




# Near and Far

National Capital Commission **Annual Report 2010–2011**



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National Capital Commission  
2010–2011 Annual Report: Near and Far  
Catalogue number: W91-2011E-PDF

# The near and the far

The National Capital Commission (NCC) has a unique mandate: to build Canada's Capital today, and set the long-term vision for what it will be 50 years from now.

Delivering on both — the near and the far — takes partnership. It demands a focus on sustainability. It requires creativity, communication and a steadfast sense of stewardship.

By adhering to these principles, last year, the NCC delivered on its corporate objectives and successfully completed the largest slate of infrastructure projects in its history — enriching the “Capital experience” for Canadians for years to come.

# Message from the CEO



They may be simple words — “near and far” — but the meaning they carry for the National Capital Commission (NCC) is significant. They speak to our mandate of caring for the Capital today, addressing its immediate needs, and ensuring that it is a vibrant place for people to live in, visit and explore. At the same time, they call attention to the fact that the Capital is both historic and symbolic, with a heritage that must be preserved and a future that must be built on values reflective of our country as a whole.

“Near and far” also, importantly, describes the place of the Capital in Canadian life, as it is the Capital not only to those who reside within its boundaries, but to every citizen of this country as well. One of our objectives is to engage Canadians in the Capital — even those who have never had the experience of being here.

The NCC was very busy addressing both the near and the far in 2010–2011. In addition to our usual routine of building and maintaining the Capital, we carried out the most ambitious slate of infrastructure projects in the organization’s history: 23 major initiatives as part of Canada’s Economic Action Plan, totalling more than \$46 million. I cannot mention this fact without applauding our teams, the staff of the entire organization, for their adaptability and resolve, and for the exceptional results they achieved last year — not only in relation to the infrastructure program, but on all fronts.

Many of those results are visible throughout Canada’s Capital Region: for example, the ongoing beautification of Confederation Boulevard’s streetscapes and the revitalization of heritage sites like the Moore Farm Estate in Gatineau. Others may be less conspicuous, but certainly no less important. The NCC held 25 public consultations last year, on issues ranging from the Greenbelt Master Plan to interprovincial transportation, including the environmental assessment of potential locations for a new bridge spanning the Ottawa River — something that will help shape the development of the Capital well into the future. We held 16 public meetings and numerous smaller-scale consultations as well, reaching out to ensure that the views of those affected by our work were reflected in our plans. In keeping with the always-evolving best practices of federal Crown corporations, we also introduced significant changes to our reporting and accounting systems, adopted a client-centred approach to administering our human resources, and introduced a new Code of Conduct for our organization.

Much of what we undertook last year was in the spirit of putting people first, making the Capital a place that offers an exceptional quality of experience. We laid the foundation for a permanent bike share program, building on a successful pilot project undertaken in 2009. We continued to work with our partners in Ottawa and the Société de transport de l'Outaouais on an Interprovincial Transit Study, looking at how to integrate the cities' respective systems for the benefit of commuters through the core of the Capital. And we advanced our preparations to consult with Canadians on the vision for the Capital going forward, the next 50-year plan. The plan, "Horizon 2067: Charting the Future of Canada's Capital in the 21st Century," is a major undertaking for the NCC, requiring effort from across the organization.

As this last example indicates, in 2010–2011, we persisted in our commitment to partnership and collaboration — necessities in carrying out our mandate. No one organization can build a great capital alone. We partnered on our infrastructure work. We collaborated with community organizations and residents, and with our municipal partners. We worked with private sponsors and a growing number of federal departments to host the 33rd edition of Winterlude. Going forward, we will continue to cultivate these essential relationships, working together to build a great, sustainable, livable capital — one that everyone in this country can feel part of.

A handwritten signature in black ink, appearing to read 'Marie Lemay', with a stylized, cursive script.

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





## Our capital runs on partnership.

It is the only way to attend to the needs of the near and the far, the immediate and the long term — because, in the Capital, everything is connected.

# A place to come together

## Enhancing the Ottawa Convention Centre

Even before construction wrapped up, the shimmering new Ottawa Convention Centre stood out as a head-turning addition to the Capital's downtown landscape. The NCC worked closely with the City of Ottawa and its private partners to make the Convention Centre's Rideau Canal location a true "people place," redesigning the adjacent lands to create a seamlessly integrated pedestrian plaza and embellishing one of the most iconic views of the Capital. By year-end, the NCC had finished 82 percent of its open space re-habilitation work, with planting, furniture and seasonal dock installation scheduled for May 2011, at the start of navigation season. A second phase to replace planting beds and the familiar corkscrew stairs along the canal is planned for fall 2011.

**THE LONG VIEW** *The NCC approaches partnership with the long term in mind, striking productive collaborations that will last for years to come. In 2010–2011, the NCC was pleased to learn, through an evaluation of its public consultation process, that its efforts have been appreciated, with partners agreeing that the NCC's approach to engagement is inclusive, efficient and well focused.*

## "Make it happen"

With an influx of stimulus funds through Canada's Economic Action Plan, the NCC took on its largest single-year slate of infrastructure projects in 2010–2011, partnering with the City of Ottawa to improve Confederation Boulevard in front of the U.S. embassy — and leading other projects such as the rehabilitation of the Moore Farm in Gatineau and rehabilitation of pavement along the Aviation Parkway in Ottawa. Balancing the load demanded quick decision making, streamlined processes and careful prioritization. With a prime directive from within to "make it happen," the NCC was able to greatly surpass its historical capacity for delivering these types of projects.

## Partnering for the longer term

Winterlude is one of Canada's best-known winter festivals, attracting more than 600,000 visitors in 2011 and injecting \$159 million into the local economy (according to the most recent figures, from 2008). In recent years, the NCC has been assessing the ways to make Winterlude happen — while contending with key factors such as climbing costs and unpredictable weather. Last year, the NCC unveiled a new strategic vision for Winterlude, one based on cultivating public-private partnerships to sustain it, involving more organizations and shifting the focus inward, from the climate ("a celebration of winter in the Capital") to the Capital itself ("a celebration of the Capital in winter"). The NCC also established a coordination committee of municipal, business and tourism representatives to take the Winterlude strategy forward, one where the long-term vitality of the festival will be secured by making the NCC one producer among many, rather than being the sole producer.





Sustainability, by its very nature, is achieved over time

— through a process of incremental, well-planned steps today that will produce ever-greater returns down the road.



# Making green greener

## Vincent Massey Park's carbon neutral pavilion

Rather than simply “fixing up” the aging infrastructure at Ottawa’s Vincent Massey Park, the NCC built a new service pavilion that incorporates several sustainable construction practices. Designed in-house, the structure incorporates features such as low-flow toilets and waterless urinals to reduce water consumption, as well as rainwater harvesting technology, which will meet 90 percent of the pavilion’s water needs. Through the use of 27 solar panels, renewable energy is being generated and fed back into the provincial power grid to fully offset any energy consumed by the pavilion. It all results in net-zero energy consumption and a carbon neutral building.

The work at Vincent Massey Park and the 30 solar panels installed at the Hog’s Back Park pavilion represent the first projects to generate revenue for the NCC via the Ontario Power Authority’s microFIT Program. The new service pavilion is expected to yield \$5,000 in annual revenues over the next two decades.

## A cleaner Canada Day

After two years of monitoring the fuel and energy used to plan and implement the Canada Day festivities, the NCC delivered its first carbon neutral event on July 1, 2010. Instead of printing the usual 60,000 paper programs, the NCC used online media to distribute information about the event. Visitors brought their own reusable water bottles to be filled at water stations, replacing an estimated 32,000 plastic water bottles and helping reduce landfill-bound waste by 29 percent. The NCC also purchased 415 tonnes of carbon offsets, directly supporting methane gas recovery and tree-planting projects which represent real, permanent carbon reductions.

## Helping local farmers succeed

Last year, the NCC advanced the planning and development of a sustainable agriculture strategy, which will see the NCC work directly with farmers in the Greenbelt to improve the viability of their operations. Once implemented, the strategy will support farmers in their adoption of energy-efficient retrofits and upgrades. By cutting operating costs and conserving energy, these farms will become more successful and sustainable in the long term — significantly improving access to locally produced food for those living in Canada’s Capital Region.

