIC AFFAIRS

TARGETS	RESULTS
Complete the development and implementation of a new governance framework in 2008–2009, including revised corporate by-laws, board and committee charters, a code of conduct, and conflict of interest guidelines specific to the NCC.	Target not met: The completion of by-laws and committee charters was deferred to 2009–2010. First drafts of by-laws, board charters and charters of the governance and audit committees were prepared.
In 2008–2009, establish an external ombudsman for the NCC.	Target substantially met: An ombudsman was appointed in September 2008, and an official launch is planned for April 2009.
Implement measures to provide the public with increased access to NCC information and the decision-making process.	On target: Board of Directors agendas and minutes are currently available on the NCC website.
By the end of 2009–2010, develop and implement an enterprise risk management framework.	On target: An enterprise risk management framework was developed, and implementation has been initiated.
During the planning period, improve public perception and awareness of NCC public consultations.	Progress made: In the 2008 public awareness survey, 87 percent of residents rated the NCC's role in organizing events as excellent/good; 21 public consultations took place in 2008–2009.
In 2008–2009, implement a new code of ethics, a policy concerning disclosure protection, and an ethics awareness program.	Target met: A code of ethics, a policy concerning disclosure protection and an ethics awareness program were implemented.
COMMENTS	
The renewal of the corporation's governance framework was deferred, due to the need for further consultations. Draft by-laws will be presented to the Board in June 2009, and charters are anticipated for the fall. The Board also finalized arrangements for a new NCC ombudsman, to begin operations in 2009–2010. Community relations were an important part of the NCC's success, and information sharing with the	community included the Greenbelt — reaching out to neighbours regarding encroachment, email communications pertaining to the construction of the Rockcliffe Pathway, and an update on the construction of the Greenbelt pathway. As well, consultations with the public included the topics of interprovincial crossings, a conservation plan for Gatineau Park ecosystems, and the Greenbelt Master Plan.

## CENTRAL SERVICES

TARGETS	RESULTS
Implement three-year corporate research and evaluation plans.	Target partially met: An updated three-year corporate research plan was implemented. A multi-year evaluation plan will be implemented in 2009–2010.
Implement the multi-year internal audit plan.	On target: Projects associated with the internal audit plan are on schedule.
COMMENTS	
The internal audit plan for 2008–2009, approved by the Audit Committee, was implemented. The three-year research plan was implemented, and projects completed in 2008–2009 included the Sound and Light Show, Canada Day, Confederation Boulevard,	Capital Pathway, Greenbelt, Gatineau Park mountain biking and rock climbing, Winterlude and <i>Ukiuk</i> , and a local public awareness survey. Evaluation projects included the federal land use and design approval function and the Canadiana Fund.

## HUMAN RESOURCES

TARGETS	RESULTS
By the end of the 2008–2009 fiscal year, integrate human resource planning with the corporate planning process.	Target met: The process of integration is complete.
By the end of the 2009–2010 fiscal year, ensure that all NCC branches have completed the identification of key positions, along with the necessary succession plans.	On target: The NCC identified its key positions and prepared the respective action plans. The development of succession plans will continue in 2009–2010.
By the end of the 2011–2012 fiscal year, develop a revised Employment Equity Plan that reflects more closely the diversity of Canadian society through the identification of new targets for implementation.	Long-term target
COMMENTS	
In 2008–2009, the NCC focused on succession planning and better linking human resource needs with business requirements and the corporate planning process. Key positions were identified and formed the basis for the first phase of a	comprehensive succession planning process that will ensure that the NCC is able to recruit and retain skilled staff, as well as retain its collective corporate memory.

### Next Steps: Corporate Services

Continue the renewal of the NCC's corporate governance structure and processes, and modernize practices in keeping with the evolution of government policies and best practices.
Complete the implementation of an enterprise risk management framework that will ensure an integrated approach to the management of risks across the NCC.
Continue to improve relationships with the NCC's stakeholders, and ensure that the views of an engaged public are considered as part of the decision-making process, through a variety of mechanisms, including new technologies.
Carry on the implementation of an integrated human resource management framework to ensure that staff and skills meet evolving business needs.
Implement International Financial Reporting Standards to meet regulatory obligations.

# NCC Awards 2008–2009

The NCC and its employees received numerous awards last year, as recognition for their efforts in planning, programming and beautifying Canada's Capital Region, and their contributions toward making it a great Capital for all Canadians.

## Ontario Association of Landscape Architects

Gérald Lajeunesse, Chief Landscape Architect, was recognized with the Pinnacle Award for Landscape Architectural Excellence for his dedication and ambassadorship to the profession of landscape architecture over the span of his significant career, and for his inspired contribution to the outstanding design and development of Canada's Capital.

## 400th Anniversary of Québec City

Guy Laflamme, Vice-President of the Capital Experience, Communications and Marketing Branch, was awarded the commemorative medallion in recognition of his contribution to the activities marking the 400th anniversary of Québec City, in Canada's Capital Region.

## Government of Canada Workplace Charitable Campaign

- Retirees Award 2008
- Finalist for Communication Award 2008
- Finalist for President's Cup Award (best overall campaign)

## Environmental Systems Research Institute (ESRI)

Award of Excellence for the NCC's enterprise approach to geographic information systems (GIS) and the sophisticated integration of the technology throughout the entire organization.

## City of Ottawa

Certificate of Merit — Ottawa Architectural Conservation Awards for the restoration of the Rideau Hall Visitor Centre, 11 Rideau Gate.

## Festivals & Events Ontario

- Winterlude was recognized as one of the top 100 festivals and events in Ontario for 2009.
- Canada Day was recognized as one of the top 100 festivals and events in Ontario for 2009.

## International Festivals and Events Association

- Gold — Best Full-Length TV Program (national) for Canada Day 2008 — Canada Day Live with Rogers TV
- Gold — Best Full-Length TV Program (local) for Winterlude 2008 — Opening Ceremony with Rogers TV
- Gold — Best Event Photograph for Canada Day 2008 on Parliament Hill, photo by Steve Gerecke
- Gold — Best Street Banner Program for Québec City's 400th anniversary
- Silver — Best Miscellaneous Multimedia for Winterlude 2008 — Pixman

## Risk and Risk Management

Like all organizations, the NCC faces a number of business risks. This section contains a review of key risks and uncertainties inherent in the NCC's business, and the corporation's approach to managing these risks.

### ENTERPRISE RISK MANAGEMENT

There has been a shift in the corporate risk landscape in Canada over the past few years. As a result, in 2007, the NCC began to examine risk management practices and established an enterprise risk management framework to enhance its activities in this respect. This work continued in 2008–2009 and a corporate risk profile was developed, documenting the most significant risks to the NCC. This exercise involved establishing a risk tolerance level, and determining the organization's capacity to manage risk. Consideration of risks was included in corporate planning processes. When fully implemented, the enterprise risk management framework will help manage risk more consistently throughout the organization, and will allow the NCC to respond more effectively to opportunities.

### CURRENT RISK MANAGEMENT PRACTICES

Risks that could impede upon the delivery of the NCC mandate, corporate plan and fulfillment of priority commitments are currently managed through the following:

- corporate analysis of management submissions;
- a defined process for project management;
- a corporate strategic planning process that identifies, assesses, reviews and monitors risks through the year, and reports to the board of directors;
- annual plans and reports in areas of higher risk, such as health and safety and environmental management;
- program evaluations; and
- internal audits (reviewed and approved by the Corporate Audit and Evaluation Committee).