**THE LONG VIEW** *Sustainability involves more than green building practices — it’s also about increasing the value of key assets over the course of their entire life cycle. In 2010–2011, with infrastructure stimulus funding received through Canada’s Economic Action Plan, the NCC commissioned six new chalets for the Rideau Canal Skateway. Sustainable by design, these chalets will last 35 years or longer.*

Creativity and innovation  
are essential to keeping  
pace with the changing  
requirements of the Capital

— and to delivering a Capital experience with true  
power to engage Canadians near and far, wherever  
they may be.



# Engaging the senses

## The *Mosaika* sound and light show

In a spectacular application of audiovisual technology, *Mosaika: Canada Through the Eyes of Its People* transformed Parliament Hill's Centre Block into a giant, textured "screen" on summer nights last year. Telling the story of Canada's physical, historical and cultural landscapes, the eye-popping spectacle combined nine powerful high-definition projectors with a custom-designed surround-sound system that brought the show's original score, narration and audio effects to life.

Approximately 214,000 people attended *Mosaika* in its first summer. For its creativity, the show won four awards: the Canadian e-Tourism Award for Best Innovative Use of Technology and/or Media, the Festivals and Events Ontario Award for Best Promotional Campaign, the Festivals and Events Ontario Award for Best Poster, and the Boomerang Award for Best Interactive Technology (see Appendix I for a complete list of awards).

## Decoding the Capital

Five major monuments in the Capital took a leap into the digital era last year, as part of the preparations to celebrate the 2011 International Day of Monuments and Sites. Through a project called "Decoding Art," the NCC deployed quick response (QR) codes at these significant cultural attractions. A QR code is a type of bar code that can be scanned by smartphones to connect users to websites, videos and other online content. The NCC produced engaging and informative videos about the five monuments and their creators for visitors to view — and Canadians everywhere to access via YouTube.

## Reaching out through social media

Smartphones and social media have made it easier than ever to connect with Canadians — whether living in the Capital or elsewhere in the country. With help from the NCC, Ottawa-Gatineau became the first of nine Canadian cities to have its bike path information uploaded to Google Maps, and iPhone applications for Canada Day 2010 and the Rideau Canal Skateway went live during the year. Social media also contributed to the buzz around Winterlude 2011, with 8,000 people joining its official Facebook page — double the number from 2009.

**THE LONG VIEW** *The NCC renews its sound and light show on Parliament Hill every five years — fusing advances in technology with fresh creative ideas to reflect Canadians' constantly evolving image of who they are and how they view their place in the world.*



## Communication is critical to sustaining the Capital

— sharing perspectives, spurring collaboration  
and agreeing on priorities, so that we can meet  
our present collective needs and achieve our  
aspirations for the future.



**THE LONG VIEW** *The NCC developed an engagement strategy in 2010–2011 as part of its preparations for what will be one of its largest “collaborations” ever: consulting with Canadians about their long-term vision for the Capital, a process that will kick into high gear over the course of 2011–2012.*


## Caring for the Capital together

### Getting users involved in Gatineau Park

Gatineau Park is a year-round attraction in Canada’s Capital Region, for residents and visitors alike. Preserving its lands and delicate biodiversity requires careful management of the ways the park is accessed and used. Last year, the NCC collaborated with local rock climbers to find ways of protecting key areas of the park, while still permitting climbers to pursue their pastime. A similar engagement with cross-country skiers led to the development of the “Park Dialogue” series of discussions, providing a forum to discuss issues such as trail maintenance, and giving the community an unprecedented level of input into the NCC’s day-to-day operations.

### Giving youth their say

The NCC marked 2010 — the United Nations International Year of Youth — by reaching out to young Canadians like never before. Including all school visits, educational outreach programs and other events across the country, the NCC has connected with more than four million young people since 2006. It also created a Youth Task Force, with activities including a Youth Dialogue Summit at Rideau Hall, as well as the creation of the Capital Think Tank: a series of weekly workshops through which hundreds of high-school students across Canada share their ideas about how to make the Capital more meaningful to them.



Vision is not  
just a matter of  
looking ahead.

It is about imagining possi -  
bilities and making decisions  
that, while driving progress,  
maintain continuity with our  
past, values and identity.

# A capital for people

## Where we will be in 50 years

What will Canada's Capital Region look like by the country's 200th birthday? In 2010–2011, the NCC continued its preparations to answer that question, making ready to engage in a sweeping set of consultations that will inform the next 50-year Plan for Canada's Capital, "Horizon 2067." Building on previous long-term plans, Horizon 2067 will set the vision for a future in which sustainability and people-centred planning are embedded in every activity the NCC undertakes.

## Rolling forward with sustainable mobility

Following the 2010 Velo-City Global conference in Copenhagen, Denmark — where cycling is seamlessly integrated into the urban environment — NCC representatives came home determined to create a bike-friendly capital. Support for the vision surged when world-renowned urban planner Jan Gehl came to deliver a series of seminars on the subject and, in partnership with the Association for Commuter Transportation of Canada, the NCC hosted the 2010 Sustainable Mobility Summit in November. To advance the cycling agenda, 16 kilometres of new recreational pathway links were constructed last year, and final preparations were made for the permanent implementation of the BIXI bike-sharing service, slated to have 100 bikes and 10 stations in place starting in May 2011.

## The Capital in green and blue

To protect and enhance the Capital's natural beauty, the NCC entered into a partnership in 2010–2011 with Quebec's Ministère des Ressources naturelles et de la Faune and the Nature Conservancy of Canada to manage and protect a 477-hectare property on the northwestern border of Gatineau Park. The property creates a buffer zone between the park and surrounding area that will help to ensure the park's ecological integrity and biodiversity. The NCC also further developed its strategy to improve accessibility to its shoreline lands along the Ottawa River, and held the first-ever Ottawa River Summit in August 2010 to discuss challenges and opportunities related to the river and its watershed.

**THE LONG VIEW** *The actions taken today will have a lasting impact for generations to come. In 1950, the Gréber Plan was prepared for the NCC's predecessor, the Federal District Commission. This 50-year plan greatly influenced the Capital as we know it today, with perhaps its most visible legacy being the parkways that run through NCC land to and from the centre of Ottawa–Gatineau.*

# Corporate social responsibility

To be a responsible corporation is to be committed to our people, partners and community in terms of promoting and upholding the values that make the Capital a better place.



# Taking responsibility

## Environment

The NCC produces an annual environmental report detailing the ways it has reduced waste, prevented pollution and enhanced biodiversity. The report released in 2010 outlines how the NCC took a closer look at its internal systems; implemented a comprehensive overhaul of its office recycling programs; and launched a pilot project to replace old printers, faxes, scanners and photocopiers with multifunction machines that will reduce energy consumption and cut paper use by 20 percent. The NCC also finalized a set of green procurement guidelines in 2010–2011 to help staff consider the environmental impacts of the goods and services they purchase from suppliers.

## Transparency

The NCC took steps last year to change its reporting and accounting practices, preparing to produce more formal, standardized reports on a quarterly basis in response to amendments to the *Financial Administration Act* and guidelines from the Treasury Board of Canada Secretariat. Staff modified data-collection procedures to prepare the first of these new reports, which will be published in spring 2011. Posted to the NCC's public website, these reports will make the internal operations of the organization more accessible and transparent to all Canadians.

## Ethics

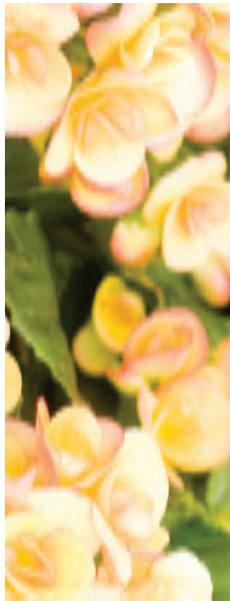
The NCC's internal Code of Conduct was completed in January 2011. It is a document that will inform the ways staff work with clients, suppliers and partners across the country. The code provides a framework for incorporating values and ethics into all decision-making processes.

## Diversity

The NCC finalized the design of a new diversity training program for all employees last year, with rollout scheduled for 2011–2012. In preparation, awareness-building activities were held throughout the year, including diversity campaigns, and information and training sessions.

## Community

The NCC works closely with many communities in the Capital. Of particular importance are the First Nations who have a traditional connection to this place and its lands. In the fall of 2010, the NCC created the position of liaison officer for Aboriginal affairs, as a pilot project, to better engage with Aboriginal communities and ensure that the Capital reflects their interests and aspirations. Also last year — launched as a pilot project in Gatineau Park — the NCC's new client relationship management system (CRMS) will provide an improved mechanism to gather and assess the valuable feedback given by Canadians to the NCC's frontline workers. The insights collected in the CRMS will help the NCC be more efficient, responsive and accessible in its interactions with members of the public.



# Maintaining Canada's official residences

The preservation of heritage properties like Canada's official residences is a top priority. Protecting their historical value is only part of the challenge. We must also ensure that they meet the evolving needs of visitors and occupants today and for decades to come.



Canada's Capital Region is home to six official residences: nationally significant heritage properties owned and managed by the NCC on behalf of the Government of Canada, whose occupants include the prime minister, governor general, leader of the Opposition and speaker of the House of Commons. The NCC takes great pride in its role as steward of the official residences and provider of day-to-day maintenance, capital improvements, long-term planning and logistical support.

What makes restoring and preserving the official residences a complex task is that conservation must be balanced with the need to comply with modern codes and standards to ensure the health and safety of the occupants, staff and visitors. Social issues such as security, universal accessibility and environmental sustainability must also be taken into consideration.

In 2004, the NCC identified significant funding requirements to address a backlog of improvements and upgrades needed to preserve and maintain the official residences. The funding was to address both the urgent work that needed to be completed, including work to address health and safety risks, as well other improvements and ongoing life cycle maintenance. The NCC's submission for funding was approved by the Treasury Board of Canada in 2005, including \$8 million per year for the four remaining years of the 10-Year Plan for the Official Residences (1999–2009), as well as \$6.7 million per year on an ongoing basis, starting in 2009–2010. *(A summary report of the rehabilitation projects undertaken with these funds is provided on the following pages.)* The most extensive and highest-risk areas included Rideau Hall and 24 Sussex Drive.

Although the initial focus of these projects was to preserve the heritage and bring the official residences up to modern health and safety standards, an increased emphasis is now being placed on “greening” the buildings, rehabilitating them in a sustainable way so that they can be enjoyed by both residents and visitors for many years to come.

Despite obstacles that include rising prices, changes in project scope and increased emphasis on social issues (universal accessibility, greening, security), the NCC has made significant progress in addressing the backlog at the official residences, and bringing them up to appropriate health and safety standards. Over the next three years, the NCC expects to invest an average of \$8.7 million per year on capital and life cycle improvements at the official residences.

Once security concerns have been addressed, the next area of focus will be the rehabilitation of 24 Sussex Drive, as well as continuing with the planned rehabilitation projects at Rideau Hall.

## CAPITAL EXPENDITURES BY OFFICIAL RESIDENCE, 2005–2011

(thousands of dollars)

	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011	TOTAL
Rideau Hall	485	4,625	3,889	2,283	6,028	6,653	23,963
24 Sussex	543	587	296	1,266	975	411	4,078
Harrington Lake	1,345	244	141	93	89	174	2,086
Stornoway	0	0	15	0	5	0	20
The Farm	101	17	109	74	12	0	313
7 Rideau Gate	24	459	39	140	94	0	756
<b>Total</b>	<b>2,498</b>	<b>5,932</b>	<b>4,489</b>	<b>3,856</b>	<b>7,203</b>	<b>7,238</b>	<b>31,216</b>



## Construction spotlight

### Rideau Hall, built in 1838

Rideau Hall, the official residence of the governor general, underwent major renovations in 2010–2011. The historic Tent Room, used to host formal events such as official visits of foreign heads of state, was restored. Last renovated in 1988, its recent restoration included the replacement of its distinctive wall and ceiling fabric. The original structure of the 1926 Palmhouse was restored, and reopened for guests and visitors to enjoy. Renovations included a number of technological upgrades, including a rainwater harvesting system and motorized shading system to substantially reduce heat loss, as well as improvements to universal accessibility. Work began on the first phase of rehabilitation of the exterior envelope of the Ballroom and Tent Room (which includes structural stabilization and stucco replacement). The rehabilitation of the interior and exterior of Rideau Hall's Dome Building is also under way. This project, which will improve accessibility to all floors of the building, is also striving for LEED® (Leadership in Energy and Environmental Design) Silver certification by implementing energy-efficient lighting that improves thermal performance, systems that reduce water consumption, landscaping improvements and other green initiatives.

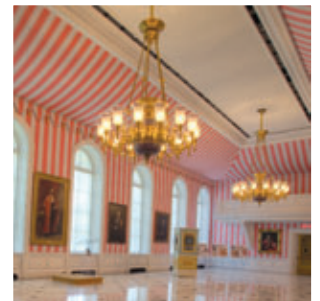
Other projects completed at Rideau Hall since 2005 include the restoration of the Mappin Wing's front facade, a national heritage feature and important icon to Canadians and international guests alike. That work included repairs and upgrades to the masonry, roof, windows and foundation, as well as rehabilitation of the roofs of the Tent Room and Ballroom. Additional work included upgrades to the perimeter fence, exterior envelope and interior of the Visitor Centre (a project that earned a City of Ottawa Architectural Conservation Excellence Award in 2009).



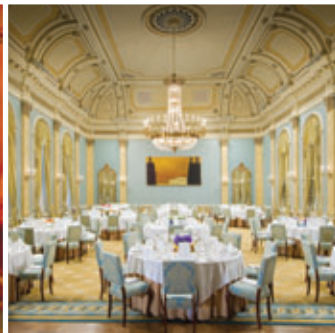
1878–1883



1911–1916



2010



## Construction summary

# Other official residences

### 24 Sussex Drive, built in 1868

#### Residence of the prime minister of Canada

Some priority work has been completed, including fire compartmentalization, chimney and fireplace repairs, window replacement in the family room, minor electrical improvements and rehabilitation of the private living quarters. Due to the complexities of rehabilitating this building, delays have been encountered, and a number of areas remain to be addressed. These include upgrades to the windows, fire suppression system, plumbing, and heating and air conditioning system; the remainder of the electrical improvements; and the implementation of universal accessibility standards.



### Harrington Lake, built in the 1920s

#### Official country residence of the prime minister of Canada

Urgent work has been completed, which includes full roof rehabilitation, new fire suppression and detection systems, chimney rehabilitation, installation of fire exit stairs, replacement of electrical wiring, foundation repairs, replacement of an emergency generator, and implementation of universal accessibility standards at the main entrance. Exterior siding and window rehabilitation are some of the major projects still to be addressed.



### Stornoway, built in 1913

#### Residence of the leader of the Official Opposition

Life cycle upgrades to the private quarters and state area have been completed, including the full rehabilitation of the kitchen in 2005. The development of universal accessibility strategies and designs for window renovations were also completed.



### The Farm, built in the mid-19th century

#### Residence of the speaker of the House of Commons

A number of rehabilitation projects have been undertaken, including upgrades to the plumbing system, rehabilitation of the dry stone wall, construction of a garage and chimney rehabilitation. Stabilization of the storage barn (including new foundation, doors and cladding) has also been completed.



### 7 Rideau Gate, built in 1862

#### Canada's official guesthouse

Important safety upgrades, including electrical rewiring of the entire building, upgrades to the fire detection system and removal of some hazardous materials, have been completed. Other projects include the rehabilitation of the main patio, foundation damp-proofing and drainage upgrades for the northeast wall, and renovations to the kitchen (including new flooring, gas range, ventilation, counters and paint).



# Message from the Chair



For the Board of Directors of the National Capital Commission (NCC), 2010–2011 was — like the year before it — an active one. Openness and transparency remained our driving principles, as we oversaw and shepherded the NCC toward the achievement of its objectives.

A focus for the NCC was the set of proposed amendments to the *National Capital Act*, the legislation that created the NCC in 1959. Changes to that Act have been presented to the House of Commons on two occasions: once, in 2009 under Bill C-37, and again, when Parliament sat again after being prorogued, in 2010 under Bill C-20. Unfortunately, that bill could not be passed before Parliament was

dissolved on March 26 for the general election. We are hopeful that the government will re-introduce the proposed legislation. For the present, we continue to operate under the existing Act, in accordance with the NCC's corporate plan, financial statements, real estate transactions, land use proposals and contractual agreements.