## KEY CORPORATE RISKS AND MITIGATION

In consultation with the executive management team, the following risks were identified as potentially having the most significant impact on the NCC's business. These risks, and their corresponding mitigation measures, are discussed below.

**Mandate Review** The completion of the mandate review was identified as one of the top risks for the corporation last year, as it was felt that the NCC lacked the necessary tools to effectively and efficiently deliver on its mandate. To mitigate the impact of this risk, the NCC has responded proactively, wherever possible, to recommendations made in the mandate review report. For instance, much work was put into modernizing the NCC's governance framework and procedures. The NCC has also opened board meetings to the public, and created an ombudsman position to deal with public complaints. As well, ongoing liaison and communications occur with Transport Canada and central agencies to ensure timely authorizations and approvals. Corporate strategies and plans are continuously reviewed to ensure that they respond to Canadians' expectations.

**Economy** The downturn in the economy has affected many areas of NCC operations, from the redevelopment of LeBreton Flats, to the delivery of flagship events, where a decline in tourism over the past few years has affected the NCC's market. The economic downturn may also have an impact on leasing and sponsorship revenues. The NCC manages these risks by looking at longer-term rental agreements, where possible; by working more closely with partners and sponsors; and by focusing ever more on initiatives that truly reflect the identity of Canadians. On the other hand, the government's focus on stimulus spending is expected to continue, which benefits the NCC through additional funding for short-term infrastructure projects. In particular, the NCC received approval for two rehabilitation projects — the Portage Bridge tunnel and Kingsmere Road overpass — as part of the 2009 federal budget.

**Funding and Financial Risks** NCC operations are funded through operating and capital appropriations from Parliament, and through revenue generation. The level of funding for operations has remained relatively stable throughout the years, while costs have risen substantially. This has created funding pressures, which in the past were addressed by revenue generation through sponsorships and the sale of surplus lands. Land sales, however, are limited; and revenue generated through land sales must now be utilized only for the acquisition of NILM land. To manage these financial pressures and risk, the NCC has proactively adjusted budgets and programs. The allocation of new ongoing funding in the amount of \$15 million, announced in the 2007 federal budget and received in 2008, has helped to alleviate this risk.

**Human Resources** The NCC requires a stable workforce to deliver its mandate. Like that of all public and private organizations in Canada, the NCC workforce is aging, with 15 percent of employees having worked in the public service for more than 25 years. There is a risk of losing skills and experience, as well as corporate memory and knowledge of the Capital Region. The aging of the population is also having an impact on volunteers, who may be less able or willing to donate their time and talents to the NCC, which would put certain programs at risk. 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. It is also working to develop a strong succession plan, and is working more closely with the public and community, to assist in attracting volunteers.

**Climate Changes** The effects of climate change threaten to affect the NCC's outdoor programming in general, and Winterlude in particular. Gradual warming trends over the past few decades, combined with increasing extremes and unpredictability, have made it difficult to plan and market a reliable event. The NCC is managing this risk by developing "weatherproof" programming, and looking at other ways of ensuring better adaptability to a changing Canadian climate.

## Future Accounting Changes

### INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, Canada's Accounting Standards Board (AcSB) confirmed that Canadian generally accepted accounting principles (GAAP), as used by publicly accountable entities, will be superseded by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. As a result of a decision of the Public Sector Accounting Board (PSAB), the NCC, as a government business-type organization, is also required to adopt IFRS. For the NCC, the conversion to IFRS will be required for annual financial statements for the year ending March 31, 2012. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in terms of recognition, measurement and disclosures.

As a result, a preliminary impact assessment/diagnostic of the conversion was conducted, and the high level diagnostic report focused on the areas where the impact may be the greatest. The NCC will approach the conversion in five phases: planning, detailed impact assessment, design, development and implementation. The NCC is currently developing its IFRS conversion plan, including the timetable. The plan highlights the need to identify the differences between IFRS and the NCC's accounting policies, assessing their impact and, where necessary analyzing the various policies that the NCC could elect to adopt. A formal project governance structure has been established, which includes an IFRS steering committee. In addition, an external adviser has been engaged to provide advice and assist the NCC with the project.

The NCC continues to monitor standards development as issued by the International Accounting Standards Board and the AcSB, as well as developments and decisions as issued by the PSAB. Such developments and decisions could affect the timing, nature or disclosure of the adoption of IFRS, and the requirement for the NCC to adopt IFRS.

The transition to IFRS is a significant undertaking. As implications of the conversion are identified, information technology and data system impacts will be assessed. Similarly, impacts on the NCC's activities will be assessed as differences are identified between the NCC's current policies and IFRS. The following table outlines the elements of the NCC's IFRS conversion plan, along with an assessment of progress toward achieving these objectives. As the project progresses or further changes occur, adjustments to the conversion plan may be required.

## IFRS CONVERSION PLAN: ASSESSMENT AS AT MARCH 31, 2009

PROJECT PHASE	MILESTONES	STATUS
<b>PLANNING</b>		
Launch project, establish project governance	Project brief, project charter and detailed work plan approved	In progress, completion in July 2009
Develop training and communications plan		
<b>SCOPE (Detailed Impact Assessment)</b>		
Identify differences between Canadian GAAP and IFRS accounting policies	Elections, exemptions and accounting policies approved	To be completed in March 2010
Choose accounting policies		
<b>DESIGN</b>		
Identify changes required to comply with IFRS	Required changes approved	To be completed in April 2010
<b>DEVELOPMENT</b>		
Build, update and test changes required to comply with IFRS	Changes built, tested and approved	To be completed in April 2010
<b>IMPLEMENTATION</b>		
Roll out IFRS solutions	Financial systems and processes able to capture and report IFRS information	To be completed in March 2011

## Looking to 2009–2010 and Beyond

In recent years, the NCC has been renewing its vision in response to the Canadian public, its stakeholders and partners, with the aim of ensuring that Canada's Capital Region reflects the values and identity of Canadian society and that it is relevant for future generations.

Preparing itself for new legislation as a result of the mandate review will be a key issue for the NCC in the upcoming year. Building a greener capital will be top of mind, by weaving sustainability into all plans and introducing or enhancing sound environmental plans into everything the NCC does. Other key strategic issues for the upcoming year and beyond include the enhancement of partnerships and collaboration, and planning for celebrations in 2017 by linking programming to the Capital's landscape.

In terms of its programs, the NCC will animate and promote the Capital by remaining focused on ensuring that Canada's Capital Region is a strong benefit to and appreciated by all Canadians; that the Capital has an impact on the pride and identity of Canadians; that there is a vested federal interest in the delivery of the NCC's programming; and that the NCC's coordination role significantly benefits its federal partners. Outreach activities and partnerships will be enhanced to raise awareness of the Capital for all Canadians. New technologies that offer inspiring and interactive learning experiences for all Canadians — and specifically visiting youth — will be applied and educational programs will be developed for use across the country.