Also in 2010–2011, the Board oversaw the enhancement of the NCC's governance framework, establishing new by-laws and committee charters.

The Board was pleased last year to receive the second annual report of the NCC Ombudsman, Laura Bruneau. That report documented 50 public contacts with the Ombudsman's Office. Nearly half of those were referred to other departments or organizations, because they did not fall within the NCC's areas of responsibility. A total of 21 were passed on to the NCC Contact Centre; they were mostly complaints about noise, trail and bike path conditions, property maintenance, and universal access to NCC sites. Just six of the 50 issues raised required the Ombudsman to open a file.

Last fall, the Board convened for a strategic planning session, at which we confirmed the NCC's commitment to create a more vibrant and dynamic capital that captures the hearts of Canadians, and a greener capital that puts people first. In the year ahead, the Board will concentrate on supporting the NCC in its consultations on the 50-year Plan for Canada's Capital and other priorities that will make this strategic commitment come to life.

I thank all my fellow Board members for their hard work in 2010–2011, and applaud the NCC's management team for its clarity of vision and strong, energetic leadership.

A handwritten signature in dark ink, appearing to read 'Russell Mills'.

Russell Mills  
Chair

# Governance

## PUBLIC ACCOUNTABILITY

The NCC is accountable to the Canadian people through Parliament, and reports through the Minister of Foreign Affairs, who is designated minister responsible for the *National Capital Act*.

The government sets policies and priorities for the NCC that reflect the interests of Canadians. Those policies and priorities guide the actions of the board of directors, and inform the development of the NCC's annual corporate plan. The NCC reports on its performance through a summary of the corporate plan and an annual report tabled each year in Parliament.

## OBJECTIVE ARM'S-LENGTH ASSESSMENT

The Office of the Auditor General of Canada conducts an independent financial audit of the NCC every year. Under recent amendments to the *Financial Administration Act*, the Auditor General also conducts a special examination of the NCC every 10 years. The last of these, completed in 2007, identified no significant deficiencies in the NCC's systems and practices. The Auditor General did, however, make 10 recommendations — related to corporate planning, governance, strategic and risk management, and human resource planning — which the NCC is currently addressing.

## BOARD OF DIRECTORS

### STRUCTURE AND PERFORMANCE

The NCC is a federal Crown corporation led by a 15-member board of directors, who represent a geographical cross-section of the country. The board is responsible for high-level oversight of the corporation and for providing strategic direction. In addition to safeguarding corporate resources and ensuring their effective and efficient use, the board fosters relationships between the NCC and other levels of government, as well as with the public. It also monitors, evaluates and reports on performance, and receives advice from corporate and advisory committees. The organizational chart on page 24 illustrates the relationship between the board and its committees. For a list of advisory committees and members, refer to Appendix II.

### ACCOMPLISHMENTS

The Board of Directors held four combined public and in camera meetings during the 2010–2011 fiscal year, as well as two ad hoc in camera conference calls and one meeting conducted via email. The Board also held its third annual strategic planning session in September 2010.

Among its activities last year — all of which were pursuant to the *National Capital Act* and the NCC's by-laws — the Board of Directors approved the NCC's annual report, corporate plan and financial statements, as well as numerous real estate transactions (leases, acquisitions and land transfers), design and land use proposals, and contractual agreements, including the following:

- a new governance framework, including new by-laws and committee charters
- the winning urban park design for the eastern portion of the Lansdowne Park site
- the winning design and federal land use approval for the Canadian Firefighters Memorial
- the developed design of the West Block rehabilitation and Courtyard infill project site and developed design for the Canadian Navy Centennial Monument
- a generic profile for NCC board members.

### ORIENTATION

All new members of the board receive a presentation on accountability, reporting structures and by-laws; learn about NCC programs; and meet with senior management to review current issues. 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 keeping with best practices for boards and governance, the NCC's Board of Directors conducted a self-evaluation in 2010 that covered day-to-day considerations such as the Board's access to the information that it needs and the quality of its discussions. The results were very positive. The NCC's executive management team also evaluated the Board — at the Board's request — and found its performance to be strong as well. The Board intends to conduct similar evaluations on an annual basis.

## INDEPENDENCE

Board members are required to act honestly, diligently, carefully and in good faith, in the best interests of the corporation, in accordance with the *Financial Administration Act*. They operate under the terms of a corporate by-law designed to prevent conflict of interest, and are required to recuse themselves from decision making in any situation that could be considered a real or apparent conflict of interest. All new members must review and acknowledge understanding of the principles contained in the *Conflict of Interest Act*.

## NCC OMBUDSMAN

The NCC ombudsman provides members of the public with an independent, confidential, neutral, fair and equitable resource for resolving complaints when all avenues of redress within the corporation have been exhausted. The ombudsman may intervene or investigate when there is reason to believe the rights of a person or a group of persons have been — or are likely to be — adversely affected by an act, decision, recommendation or omission by an employee or representative of the NCC. In such cases, the ombudsman acquires all relevant facts to either resolve the complaint or make non-legally binding recommendations for corrective measures.

The ombudsman prepares and submits a public annual report to the chair of the NCC's board of directors, taking the opportunity, if desired, to outline cases or recommendations made.

## COMMITTEES

Three committees directly support the board of directors and four committees provide advice to management (*see Appendix II for a list of committee members*).

### Corporate Committees

**The Executive Committee** can be delegated certain powers and functions by the board of directors. However, the Board chose not to do so last year. As a result, the Executive Committee held no meetings.

**The Audit Committee** oversees the NCC's internal audit function, and reviews the Office of the Auditor General of Canada's special examinations and annual financial audits. It also oversees the reporting of financial information, ensuring that the necessary processes and controls are in place for the NCC to achieve its objectives, while guaranteeing the highest standards of integrity and behaviour.

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

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

### Advisory and Special Committees

The NCC recruits recognized experts from Canada's professional, academic and business communities to sit on advisory committees and provide technical guidance to the NCC and other federal and private sector organizations in Canada's Capital Region. The following committees provide national perspective and professional breadth.

**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 long-range plans and policies for the use of public lands and properties in Canada's Capital Region, design proposals affecting these federal lands, and real property matters.

**The Advisory Committee on the Official Residences of Canada** advises on asset management and 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 staterooms in official residences.

## MANAGEMENT RELATIONSHIP

Board members are provided with a CEO's activity report, which highlights ongoing issues and new projects at the start of each board meeting. The board of directors participates fully in strategic planning for the NCC, conducting its own annual strategic planning session with senior executives and providing direction for the future year's corporate plan. The board also reviews performance against the corporate plan three times a year, and approves the corporate plan and annual report before they are submitted to the Minister of Foreign Affairs.

## NCC BOARD OF DIRECTORS AND COMMITTEES

AS AT MARCH 31, 2011



**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



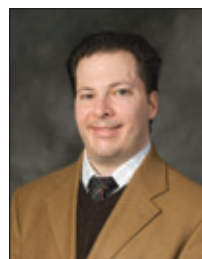
**Richard N. Aubry**  
Williamstown, Ontario  
July 30, 2008  
to July 29, 2012

C



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

B 2



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

2



**Peter Burgener**  
Calgary, Alberta  
June 19, 2009  
to June 18, 2013

B



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

A 2



**Jacquelin Holzman**  
Ottawa, Ontario  
November 15, 2007  
to November 14, 2013

3



**Richard P. Jennings**  
Gatineau, Quebec  
December 3, 2007  
to December 2, 2013

2



**Eric D. MacKenzie**  
Fredericton,  
New Brunswick  
March 5, 2007  
to March 4, 2014

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, 2014

1 2 3



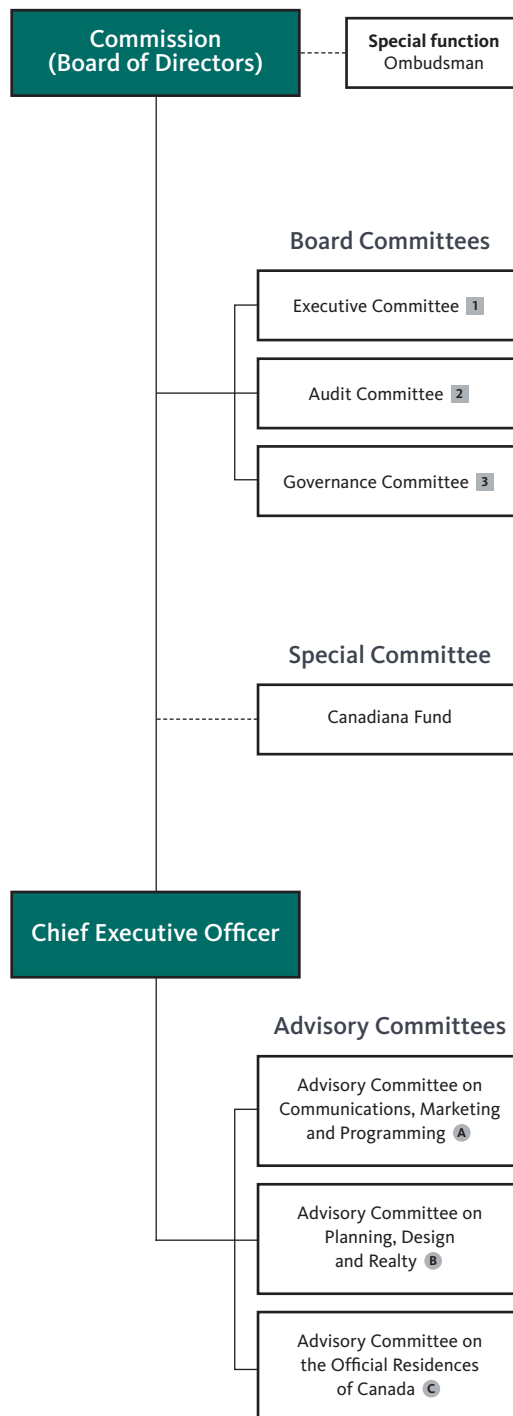
**Brent Stefanson**  
Winnipeg, Manitoba  
August 29, 2008  
to August 28, 2012

3



**Robert Tennant**  
Ottawa, Ontario  
March 5, 2007  
to March 4, 2014

3



## 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 of 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 participating in committees and performing other special duties, members are paid an annual retainer of between \$4,000 and \$4,700 and a \$375 per diem, each set by the Governor-in-Council pursuant to the *Financial Administration Act*. The chair of the Audit 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 board member, according to committee responsibilities and distance travelled to participate in board meetings.

## BOARD OF DIRECTORS REMUNERATION

Earned from April 1, 2010 to March 31, 2011

Commission Members	Retainer <sup>1</sup>	Per Diems <sup>1, 4, 5</sup>	For Travel <sup>2, 3</sup>	Total	Attendance						
	\$ (A)	\$ (B)	\$ (C)	\$ (A+B+C)	Board Meetings (9.5 days)	Committee Meetings					
						EC (0 days)	AC (2 days)	GC (2.5 days)	ACPDR (9 days)	ACCMAP (1.5 days)	ACORC (1 day)
Richard N. Aubry	4,000	2,438	141	6,579	8.5 of 9.5	—	—	.5 of .5	—	—	1 of 1
Adel A. Ayad	4,000	6,188	0	10,188	9 of 9.5	—	2 of 2	1 of 1.9	9 of 9	—	—
Korin Bobrow	4,000	563	109	4,672	2 of 9.5	—	0 of 2	—	—	—	—
Peter Burgener	4,000	3,375	1,828	9,203	8.5 of 9.5	—	—	—	4.5 of 8.5	—	—
Hélène Grand-Maitre	4,000	3,188	844	8,032	7 of 9.5	—	1.5 of 2	1 of 1	—	.5 of 1.5	—
Jacquelin Holzman	4,000	2,438	0	6,438	9 of 9.5	—	—	2 of 2	—	—	—
Richard P. Jennings	4,000	2,063	0	6,063	7.5 of 9.5	—	1.5 of 2	—	—	—	—
Eric D. MacKenzie	4,000	3,188	1,500	8,688	9.5 of 9.5	—	—	1 of 1	—	1.5 of 1.5	—
Frieda Martseles	4,000	2,250	1,125	7,375	7 of 9.5	—	—	2 of 2	—	—	—
Russell Mills	9,400	42,000	0	51,400	9.5 of 9.5	—	1 of 2	1.5 of 1.5	—	—	—
André Rioux	4,000	2,250	1,344	7,594	8 of 9.5	—	2 of 2	.5 of .5	—	—	—
Jason M. Sordi	6,000	3,563	766	10,329	9 of 9.5	—	2 of 2	2.5 of 2.5	—	—	—
Brent Stefanson	4,000	2,438	484	6,922	7 of 9.5	—	—	2 of 2.5	—	—	—
Robert Tennant	4,000	2,438	0	6,438	9 of 9.5	—	—	2 of 2	—	—	—
<b>Total</b>	<b>63,400</b>	<b>78,380</b>	<b>8,141</b>	<b>149,921</b>							

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

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

3. Compensation for travel is based on the geographical location of the 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 planning session.

5. Russell Mills is an ex-officio member on the advisory committees, and receives a per diem for attending meetings or meeting lunches.

**EC:** Executive Committee; **AC:** Audit Committee; **GC:** Governance Committee; **ACPDR:** Advisory Committee on Planning, Design and Realty; **ACCMAP:** Advisory Committee on Communications, Marketing and Programming; **ACORC:** Advisory Committee on the Official Residences of Canada

# Management discussion and analysis

## FIVE-YEAR KEY FINANCIAL HIGHLIGHTS

for the years ended March 31 (in thousands of dollars)

	2011	2010	2009	2008	2007
<b>Operating Funding</b>					
Parliamentary appropriations for operating expenditures	83,467	85,387	78,703	78,160	77,198
Operating revenue	34,562	37,357	38,130	37,005	37,642
	<b>118,029</b>	<b>122,744</b>	<b>116,833</b>	<b>115,165</b>	<b>114,840</b>
<b>Capital Funding</b>					
Parliamentary appropriations for capital expenditures	74,848	19,533	25,134	17,935	17,935
Transfer from Acquisition and Disposal Fund to capital program*	n/a	n/a	n/a	215	3,739
	<b>74,848</b>	<b>19,533</b>	<b>25,134</b>	<b>18,150</b>	<b>21,674</b>
<b>Cost of Operations</b>	140,921	138,003	148,781	131,455	127,666
<b>Capital Assets</b>					
Land	288,948	277,281	260,350	262,225	258,028
Buildings and infrastructure (net of amortization)	285,961	251,302	241,308	245,543	246,602
Investments in capital assets	65,442	38,890	23,548	21,654	20,823
<b>Major Capital Projects</b>					
LeBreton Flats redevelopment	44	2,233	986	1,795	1,778
Official residences	7,503	7,243	3,938	4,551	5,939
Real property acquisitions	2,449	5,835	3,301	2,599	904
<b>Acquisition and Disposal Fund*</b>	38,018	40,149	43,280	42,887	44,015

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

## FIVE-YEAR KEY OPERATING HIGHLIGHTS

For the years ended March 31

	2011	2010	2009	2008	2007
<b>Number of employees</b>	<b>492</b>	<b>490</b>	<b>472</b>	<b>437</b>	<b>434</b>



## MISSION AND MANDATE

The NCC is a Crown corporation that reports to Parliament through the Minister of Foreign Affairs, who has been designated the minister for the purposes of the *National Capital Act*.

### MISSION

Creating national pride and unity through Canada's Capital Region.

### MANDATE

The NCC was created by Parliament in 1959 to fulfill the *National Capital Act*. Its core responsibilities are the following:

- to prepare plans for and assist in the development, conservation and improvement of the National Capital Region to ensure that the nature and character of the seat of the Government of Canada reflect its national significance; and
- to organize, sponsor or promote public activities and events in the National Capital Region that enrich the cultural and social fabric of Canada, and reflect Canada's federal character and the equality of status of the official languages, as well as the heritage of the people of Canada.

The NCC also coordinates the policies and programs of the Government of Canada that are related to the organization, sponsorship or promotion of public activities and events by federal departments in or about Canada's Capital Region; and approves building design and the use of federal lands in Canada's Capital Region.

### GUIDING PRINCIPLES

The NCC, as steward of the public trust, 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.