In completing plans in support of a long-term vision for Canada's Capital Region, a renewed approach to consultations that is more inclusive and the use of new technologies will be included in each of the planning exercises. Specific attention will also be placed on the youth segment of the population in order to engage them in setting the vision for Canada's Capital Region. The NCC will continue to increase its involvement in transportation planning by taking a lead role. The Plan for Canada's Capital will include a sustainable strategic transportation framework (green transportation strategy), which will provide the broad orientations for the future evolution of transportation systems in Canada's Capital Region, including public transportation.

The NCC will also demonstrate leadership in environmental stewardship by establishing and working collaboratively toward clear environmental objectives. For example, in Gatineau Park, the NCC will continue to place priority on the preservation of ecosystems, and will prevent further development in the park by pursuing its strategy to more proactively acquire private properties within its funding capability. The priority-based approach to manage the Multi-Year Capital Program will also be pursued. With respect to official residences, top priority will continue to be placed on addressing serious health and safety issues, meeting universal accessibility standards and providing adequate living accommodation.

With government confirmation of an incremental \$15 million in annual funding, the NCC has been given important resources toward the fulfillment of its mandate. Furthermore, the 2009 federal budget provided an incremental funding of \$2 million over the next two fiscal years for the rehabilitation of NCC-owned federal bridges and overpasses in Canada's Capital Region. Although these are important funding resources, given the current economic situation, the NCC will be challenged to maintain its funding levels. As well, escalating costs to fulfill its responsibilities, due to its extensive land and asset base, will mean that the NCC will need to continue to focus on cost efficiencies.

At the time of writing of this report, changes to the *National Capital Act* received first reading in Parliament. The changes being brought forth to the Act will better enable the organization to deliver effectively and efficiently on its mandate, and ensure an optimum contribution of federal lands and public programs in creating a capital that represents a source of pride and is of national significance.

# 2008–2009 Financial Statements

## 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, audits 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.



Marie Lemay, P.Eng., ing.  
Chief Executive Officer



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

June 12, 2009



Auditor General of Canada  
Vérificatrice générale du Canada

## 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, 2009 and the statements of operations and comprehensive income, equity 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, 2009 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.

A handwritten signature in black ink, appearing to read 'Mark G. Watters'.

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

Ottawa, Canada  
June 12, 2009

**NATIONAL CAPITAL COMMISSION  
BALANCE SHEET**

as at March 31 (in thousands of dollars)

	2009	2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 3)	65,566	58,648
Accounts receivable		
Federal government departments and agencies	4,343	2,785
Tenants and others	3,931	4,983
Prepaid expenses	3,285	2,906
	77,125	69,322
<b>Deferred charges (note 4)</b>	2,085	2,263
<b>Restricted cash and cash equivalents and investments (note 3)</b>	72,504	75,419
<b>Capital assets (note 5)</b>	516,165	520,556
	667,879	667,560
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities		
Federal government departments and agencies	2,104	1,785
Others	17,055	15,929
Current portion of provision for environmental cleanup (note 14)	2,200	2,360
	21,359	20,074
<b>Deferred capital funding (note 9)</b>	236,811	232,798
<b>Provision for environmental cleanup (note 14)</b>	27,663	22,439
<b>Employee future benefits (note 7)</b>	6,915	6,036
<b>Deferred rental revenue (note 8)</b>	4,820	4,923
<b>Deferred rent inducement</b>	1,947	2,130
<b>Other long-term liabilities</b>	1,335	1,307
<b>Unsettled expropriations of property and land exchanges</b>	1,794	1,791
	302,644	291,498
<b>Commitments and contingencies (notes 13 and 14)</b>		
<b>EQUITY</b>	365,235	376,062
	667,879	667,560

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Russell Mills  
Chair, Board of Directors



Jason M. Sordi  
Chair, Corporate Audit and  
Evaluation Committee

**NATIONAL CAPITAL COMMISSION  
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**

For the year ended March 31 (in thousands of dollars)

	2009	2008
<b>Revenue</b>		
Rental operations and easements	18,992	19,429
Interest	4,286	6,342
Net gain on disposal of capital assets	2,123	–
Sponsorship		
Monetary	1,390	1,318
Goods and services (note 15)	949	1,170
Headquarters sublease	1,801	1,779
User access fees	1,965	1,714
Other fees and recoveries	6,624	5,253
	<b>38,130</b>	<b>37,005</b>
<b>Cost of Operations (notes 10 and 11)</b>		
Animating and promoting the Capital	22,379	21,922
Planning, design and land use	3,647	3,624
Real asset management	94,740	80,545
Corporate services	28,015	25,364
	<b>148,781</b>	<b>131,455</b>
<b>Net comprehensive loss before funding from the Government of Canada</b>	<b>(110,651)</b>	<b>(94,450)</b>
<b>Funding from the Government of Canada</b>		
Parliamentary appropriations for operating expenditures (note 12)	78,703	78,160
Amortization of deferred capital funding (note 9)	21,055	17,103
	<b>99,758</b>	<b>95,263</b>
<b>Net Comprehensive (Loss) Income</b>	<b>(10,893)</b>	<b>813</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION  
STATEMENT OF EQUITY**

For the year ended March 31 (in thousands of dollars)

	2009	2008
<b>Retained Earnings</b>		
Balance at beginning of year	376,062	373,167
Impact of initial adoption of financial instruments standards	–	341
Net comprehensive (loss) income	(10,893)	813
Parliamentary appropriations to acquire and improve non-depreciable capital assets (note 12)	66	1,692
Transfer of capital assets from Government of Canada	–	49
<b>Balance at end of year</b>	<b>365,235</b>	<b>376,062</b>

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF CASH FLOWS**  
 For the year ended March 31 (in thousands of dollars)

	2009	2008
<b>Cash flows from operating activities</b>		
Cash receipts from parliamentary appropriations for operating activities	77,711	78,822
Cash receipts from rental operations and easements	19,435	18,633
Cash receipts from other operations	10,305	8,853
Cash paid to suppliers and employees	(111,280)	(104,354)
Interest received	4,865	6,752
Disbursements for environmental cleanup	(1,669)	(2,362)
<b>Cash flows (used in) from operating activities</b>	<b>(633)</b>	<b>6,344</b>
<b>Cash flows from investing activities</b>		
Purchases and improvements to capital assets	(23,361)	(21,827)
Proceeds from disposal of capital assets	2,882	48
Net change in short-term investments	-	31,111
Net change in restricted cash and cash equivalents	(5,614)	(8,098)
Net change in restricted short-term investments	8,900	10,668
Disbursements for restricted long-term investments	(1,600)	(670)
Cash receipts from restricted long-term investments	1,210	285
<b>Cash flows (used in) from investing activities</b>	<b>(17,583)</b>	<b>11,517</b>
<b>Cash flows from financing activities</b>		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	25,134	17,935
<b>Cash flows from financing activities</b>	<b>25,134</b>	<b>17,935</b>
<b>Increase in cash and cash equivalents</b>	<b>6,918</b>	<b>35,796</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>58,648</b>	<b>22,852</b>
<b>Cash and cash equivalents at end of year</b>	<b>65,566</b>	<b>58,648</b>

The notes are an integral part of the financial statements.

# Notes to Financial Statements as at March 31, 2009

## 1. Authority and Objectives

The National Capital Commission (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 the following:

- a. 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
- b. 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.

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 with respect to 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 capital assets of the official residences located in the National Capital Region. It created the Canadiana Fund to encourage Canadians to participate in the enhancement of the state areas of the official residences through public donations of furnishings, paintings and works of art, or the funds to purchase them. Pieces chosen should reflect Canada's heritage, artistic traditions and historical associations, or complement the architectural style of a particular residence.

## 2. Significant Accounting Policies

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

### A. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective April 1, 2008, the NCC adopted new standards from the Canadian Institute of Chartered Accountants (CICA) Handbook, which are Section 3862: Financial Instruments — Disclosures; Section 3863: Financial Instruments — Presentation; and Section 1535: Capital Disclosures.

#### i. Section 3862: Financial Instruments — Disclosures and Section 3863: Financial Instruments — Presentation

These sections replace Section 3861: Financial Instruments — Disclosure and Presentation, revising and enhancing disclosure requirements and carrying forward, unchanged, its presentation requirements. The new sections place increased emphasis on providing additional information pertaining to the nature and extent of risks arising from financial instruments to which an entity is exposed, and how it manages those risks. These sections complement the principles of recognition and measurement of financial instruments of Section 3855: Financial Instruments — Recognition and Measurement.

The adoption of these sections did not have an impact on the results of operations or the financial position of the NCC. The additional information on the nature and extent of risks arising from its financial instruments is included in note 17, Financial Instruments. Comparative information is not required in the year that Section 3862 is adopted.

#### ii. Section 1535: Capital Disclosures

This section establishes standards for disclosing information about an entity's capital and how it is managed, to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

The adoption of this section did not have an impact on the results of operations or the financial position of the NCC. The information on capital management is included in note 18, Capital Management.

### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments. These investments, purchased three months or less from maturity, are carried at fair value.

### 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 non-monetary transactions, at fair value at the 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, and are recorded as a non-monetary transaction at fair value at the time of donation. If the fair value cannot reasonably be determined, the transaction is recorded at nominal value. Gains from donations subject to externally imposed stipulations are recorded in other comprehensive income. Gains resulting from unrestricted donations are recognized in the statement of operations and comprehensive income as other fees and recoveries, if the transaction was concluded with a non-related party; otherwise, they are recognized on the statement of equity as retained earnings. Improvements that extend the useful life of buildings and equipment are capitalized and amortized according to their respective asset class. 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	The shorter of either the term of the lease or the estimated useful life of the asset
Machinery and equipment	5 and 10 years
Office furniture and equipment	10 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 as 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 for sale 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, goods or services for other non-monetary assets, goods 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, goods 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. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

### 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. Actuarial losses arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial loss over 10 percent of the accrued benefit obligation is amortized on the average remaining service period of active employees covered by this plan, which is 12 years for the years ended March 31, 2008, and 2009. The actuarial loss is not amortized when it represents less than 10 percent of the accrued benefit obligation.

**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 of Ontario.

## 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 high, but the amount of the loss cannot be reasonably estimated or the likelihood of the obligation to incur these costs is not determinable, 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 incurring these costs.

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 Canada's Capital Region. These costs are accreted 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. The amortization of the rent inducement is recorded against the “Goods and services” expense (note 11).

#### **J. UNSETTLED EXPROPRIATIONS OF PROPERTY AND LAND EXCHANGES**

Unsettled expropriations of property and land exchanges 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 on 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, gains resulting from non-related party donations not subject to externally imposed stipulations and expense recoveries.

The NCC recognizes revenue when persuasive evidence of an arrangement exists, services have been provided or goods have been delivered, the 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 in the statement of operations and comprehensive income in the year for which they were approved.

Parliamentary appropriations to acquire and improve depreciable capital assets are recorded as deferred capital funding on the balance sheet, and are amortized on the same basis and over the same periods as the related capital assets. Upon disposition of depreciable capital assets, all remaining deferred capital funding related to the specific capital assets is recognized into income. Parliamentary appropriations to acquire and improve non-depreciable capital assets are recorded as retained earnings in the statement of equity.

## **M. FINANCIAL INSTRUMENTS**

The NCC identifies, assesses and manages financial risks in order to minimize their impact on the NCC's results and financial position. The NCC manages its financial risks in accordance with specific criteria as disclosed in note 17, and does not engage in speculative transactions or use derivative financial instruments.

The NCC annually reviews contracts that could contain embedded derivatives. An embedded derivative is a component of a hybrid instrument or another contract that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instruments vary in a way similar to a stand-alone derivatives. As a result of this review, the NCC has not discovered any embedded derivative that must be separated from the host contract and recognized as a derivative.

Financial assets and liabilities are initially recorded at fair value and their subsequent measurement depends on their classification, as described below. The classification is determined when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The NCC has made the following classifications.

- Cash and cash equivalents, restricted cash and cash equivalents, and restricted long-term investments are classified as financial assets held for trading, and are measured at fair value. Gains and losses related to periodical revaluation are recorded in the statement of operations and comprehensive income as interest revenue. Transaction costs are recorded in the statement of operations and comprehensive income in the period in which they are incurred.
- Restricted short-term investments are classified as financial assets held to maturity, and are measured at amortized cost using the effective interest rate method.
- Accounts receivable are classified as loans and receivables, and are measured at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities are classified as other liabilities, and are measured at amortized cost using the effective interest rate method.

## **N. 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, capital assets impairment loss and contingent liabilities are the most significant items for which estimates are used. Actual results could materially differ from those estimates.

## **O. FUTURE ACCOUNTING CHANGES — INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In February 2008, Canada's Accounting Standards Board confirmed that Canadian generally accepted accounting principles (GAAP), as used by publicly accountable entities, will be superseded by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. For the NCC, the conversion to IFRS will be required for annual financial statements for the year ending March 31, 2012. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in terms of recognition, measurement and disclosures.

As a result, a preliminary impact assessment/diagnostic of the conversion was conducted and an external adviser will assist and advise the NCC with this project. The NCC is currently developing its IFRS conversion plan. The plan highlights the need to identify the differences between IFRS and the NCC's accounting policies, assessing their impact and, where necessary, analyzing the various policies that the NCC could elect to adopt.

As implications of the conversion are identified, information technology and data system impacts will be assessed. Similarly, impacts on the NCC's activities will be assessed as differences are identified between the NCC's current policies and IFRS.

### 3. Cash and Cash Equivalents and Restricted Cash and Cash Equivalents and Investments

The NCC's policy is to invest excess cash in guaranteed investment certificates, bankers' acceptances, guaranteed notes, 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, 2009, in addition to the \$10.5 million (\$6.8 million in 2008) in cash, cash and cash equivalents include bankers' acceptances and bearer deposit notes, which amounted to \$55.1 million (\$51.8 million in 2008) at a weighted average interest rate of 0.6 percent (3.8 percent in 2008).

#### B. RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

(in thousands of dollars)

	2009	2008
Restricted cash and cash equivalents	13,720	8,106
Restricted short-term investments	51,684	60,584
Restricted long-term investments	7,100	6,729
	<b>72,504</b>	<b>75,419</b>

As at March 31, 2009, restricted cash and cash equivalents include bankers' acceptances and bearer deposit notes, which amounted to \$13.7 million (\$8.1 million in 2008) at a weighted average interest rate of 0.6 percent (3.5 percent in 2008).