## CORE BUSINESS LINES

In delivering its mandate, the NCC focuses on a single strategic outcome: ensuring that federal lands and public programs make the optimum contribution toward creating a capital that is a source of pride and national significance. To achieve this, the NCC organizes its activities into three main business lines, described below.

### CAPITAL PLANNING, DESIGN AND LAND USE

The NCC and its predecessor organizations were tasked with the beautification of Ottawa and, later, the larger area that encompasses the Capital, known as the National Capital Region. The NCC's delivery approach is based on land use planning that ensures the long-term character of Canada's Capital as the predominant factor. This is achieved through the Plan for Canada's Capital, the federal government's lead policy for Canada's Capital Region, as well as through a series of hierarchical land use, thematic and functional plans. The current focus of this business line is to update the vision for Canada's Capital, as expressed through the lead policy plan and supporting plans. The business line is also focused on the NCC's role as an active partner in planning sustainable transportation for the Capital Region. This involves collaborating with other levels of government and engaging Canadians in setting a vision for the future of their capital. In 2010–2011, the cost of operations for this business line was \$4.3 million, accounting for 3 percent of the NCC's total cost of operations. Planning and related activities are primarily undertaken by employees who are professional planners, supported by contracted consultants.

### REAL ASSET MANAGEMENT AND STEWARDSHIP

A legacy of land acquisition, development, control and management has enabled the NCC to implement plans and physically transform the Capital Region over the long term. Assets and lands owned or managed by the NCC on behalf of the federal government include much of Gatineau Park, the Greenbelt and core urban lands, including parks, parkways, bridges, riverfronts and the official residences of Canada that are located in the region. In addition, the NCC continues to maintain the grounds for a number of high-profile federal sites that it does not own and that are located in the core area of the Capital (e.g. the Parliamentary Precinct, Langevin Block and the Supreme Court of Canada). Activities range from conservation and environmental protection, to real estate and leasing, to land maintenance, and the rehabilitation and construction of civil infrastructure. The current focus for this area of activity is environmental protection and stewardship, that is, ensuring that sound environmental practices are in place and that assets can be sustainably managed for the long-term benefit of Canadians. In 2010–2011, the cost of operations for this business line was \$82.7 million, accounting for almost 59 percent of the NCC's total cost of operations. In 2010–2011, this business line generated \$22.2 million in revenue from rental operations and easements.

## ANIMATING AND PROMOTING THE CAPITAL

In 1988, the NCC's mandate was formally amended to include the organization, sponsorship and promotion of public events and activities that would enrich the cultural and social fabric of Canada. Since that time, the NCC has built a rich, varied and evolving program of national events, celebrations, interpretive and educational initiatives, and information services that communicate Canadian values, culture and achievements. One current focus for this area of activity is to develop a new model for Winterlude to be delivered through partnerships. The NCC is also focused on expanding its role in programming — particularly in the form of outreach and programs aimed at youth — in order to communicate Canada to Canadians, through the Capital. New service delivery models will be explored, where appropriate, for all NCC public programming. In 2010–2011, the cost of operations for this business line was \$22.7 million, accounting for 16 percent of the NCC's total cost of operations. In 2010–2011, this business line generated \$1.4 million in revenue from cash and in-kind sponsorships.

## PROGRAM ACTIVITY DEFINITIONS AND OBJECTIVES

To communicate to Parliament and Canadians, the NCC has formalized its business lines into program activities consistent with the requirements of the federal government. A description of each of its program activities can be found in Note 9 of the notes to the financial statements.

## OPERATING ENVIRONMENT

As part of its annual strategic planning process, the NCC prepares a horizon scan, which identifies the most significant trends and issues affecting the organization's operations.

## GENERAL EXTERNAL TRENDS

In 2010–2011, the NCC identified four key groupings of external trends as important elements of its operating environment. Societal trends include Canada's aging population, increased immigration and urbanization — all of which are seen as challenges to the NCC's goal of ensuring that Canada's Capital Region is representative of and meaningful to all Canadians. Another societal trend identified is the growing population in Canada's Capital Region, which puts increasing pressure on existing transportation corridors and on the use of NCC assets. The current deficit and economic downturn are identified as economic trends that could adversely affect the NCC's funding levels and ability to take on large projects involving the private sector. A key environmental trend is the growing expectation of Canadians with respect to the preservation of natural heritage and integration of sustainability into NCC operations. This trend reinforces the importance of the NCC's role in environmental stewardship and sustainable transportation. Lastly, trends in communications and technology were identified as representing an enormous opportunity to reach out to Canadians (particularly youth) beyond the Capital Region.

## STRATEGIC REVIEW

The 2010 federal budget contained provisions under the terms of the strategic review for NCC appropriations to decline by \$2.1 million in 2010–2011, \$4.4 million in 2011–2012 and 5 percent or \$5.5 million in future years. The decline in appropriations (reallocations) calls for the NCC to divest responsibilities to other levels of government, where appropriate in terms of the mandate, as well as to focus its programming and streamline operations to refocus on its core mandate. In 2010–2011, savings were achieved by discontinuing some site animation; reducing life cycle management costs for festival infrastructure, street signage and banners; reviewing and streamlining maintenance agreements; and demolishing leasable properties that were deemed not viable and unworthy of capital investment. Some delays were encountered in realizing all of the 2010–2011 financial reductions. However, the reductions are expected to be achieved in 2011–2012, as is progress in further involving public and private partners in Winterlude programming. Progress was made to achieve savings targets for 2011–2012, such as signing a memorandum of understanding with Public Works and Government Services Canada to have that department assume the maintenance cost for 13 non-NCC-owned federal sites, effective April 1, 2011. The transfer of responsibility for two of those sites will be ahead of schedule.

## 2010 COST CONTAINMENT MEASURES

As a result of Budget 2010 cost containment measures, the NCC's 2011, 2012 and 2013 salary increases for employees, as stipulated in the collective agreement, will not be funded by the Government of Canada. Because the NCC's collective agreement expires on December 31, 2011, the impact of the 2012 and 2013 economic increase remains unknown. However, the cumulative impact of all unfunded increases is expected to reach \$2 million annually on an ongoing basis, requiring the NCC to find efficiencies within its operating budget to absorb these costs in 2010–2011, 2011–2012 and future years.

## NCC EXECUTIVE MANAGEMENT COMMITTEE

AS AT MARCH 31, 2011



**Marie Lemay**  
Chief Executive Officer



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



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



**Pierre Désautels**  
Vice-President, Finance  
and Procurement and  
Chief Financial Officer



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



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



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



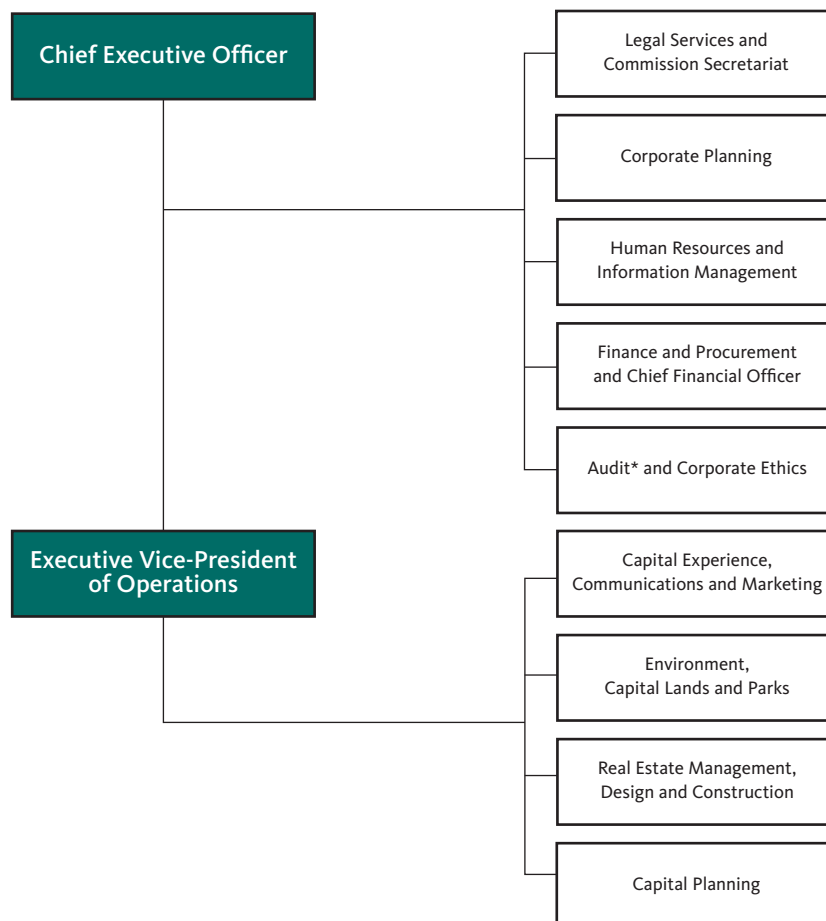
**François Lapointe**  
Vice-President,  
Capital Planning



**Louise Mignault**  
Director,  
Corporate Planning



**Roland Morin**  
Vice-President,  
Real Estate Management,  
Design and Construction



\* The audit function reports to the Audit Committee.

## STRATEGIC DIRECTIONS

During 2010–2011, the NCC’s activities and the development of its corporate plan were guided by the following four strategic directions.

### BUILDING A GREAT CAPITAL FOR ALL CANADIANS

The Plan for Canada’s Capital is a shared, long-term vision that forms the basis for efforts to build a great capital for all Canadians. The plan, which was last updated in 1999, is in the preliminary phases of review. The goal is not only to build a capital commensurate with its importance to the country, but also to innovate how the content of the plan itself will evolve and determine which stakeholders will be invited to participate. The NCC is embarking on a national strategy, with a clear focus on engaging Canadians in the planning of their capital as a centerpiece of the review. To ensure that the Capital is relevant for future generations, particular attention will be placed on the youth segment of the population, through various youth outreach programs.

Collaboration is also a key imperative in building a great capital. Close involvement with stakeholders, including the City of Ottawa and Ville de Gatineau, through the Choosing our Future initiative, will help to set the stage for the vision that will be expressed in the updated Plan for Canada’s Capital.

### BUILDING A GREENER CAPITAL

Building a great capital requires a long-term vision that also considers the movement of people across urban, rural and jurisdictional boundaries. And it includes actions to preserve natural and heritage assets, and actions that limit the impact on the environment, society and economy.

In 2009–2010, the NCC developed an environmental strategy, establishing sustainability and ecological integrity as goals. The past year was the first full year of the strategy’s implementation. Work continued to establish baselines and plan new environmental activities. At the same time, a new emphasis was placed on implementing specific activities, in order to begin achieving measurable results. Highlights in 2010–2011 include the first carbon neutral event hosted by the NCC: Canada Day 2010.

Work continued on sustainable transportation strategies and options, including enhancing cycling facilities in the Capital, through an e-bike policy, as well as through the bike share program, slated for implementation in 2011–2012. Concrete ways to measure and report progress, as the NCC investigates, risk-manages or undertakes to remediate contaminated sites, were also established. In Gatineau Park, an ecosystem conservation plan progressed, with 12 ecological corridors studied and prioritized. “Greening” was also a focus in the management of the NCC’s leasing portfolio in 2010–2011, with fixtures and appliances being replaced with energy-efficient alternatives.

## COMMUNICATING THE CAPITAL’S VALUE

Canadians need to be aware of and understand the value that the Capital brings, and see it as the obvious place to experience national heritage, culture and achievements. Through the implementation of the marketing and communications strategy, the Capital will be positioned as the key platform for showcasing the country. A Capital branding exercise was conducted in 2010–2011, with the aim of better aligning NCC programs, services and assets to more clearly and consistently express the Capital’s value and importance to Canadians. To ensure that events are accessible, directly or virtually, to all Canadians, the NCC has been working to transform its website and take advantage of social media and evolving new technologies.

The celebration of the 150th anniversary of Confederation in 2017 is an immense opportunity to communicate the value of the Capital to Canadians. The NCC has begun work to create momentum on this initiative, and discussions have taken place with federal partners and NCC personnel. Also, part of the 2017 vision is to return the Ottawa River shorelines to public use. Discussions have been held with the Global Centre for Pluralism, reviewing the former site of the Canadian War Museum.

### PUTTING PEOPLE FIRST

Focusing on people, both within and outside of the organization, is essential to creating a great capital that reflects the values and identity of Canadians. Continuing with a culture of openness and transparency, the NCC strives for excellence in client service. In 2010–2011, a new client relationship management system was piloted. The system aims to ensure proper follow-up on requests and complaints received by the NCC from the public. Key frontline staff who have regular contact with the public have received training on excellence in client service. An evaluation of the public consultation process was also completed to ensure that consultations are conducted in an effective and efficient manner, and that maximum benefits from the consultations are realized. Preliminary work has also progressed on a capacity-building initiative throughout the organization, which aims to engage employees and create an enriching and stimulating work environment.



## KEY PERFORMANCE DRIVERS

During the strategic planning process, the NCC identified key drivers that were critical to the successful implementation of the organization's strategy and the achievement of its goals.

### SHARED RESPONSIBILITY AND FOCUS

In recent years, the urban area of Canada's Capital Region has seen rapid growth and an increasing number of players with an interest in its development. The ability to establish strategic partnerships is therefore a key performance driver for the NCC. The organization cannot build a great capital alone. This task must more and more be seen as a shared commitment, requiring the collaboration of sponsors, partners, other levels of government and other stakeholders. Other key factors for success are related to the NCC's ability to concentrate its efforts on areas where it can truly make a difference, as it faces declining purchasing power, as well as its ability to devolve the maintenance of some of its extensive asset base.

### LEGISLATION TO AMEND THE NATIONAL CAPITAL ACT

Following the NCC's mandate review in 2006, the federal government twice introduced legislation to update and renew the *National Capital Act* (Bill C-37 and Bill C-20). However, both bills died on the Order Paper due to the 2009 prorogation of Parliament and, most recently, the 2011 dissolution of Parliament. Despite these setbacks, it is hoped that the proposed legislation will be reintroduced in the new Parliament, since many of its provisions are seen as key factors in the organization's ability to achieve its goals. Among these provisions are the clarification of the NCC's role with respect to transportation, and the modernization of some of the regulations governing the organization's control over the federal land use and design approval process. The proposed legislation also aims to increase the NCC's authorities with respect to real estate transactions, as well as its ability to establish and enforce environmental and property regulations.

## PUBLIC SUPPORT AND ENGAGEMENT

In order to ensure that the Capital reflects the values, culture, hopes and aspirations of the country as a whole, the NCC needs the support and engagement of the Canadian public. Public input into the vision for Canada's Capital Region is crucial to the organization's goal of creating a representative capital. In addition, public awareness and appreciation of what the NCC is trying to achieve are necessary to ensure the ongoing support for the organization's programs. Finally, an engaged and supportive public contributes toward a climate of openness which, in turn, results in good relationships with local authorities, residents and interest groups, as well as productive and mutually supportive partnerships.

## ORGANIZATIONAL CAPACITY

Given the current economic climate and the federal government's commitment to fiscal prudence, it is crucial that the NCC find ways to maintain or build on its organizational capacity if it is to keep delivering on its programs and services and still be able to seize new opportunities that are critical to its success. For example, efficiencies must be found within the NCC's operating budget to absorb funding shortfalls. Moreover, the successful implementation of its priority management initiative is crucial to the organization. Through this initiative, the NCC is developing a sound corporate process for clarifying what is most important to the organization. The implementation of new, more efficient business models for traditional programs and services is also key to the NCC's increased organizational capacity.

## CAPABILITY TO DELIVER RESULTS

The creation, preservation and communication of Canada's Capital as an expression of the country require a unique combination of resources and skills.

### NON-FINANCIAL CAPABILITIES

#### NCC Lands

The NCC owns approximately 10 percent of the land in Canada's Capital Region on both sides of the Ottawa River in Ontario and Quebec, which makes it the region's single-largest land-owner. The NCC's holdings include more than 20 percent of the lands within the core of the Capital. The organization's entire portfolio includes approximately 473 square kilometres of NCC-owned land, including Gatineau Park, the Greenbelt, parkway corridors, interprovincial bridges, 106 kilometres of parkways, 185 kilometres of NCC-owned recreational pathways, 2,500 hectares of urban green space and 610 properties leased for residential, agricultural, institutional, recreational and commercial purposes. Having such a large asset base enables the NCC to have an influence over the physical development of the Capital.