As at March 31, 2009, restricted short-term investments include bankers' acceptances and bearer deposit notes, which amounted to \$51.7 million (\$60.6 million in 2008) at a weighted average interest rate of 2.1 percent (4.2 percent in 2008) and have an average term-to-maturity of seven months (six months in 2008).

As at March 31, 2009, restricted long-term investments include bonds of the Government of Canada and of provincial governments, which amounted to \$7.1 million (\$6.7 million in 2008) at a weighted average interest rate of 4.9 percent (5.3 percent in 2008). These investments are measured at fair value.

Restricted cash and cash equivalents and investments include funds whose 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 \$9,134 (\$8,920 in 2008);
- ii. funds of \$1.9 million (\$3.2 million in 2008) for the revitalization of Sparks Street in Ottawa;
- iii. funds of \$1.1 million (\$2.1 million in 2008) for the rehabilitation of the official residences;
- iv. funds of \$13.9 million (\$14.9 million in 2008) for the redevelopment of LeBreton Flats;
- v. funds of \$2.4 million (\$2.3 million in 2008) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vi. funds of \$10.0 million (\$10.0 million in 2008) for improvements to the shoreline area of Jacques-Cartier Street in Gatineau; and
- vii. funds of \$43.3 million (\$42.9 million in 2008) to acquire real property or to support other major programs, as may be authorized by Treasury Board of Canada Secretariat and the Governor-in-Council. During the year, proceeds on disposal and interest revenues amounted to \$3.9 million (\$1.8 million in 2008), whereas acquisitions and disposal expenses were \$3.5 million (\$2.9 million in 2008).

#### 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, 2009, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$2.1 million (\$2.3 million in 2008). These deferred charges are amortized on a straight line basis, and the expense of \$177,000 is included under goods and services in note 11. 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

(in thousands of dollars)

	March 31, 2009						March 31, 2008
	Land	Buildings, Works and Infrastructure	Equipment	Total Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Land and Buildings, Works and Infrastructure<sup>1</sup></b>							
Greenbelt	27,370	33,551	–	60,921	27,334	33,587	34,066
Gatineau Park	23,103	18,717	–	41,820	13,631	28,189	25,014
Parkways	34,025	123,697	–	157,722	79,356	78,366	78,898
Parks	24,292	74,605	–	98,897	39,529	59,368	57,898
Bridges and approaches	263	76,347	–	76,610	37,002	39,608	42,130
Historical properties	126	78,519	–	78,645	44,073	34,572	33,714
Recreational facilities	19,641	23,781	–	43,422	17,819	25,603	26,150
Rental properties	82,460	86,644	–	169,104	45,848	123,256	120,951
Development properties	40,622	22,934	–	63,556	7,372	56,184	66,575
Unsettled expropriations and land exchanges	1,794	–	–	1,794	–	1,794	1,791
Administrative and service buildings	6,654	21,110	–	27,764	13,439	14,325	13,527
	<b>260,350</b>	<b>559,905</b>	<b>–</b>	<b>820,255</b>	<b>325,403</b>	<b>494,852</b>	<b>500,714</b>
<b>Leasehold Improvements</b>	<b>–</b>	<b>16,071</b>	<b>–</b>	<b>16,071</b>	<b>9,265</b>	<b>6,806</b>	<b>7,054</b>
<b>Equipment</b>							
Machinery and equipment	–	–	6,685	6,685	4,403	2,282	1,347
Office furniture and equipment	–	–	2,858	2,858	2,826	32	36
Vehicles	–	–	1,695	1,695	1,356	339	446
Computer and communications equipment, and software	–	–	5,108	5,108	4,527	581	698
Antiques and works of art							
Canadiana Fund	–	–	8,009	8,009	–	8,009	7,037
Other	–	–	3,264	3,264	–	3,264	3,224
	<b>–</b>	<b>–</b>	<b>27,619</b>	<b>27,619</b>	<b>13,112</b>	<b>14,507</b>	<b>12,788</b>
<b>Total</b>	<b>260,350</b>	<b>575,976</b>	<b>27,619</b>	<b>863,945</b>	<b>347,780</b>	<b>516,165</b>	<b>520,556</b>

1. The total cost of land and buildings, works and infrastructure includes \$17.8 million (\$14.5 million in 2008) 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, 2009, these capital assets have a net carrying value of \$18.8 million (\$25.5 million in 2008), and none of them meet 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. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are indexed annually on January 1 to the cost of living. The NCC's and employees' contributions to the Public Service Pension Plan for the year were as follows.

	(in thousands of dollars)	
	2009	2008
NCC's contributions	4,795	4,412
Employees' contributions	2,306	2,175

### 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 of Ontario. The accrued benefit obligation for these plans amounts to \$7.7 million (\$7.1 million in 2008) and is included in the table below.

These other 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.

	(in thousands of dollars)	
	2009	2008
Accrued benefit liability, beginning of year	7,175	6,917
Cost for the year	624	745
Interest cost	297	303
Amortization of net actuarial loss	36	74
Benefits paid during the year	(467)	(864)
Accrued benefits liability, end of year	<b>7,665</b>	<b>7,175</b>
Current portion (included in accounts payable and accrued liabilities)	750	1,139
Long-term portion	6,915	6,036
	<b>7,665</b>	<b>7,175</b>

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 (4.25 percent in 2009 and 2008), 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 at March 31, 2005.

The most recent actuarial valuation made by the NCC's actuary for the severance benefits was performed as at March 31, 2008. The next valuation will be carried out as at March 31, 2011, or before, if the effect of any change on the plan obligation is significant.

The value of workers' compensation obligation is determined based on actuarial data provided by the Workplace Safety and Insurance Board of Ontario.

## 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 discount 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 (\$0.1 million in 2008) of deferred rental revenue was recognized in income.

## 9. Deferred Capital Funding

(in thousands of dollars)

	2009	2008
Deferred balance at beginning of year	232,798	233,658
Parliamentary appropriations to acquire and improve depreciable capital assets (note 12)	25,068	16,243
Amortization of deferred capital funding	(21,055)	(17,103)
<b>Deferred balance at end of year</b>	<b>236,811</b>	<b>232,798</b>
<b>Distributed as follows:</b>		
Used deferred capital funding	211,713	212,587
Unused deferred capital funding	25,098	20,211
	<b>236,811</b>	<b>232,798</b>

## 10. Program Activity Definitions and Objectives

The NCC delivers its mandate through four program activities, which form the structure on which the NCC bases its reporting to Parliament and to Canadians; each program activity has an expected result. The following are the objectives for each program activity.

**Animating and Promoting the Capital** 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), interpretive 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.

**Planning, Design and Land Use** 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 lands in the Capital, as well as identifying the National Interest Land Mass (NILM) 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 federal archaeological collections and review federal 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 Canada's Capital Region.

**Real Asset Management** The NCC owns more than 470 square kilometres of land, or 10 percent of Canada's Capital Region, 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 Canada's Capital Region, as well as Gatineau Park, the Greenbelt, and other parks and green spaces. The NCC manages and protects these physical assets through its life cycle management program. The aim is to enhance the rich cultural heritage and natural environment of Canada's Capital, optimize the contribution of these assets in the support of corporate programs, and ensure that NCC assets are appropriately accessible to the public. The NCC also manages approximately 650 leases, and provides grounds maintenance for many federal organizations in Canada's Capital Region. 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.

**Corporate Services** 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.

## 11. Cost of Operations

(in thousands of dollars)

	2009	2008
<b>Summary of expenses by major classification</b>		
Salaries and employee benefits	43,506	40,696
Goods and services	62,373	56,427
Goods and services in kind (note 15)	949	1,170
Payments in lieu of municipal taxes	10,429	10,445
Contributions	247	351
Amortization	19,313	19,320
Redevelopment of LeBreton Flats <sup>1</sup>	11,729	1,873
Capital asset impairment loss	235	137
Net loss on disposal of capital asset	—	1,036
	<b>148,781</b>	<b>131,455</b>

1. This item represents the excess of redevelopment costs over the net fair value of the lands held for sale. These costs include remediation expenses, as well as a 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, and a portion of Wellington Street rebuilt as part of the redevelopment.

## 12. Parliamentary Appropriations

(in thousands of dollars)

	2009	2008
<b>Parliamentary appropriations for operating expenditures</b>		
Amount received during the year	76,952	77,401
Receivable at end of year	1,751	759
Amount recorded on the statement of operations and comprehensive income	<b>78,703</b>	<b>78,160</b>
<b>Parliamentary appropriations to acquire and improve capital assets</b>		
Amount received for depreciable capital assets recorded on the balance sheet (note 9)	25,068	16,243
Amount received for non-depreciable capital assets recorded on the statement of equity	66	1,692
	<b>25,134</b>	<b>17,935</b>
<b>Parliamentary appropriations approved during the year</b>	<b>103,837</b>	<b>96,095</b>

### 13. Commitments

- i. The NCC has entered into agreements for services that amount to \$65.1 million (\$64.5 million in 2008) and office accommodation leases that amount to \$112.9 million (\$123.3 million in 2008). These agreements, which amount to \$178.0 million (\$187.8 million in 2008), have different termination dates, with the latest ending in 2047. As part of these agreements, contracts for the management and maintenance of a portion of the NCC's lands and properties amount to \$62.4 million (\$62.0 million in 2008).

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

(in thousands of dollars)

	Leases	Services	Total
2009-2010	8,915	18,074	26,989
2010-2011	9,496	14,959	24,455
2011-2012	9,476	11,666	21,142
2012-2013	9,596	4,782	14,378
2013-2014	9,719	3,504	13,223

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 2010-2011.

- ii. The NCC has entered into contracts for capital expenditures of approximately \$9.4 million (\$7.1 million in 2008). Payments under these contracts are expected to be made within the next fiscal year.

### 14. Contingencies

#### A. CLAIMS

Claims have been made against the NCC totalling approximately a net amount of \$13.8 million (\$16.1 million in 2008), 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 \$6.9 million (\$6.9 million in 2008) 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 1,494 property assets that qualify for environmental assessment. Following a preliminary assessment of 1,358 of these property assets, more detailed studies were conducted on a number of the 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 \$29.9 million (\$24.8 million in 2008) of which \$2.2 million (\$2.4 million in 2008) represents the current portion of the liability. In addition, the NCC assesses at \$447.0 million (\$439.1 million in 2008) 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.

## 15. Non-monetary Transactions

### A. SPONSORSHIP IN GOODS AND SERVICES

During the year, the NCC entered into sponsorship agreements through which it received various goods or 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 \$0.9 million (\$1.2 million in 2008), which represents the fair value of the goods and services received.

### B. NON-MONETARY NON-RECIPROCAL TRANSFERS

During the year and in addition to the non-monetary transactions with related parties disclosed in note 16, the NCC entered into the following non-monetary non-reciprocal transfers.

- i. The NCC transferred to the City of Ottawa, at a nominal value of \$1, a portion of Wellington Street that was rebuilt as part of the redevelopment of the LeBreton Flats project. This transaction, as it lacked commercial substance, was measured at \$11.7 million, representing the carrying amount of this portion transferred, and resulted in a net loss on disposal of capital assets. This loss is included in note 11 under "Redevelopment of LeBreton Flats."
- ii. The Canadiana Fund received donations of antiques and works of art, which were measured and recorded at the fair value, since these transactions had commercial substance. The value of these donations of \$1 million (\$0.6 million in 2008) was recorded as capital assets in note 5 under the heading "Antiques and works of art, Canadiana Fund" with an equal amount in the statement of operations and comprehensive income under other fees and recoveries. Also, a monument transferred to the NCC was measured and recorded at its fair value of \$7,000 (\$29,700 in 2008) and was recorded as capital assets under the heading "Antiques and works of art, Other" in note 5 with an equal amount in the statement of operations and comprehensive income under other fees and recoveries.

## 16. 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 \$8.7 million (\$9.1 million in 2008) for utilities, rental of space, capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$9.7 million (\$9.9 million in 2008) from services rendered, rental operations and sales of capital assets. Furthermore, the prepaid expenses include \$0.1 million (\$0.1 million in 2008) associated with related parties.

## 17. Financial Instruments

### A. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The NCC is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. Financial instruments that potentially subject the NCC to concentrations of credit risk consist of cash and cash equivalents, restricted cash and cash equivalents, restricted short-term investments, restricted long-term investments, and accounts receivable.

The maximum exposure of the NCC to credit risk at March 31, 2009, is as follows.

	(in thousands of dollars)
	<b>2009</b>
Cash and cash equivalents	65,566
Accounts receivable	
Federal government departments and agencies	4,343
Tenants and others	3,931
Restricted cash and cash equivalents	13,720
Restricted short-term investments	51,684
Restricted long-term investments	7,100
	<b>146,344</b>

The credit risk associated with cash and cash equivalents, restricted cash and cash equivalents, and restricted short-term investments is minimized substantially by ensuring that cash surpluses are invested in highly liquid investments. The NCC's policy is to invest cash surpluses with well-established financial institutions in the following types of investments: guaranteed investment certificates, bankers' acceptances, guaranteed notes, term deposits, and securities of the Government of Canada or of a provincial government. At March 31, 2009, these financial assets are invested in bankers' acceptances and bearer deposit notes (note 3). Management believes the risk of loss is remote.

The credit risk associated with restricted long-term investments is minimized substantially by ensuring that this asset is invested in bonds of the Government of Canada and of provincial governments (note 3).

The credit risk associated with accounts receivable is minimized, since a large base of customers are governmental or municipal entities. Furthermore, credit assessments are done for all new tenants. The NCC records allowances for potential credit losses, and any such losses to date have been within management's expectations.

Management believes concentrations of credit risk with respect to accounts receivable are limited, due to the credit quality of the parties' extended credit, as well as the large number of governmental, municipal and smaller customers. At March 31, 2009, accounts receivable from governmental or municipal entities comprised 52 percent of the total amounts due.

The following table presents an analysis of the age of accounts receivable not allowed for as at March 31, 2009.

	(in thousands of dollars)
	2009
<b>Accounts receivable net of allowance for doubtful accounts:</b>	
Current	1,915
30-60 days past billing date	667
61-90 days past billing date	436
Greater than 90 days past billing date	1,272
	4,290
Allowance for doubtful accounts	(128)
Other receivables	4,112
	<b>8,274</b>

The NCC must make estimates in respect of the allowance for doubtful accounts. Type of clients, historical payment trend, economic conditions, reasons for the accounts being past due and line of business from which the receivable arose are all considered in the determination of when to allow for past due accounts; the same factors are considered when determining whether to write off amounts charged to the allowance account against the accounts receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

The following table presents a summary of the activity related to the NCC's allowance for doubtful accounts.

	(in thousands of dollars)
	2009
<b>Allowance for doubtful account</b>	
Balance at beginning of year	160
Bad debt expense	(8)
Amounts written off and recoveries	(24)
<b>Balance at the end of year</b>	<b>128</b>

The NCC believes that this allowance for doubtful accounts is sufficient to cover the risk of default.

## B. LIQUIDITY RISK

Liquidity risk is the risk that the NCC will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the NCC not being able to liquidate assets in a timely manner at a reasonable price. The NCC finances its operating expenditures, and the acquisitions and improvements of capital assets through a combination of the cash flows from operations, parliamentary appropriations and proceeds on disposal of surplus capital assets. The NCC meets its liquidity requirements by preparing and monitoring detailed funding and expenditure plans, and holding assets that can be readily converted to cash.

### **C. MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The NCC is exposed to market risk through the fluctuation of the fair value of financial instruments due to changes in market prices. The NCC is exposed only to interest rate risk.

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of the NCC arises from its interest-bearing assets. These assets are cash and cash equivalents, restricted cash and cash equivalents, restricted short-term investments, and restricted long-term investments. The primary objective of the NCC with respect to its interest-bearing assets is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return. The NCC has no interest-bearing liabilities. The interest revenue for the year ended March 31, 2009, for restricted short-term investments classified as financial assets held to maturity is \$2.5 million.

The NCC manages its exposure to the interest rate risk of its cash and cash equivalents, restricted cash and cash equivalents, restricted short-term investments, and restricted long-term investments by maximizing the interest income earned on excess of funds, while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest could have an effect on the NCC's interest revenue derived from these financial assets. If interest rates for the year ended March 31, 2009, had been 50 basis points lower or higher, with all other variables held constant, interest revenue for the same period would have been \$696,996 higher or lower, respectively.

At March 31, 2009, the NCC had \$7.1 million of restricted long-term investments exposed to interest rate risk. If interest rates at that date had been 50 basis points lower or higher, with all other variables held constant, unrealized gains on restricted long-term investments held for trading would have been \$170,400 higher or lower, respectively, arising as a result of an increase or decrease in the fair value of these restricted long-term investments.

### **D. FAIR VALUES**

The fair value of a financial instrument is the estimated amount that the NCC would receive or pay to settle a financial asset or financial liability as at the reporting date. The fair value of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable and accounts payable, and accrued liabilities approximate their carrying values due to their short-term nature.

The fair value of restricted short-term investments is not significantly different from their respective carrying value at March 31, 2009, and 2008 due to their impending maturity.

The fair value of restricted long-term investments is determined by quoted market prices in an active market at year-end. During the year, the fair value of restricted long-term investments classified as held for trading decreased by \$5,699 (increased by \$27,063 in 2008), and the unrealized net gain was recorded in the statement of operations and comprehensive income with interest revenue.

The fair values calculated approximate the amounts for which the financial instruments could be settled between consenting parties, based on current market data for similar instruments. Consequently, as estimates must be used to determine fair value, they must not be interpreted as being realizable in the event of an immediate settlement of the instruments.

## 18. Capital Management

The NCC's capital is its equity, which comprises retained earnings. Retained earnings consist of the accumulated income arising from operations and contributions made by and to the Government of Canada.

The NCC is not subject to externally imposed capital requirements. However, the NCC is heavily reliant on parliamentary appropriations for funding and is subject to Part X of the *Financial Administration Act*, which imposes restrictions in relation to borrowings. The NCC manages its equity on a regular basis through its budgeting process to ensure that it achieves its objectives and purpose. There has been no change in capital management from the previous period.

## 19. Canadiana Foundation

The Canadiana Foundation (the "Foundation") was incorporated under the *Canada Corporations Act* in January 2004 and is a registered charity. The Foundation was established to obtain funds to acquire items of historical and outstanding significance for the Crown Collection of the official residences of Canada. The Foundation is a separate legal entity from the NCC and the Canadiana Fund (the "Fund"). The financial statements of the Foundation have not been consolidated in the financial statements of the NCC. The financial position of the Foundation as at March 31, 2009, and the results of operations for the year then ended are as follows.

	(in thousands of dollars)	
	2009	2008
<b>Financial position</b>		
Assets	11	16
Liabilities	-	-
<b>Net assets</b>	<b>11</b>	<b>16</b>
<b>Results of operations</b>		
Revenues	11	23
Expenses	(5)	(17)
Distributions to the NCC	(10)	(9)
<b>Deficiency of revenues over distributions and expenses</b>	<b>(4)</b>	<b>(3)</b>

## 20. Comparative Figures

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

## Appendix I: Committees of the Board and Advisory and Special Committees

### EXECUTIVE COMMITTEE

**Chairperson**

Russell Mills

**Members**

Marie Lemay  
Eric D. MacKenzie  
Frieda Martselos  
Jason M. Sordi

### CORPORATE AUDIT AND EVALUATION COMMITTEE

**Chairperson**

Jason M. Sordi

**Members**

Adel A. Ayad  
Kory Bobrow  
Hélène Grand-Maitre  
Richard P. Jennings  
André Rioux

**Ex-Officio Member**

Russell Mills

### GOVERNANCE COMMITTEE

**Chairperson**

Frieda Martselos

**Members**

Jacquelin Holzman  
Jason M. Sordi  
Brent Stefanson  
Robert Tennant

**Ex-Officio Member**

Russell Mills

### ADVISORY COMMITTEE ON COMMUNICATIONS, MARKETING AND PROGRAMMING

**Chairperson**

Duncan McKie, Toronto, Ontario

**Vice-Chairperson**

Pauline Rafferty, Victoria,  
British Columbia

**Members**

Graham Carr, Montréal, Quebec  
Luc Fournier, Québec, Quebec  
Katherine Holmes, Toronto, Ontario  
Greg Klassen, Vancouver,  
British Columbia  
Donna Nixon, Ottawa, Ontario  
Kevin Shea, Toronto, Ontario  
Sandra White, North Vancouver,  
British Columbia

**Ex-Officio Members**

Russell Mills  
Marie Lemay

**Board Members**

Hélène Grand-Maitre  
Eric D. MacKenzie

### ADVISORY COMMITTEE ON PLANNING, DESIGN AND REALTY

**Chairperson**

Larry Beasley, Vancouver,  
British Columbia

**Vice-Chairperson**

Claude Provencher, Montréal, Quebec

**Members**

Paul J. Bedford, Toronto, Ontario  
Sarah Bonnemaïson, Halifax,  
Nova Scotia  
Anne Cormier, Montréal, Quebec  
Marc Letellier, Québec, Quebec  
Vivian Manasc, Edmonton, Alberta  
Eha Naylor, Toronto, Ontario  
Donald Schmitt, Toronto, Ontario  
David Witty, Winnipeg, Manitoba

**Ex-Officio Members**

Russell Mills  
Marie Lemay

**Board Member**

Adel A. Ayad

### ADVISORY COMMITTEE ON THE OFFICIAL RESIDENCES OF CANADA

**Chairperson**

Daniel Brisset, Montréal, Quebec

**Vice-Chairperson**

Patrick J. Murray, Ottawa, Ontario

**Members**

Richard Alway, Toronto, Ontario  
Christina Cameron, Ottawa, Ontario  
Edna A. Hall, St. John's, Newfoundland  
and Labrador  
Germain J. Matthieu, Gatineau, Quebec  
Gerry McGeough, Vancouver,  
British Columbia

**Ex-Officio Members**

Russell Mills  
Marie Lemay

**Board Member**

Richard N. Aubry

### CANADIANA FUND

**Chairperson**

Paul C. LaBarge, Ottawa, Ontario

**Vice-Chairpersons**

Douglas Richardson, Saskatoon,  
Saskatchewan  
Cynthia Price, Montréal, Quebec

**Members**

Diane Campbell, Halifax, Nova Scotia  
Harriet Campbell-Meacher,  
Charlottetown, Prince Edward Island  
Catherine Graham, Toronto, Ontario  
Grant Jameson, Ottawa, Ontario  
Shane O'Dea, St. John's, Newfoundland  
and Labrador  
Gerald Pittman, Calgary, Alberta  
Joan Richardson, Winnipeg, Manitoba  
Fei Wong, Vancouver, British Columbia

The NCC wishes to thank the following advisory committee members whose services on an advisory committee ended in 2008–2009.

Lawrence R. Paterson,  
Okotoks, Alberta  
Advisory Committee on  
Planning, Design and Realty  
J. André Perrier, Gatineau, Quebec  
Advisory Committee on the  
Official Residences of Canada

## Appendix II: Board of Directors Remuneration

Earned from April 1, 2008 to March 31, 2009<sup>1</sup>

	Retainer <sup>1</sup>	Per Diems <sup>1,2</sup>	For Travel <sup>3</sup>	Total	Attendance							
	\$ (A)	\$ (B)	\$ (C)	\$ (A + B + C)	Board Meetings <sup>4</sup> (10.5 days)	EC (0 days)	CAEC (1.5 days)	GC (1 day)	ACPDR (8 days)	ACCMAP (2.5 days)	ACORC (2.5 days)	
<b>Commission Members</b>												
Richard Aubry	2,000	3,188	125	5,313	5.5 of 8	-	-	-	-	-	1 of 1	
Adel Ayad	4,000	7,303	0	11,303	10.5 of 10.5	-	1.5 of 1.5	-	6.5 of 8	-	-	
Jagtar Bains	857	938	750	2,545	1.5 of 1.5	-	-	-	-	-	1.5 of 1.5	
Korin Bobrow	4,000	3,000	297	7,297	7.5 of 10.5	-	1 of 1.5	-	-	-	-	
Martin Cohos	0	1,125	375	1,500	4 of 4.5	-	-	-	-	-	-	
Anne Elizabeth Fry	2,283	3,000	2,250	7,533	5.5 of 5.5	-	1 of 1	-	-	-	2.5 of 2.5	
Hélène Grand-Maitre	4,000	3,750	156	7,906	10 of 10.5	-	0.5 of 0.5	-	-	1 of 2.5	-	
Jacques Holzman	4,000	3,563	0	7,563	10.5 of 10.5	-	-	1 of 1	-	-	-	
Richard Jennings	4,000	4,125	0	8,125	10.5 of 10.5	-	-	-	-	-	-	
Eric MacKenzie	4,000	3,938	2,188	10,126	9.5 of 10.5	-	-	-	-	2.5 of 2.5	-	
Frieda Martellos	4,000	1,125	1,500	6,625	7 of 10.5	-	-	0.5 of 1	-	-	-	
Russell Andrew Mills	9,400	35,813	563	45,776	10.5 of 10.5	-	0.5 of 1.5	1 of 1	4.5 of 8	-	2.5 of 2.5	
André Rioux	3,000	3,938	1,766	8,704	8 of 9	-	1 of 1.5	-	-	-	-	
Jason Michael Sordi	6,000	4,125	1,844	11,969	10 of 10.5	-	1.5 of 1.5	0.5 of 1	-	-	-	
Brent Stefanson	2,000	3,188	1,422	6,610	7 of 8	-	1 of 1	1 of 1	-	-	-	
Robert Tennant	4,000	2,625	0	6,625	10 of 10.5	-	1.5 of 1.5	1 of 1	-	-	-	
James Yamashita	1,000	1,500	938	3,438	2.5 of 2.5	-	-	-	1.5 of 1.5	-	-	
<b>Total</b>	<b>58,540</b>	<b>86,244</b>	<b>14,174</b>	<b>158,958</b>								

1. Rates per Privy Council Order 2002-368, effective October 1, 2000, rounded to nearest whole dollar.

2. Includes attendance at briefing sessions and, for the Chair, includes per diems for executive duties approved by the Board.

3. 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.

4. Includes attendance at public and in-camera meetings of the Board and the Board's strategic retreat.

## Appendix III: 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 2008-2009.

### NCC PARTNERS

1956 Hungarian Monument Committee  
2010 Olympic and Paralympic Winter Games Federal Secretariat  
Association des auteurs et auteures de l'Outaouais  
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Canadian Navy  
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Canadian Space Agency  
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Canadian War Museum  
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Child and Youth Friendly Ottawa  
CHIN International Radio TV  
City of Gatineau  
City of Ottawa  
Commission de la capitale nationale du Québec  
Company of Fools  
Currency Museum of the Bank of Canada  
Democracy 250

Encounters with Canada HISTOR!CA  
Flightworks  
Gatineau Police Service  
Girl Guides of Canada  
Government of New Brunswick  
Government of Ontario  
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Hong-Kong Veterans Commemorative Association  
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Ottawa Curling Club  
Ottawa Emergency and Protective Services  
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Ottawa International Jazz Festival  
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Ottawa-Hull Ice Carvers Society  
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Société de transport de l'Outaouais  
Société du 400<sup>e</sup> anniversaire de Québec  
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Tourisme Outaouais  
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The NCC wishes to extend a special thank-you to other corporate sponsors, hotels and restaurants not mentioned above that have supported NCC events and activities throughout the year.

## Appendix IV: Glossary of Terms

**Acquisition and Disposal Fund** A 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.

**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.

**Confederation Boulevard** Confederation Boulevard is the Capital's ceremonial and discovery route. Confederation Boulevard lies in the heart of the Capital, and encircles the downtown areas of Ottawa and Gatineau in one continuous, banner-lined promenade.

**Corporate plan** A plan resulting from an in-depth analysis of the NCC and its environment by senior management and the board of directors. 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 the 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.

**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 Canada's Capital Region. 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 board of directors, 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 Canada's Capital Region (e.g. the Greenbelt, Gatineau Park and urban lands).

**National Capital Region** Refer to Canada's Capital Region.

**National Interest Land Mass (NILM)** The NILM comprises a set of lands within the National Capital Region that is considered essential to the functioning and experience of Canada's Capital. A NILM designation indicates a formal expression of the federal government's interest in the long-term use of these lands in a manner that supports Canada's Capital.

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

**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.