#### Employees

Employee commitment and tenure continue to be key factors in the organization's success. NCC staff have, on average, 11.35 years of service within the organization. In fact, a significant percentage of employees have worked for the organization for 25 years or more. Consequently, the organization is able to tap into an impressive, collective corporate memory.

Due to the breadth of the NCC's mandate, diverse and specialized skill sets are needed for the organization to be effective. The NCC is able to rely on the talents of architects, engineers, real estate managers, urban planners, event organizers, graphic artists, interior designers, archaeologists, horticulturists, biologists, curators, carpenters, grounds technicians and gardeners. These professionals are crucial to the implementation of the NCC's vision for the Capital. In 2010–2011, a comprehensive validation of key positions in the organization was undertaken and completed, resulting in a shortened list of key positions that pose the highest risk to the organization if left vacant.

#### Innovation

One of the NCC's principal strengths lies in its ability to be innovative. The organization continues to exploit new technologies to further its goal of communicating the importance of the Capital to Canadians, and is constantly tapping into new ways to fulfill its mandate: for example, through the use of QR codes, the exploitation of mobile applications for smartphone devices, reliance on social media (e.g. Facebook, Twitter and YouTube) and its use of Google Maps to map its recreational pathway network. The NCC also continues to rely on multimedia vehicles such as podcasts, videos and slide shows to enhance the experience of Canadians visiting the organization's website.

#### Volunteers

The NCC recognizes the great contribution that volunteers make to its work. Volunteers are invaluable in helping to build the kind of capital that Canadians want. They also help to ensure that important national values, such as a sense of community, are alive and well in today's capital.

Volunteers fill all kinds of roles to support the numerous NCC programs and activities, including those of information officers, flag distributors on Canada Day, ski patrollers in Gatineau Park, first aid personnel and lost-children helpers (provided by community groups), guides and gardeners. During 2010–2011, the NCC benefited from 18,000 hours generously donated by 1,260 volunteers. Moreover, because these individuals originate from at least 61 different countries, they are well suited to the task of helping the organization to carry out its vision of making a capital that reflects the Canadian social fabric.

#### Partners and Sponsors

The NCC's success also depends on the support of partners and sponsors. In 2010–2011, the organization had 92 partners and 33 sponsors. The funding, in-kind services and products received through partnerships and sponsorships greatly supplement the NCC's financial capacity. In addition, the resulting access to expertise, as well as opportunities to participate in joint initiatives of mutual benefit, further contribute to the organization's ability to achieve its goals.

## PARTNERS AND SPONSORS

	2004–2005	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011
NCC Partners	77	88	67	72	77	68	92
NCC Corporate Sponsors	31	33	27	29	24	32	33
<b>Total</b>	<b>108</b>	<b>121</b>	<b>94</b>	<b>101</b>	<b>101</b>	<b>100</b>	<b>125</b>

### NCC SPONSORSHIP REVENUE

(thousands of dollars)

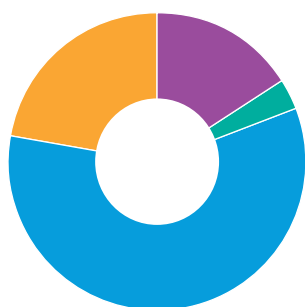
	2004–2005	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011
Cash	1,197	1,373	1,197	1,318	1,390	1,057	1,127
In-Kind	1,012	1,137	1,173	1,170	949	224	234
<b>Total</b>	<b>2,209</b>	<b>2,510</b>	<b>2,370</b>	<b>2,488</b>	<b>2,339</b>	<b>1,281</b>	<b>1,361</b>

## FINANCIAL CAPABILITIES

The NCC will pursue the implementation of the mandate review's recommendations on corporate governance, Capital planning processes, and openness and transparency, while also addressing the challenges of the current economic environment. In addition, the NCC will continue to implement the reallocations resulting from the 2009 strategic review, approved by the federal government in Budget 2010, which reduced the NCC's appropriations by \$2.1 million in 2010–2011. As part of the cost containment measures introduced in Budget 2010, the NCC also absorbed \$0.2 million in unfunded economic increases related to its collective agreement during 2010–2011.

The NCC continues to monitor its financial situation closely. The challenge remains to balance ongoing operational requirements with permanent funding, particularly with respect to inflationary pressures and long-term ongoing obligations (e.g. increases in rent for the headquarters office, as well as in property management and maintenance contracts). Fostering innovative and sustainable approaches in the NCC's resource management will be important.

**PROPORTION OF  
NCC EXPENSES BY  
PROGRAM ACTIVITY,  
2010–2011**  
(millions of dollars)



TOTAL: 140.9

- Animating and promoting the Capital: 22.7
- Capital planning, design and land use: 4.3
- Real asset management and stewardship: 82.7
- Corporate services: 31.2

## PERFORMANCE

### PROGRAM PERFORMANCE

The operating performance of the NCC is measured through a series of objectives/expected results, performance indicators and targets. The following performance rating guide is used to evaluate achievement or progress on targets set out in the 2010–2011 to 2014–2015 Summary of the Corporate Plan.

#### Performance Rating Guide

**Target met** The branch achieved the target (within 5 percent) or exceeded the target for the period in review. “Target met” can also be used for long-term projects.

**Target partially met** The branch achieved 75 percent to 95 percent of the target for the period in review.

**On track** Used for long-term projects with no clearly defined milestones for the period in review, but where substantial progress toward the long-term goal has been made.

**Target not met** The branch achieved less than 75 percent of the target for the period in review. “Not met” can also be used in cases where targets are modified or projects are deferred.

**Target not evaluated** Used for long-term projects, where target achievement can be determined only upon completion.

**N/A** Used in cases where targets are not applicable.

### NCC STRATEGIC OUTCOME

The NCC's strategic outcome is to ensure the optimum contribution of federal lands and public programs in creating a capital that is a source of pride and national significance. The goal is 80 percent of Canadians indicating that the Capital is a source of pride and national significance.

According to a national online branding survey, two thirds of Canadians surveyed agreed that the Capital is a source of pride and an inspiring reflection of Canada and Canadians. A local public awareness survey indicated that 90 percent of residents in the Capital Region feel very or generally proud to be living in the nation's capital. As shown in the following section, the NCC is satisfied that, cumulatively, its programs are making progress toward achieving its strategic outcome.

## 1.0 ANIMATING AND PROMOTING THE CAPITAL

### EXPECTED RESULT

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

### PERFORMANCE INDICATOR AND TARGET

Seventy percent of Canadians experiencing the Capital have a better understanding of their capital, and identify with its role and significance.

### RESULTS

According to a national online branding survey, 65 percent of respondents indicated the Capital is an inspiring reflection of Canada and Canadians. In 2009–2010, 87 percent of respondents to the Strategic Market Research Study indicated that Canada's Capital Region has national significance.

## 1.1 EVENTS, INTERPRETATION 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 to celebrate their nationhood.

### PERFORMANCE INDICATOR AND TARGET

Eighty-five percent or more Canadians experiencing the Capital indicate that NCC programs and services enrich the Capital experience, and help Canadians appreciate the significance of its sites and symbols, and celebrate their nationhood.

### RESULTS

According to audience members who saw *Mosaika*, the new sound and light show on Parliament Hill, nine in ten Canadians (90 percent) surveyed agreed that the show increased their sense of pride about being Canadian; 76 percent agreed that it enriched their visiting experience in the Capital; and 79 percent indicated that it allowed them to learn more about Canadian achievements, values and history. According to a local public awareness survey, 89 percent of residents in Canada's Capital Region said that the NCC is doing an excellent or good job in organizing events such as Canada Day to celebrate Canadian accomplishments and culture. This same survey also indicated that 81 percent of residents feel that the NCC is doing an excellent or good job in interpreting and commemorating events and Canadians of national significance.

In 2009–2010, according to a survey conducted at the Tulip Legacy Exhibit, 85 percent of visitors indicated that they felt a greater sense of pride in Ottawa as Canada's Capital, as a result of their visit.

### PROGRAMMING EVENTS

Key Expected Outputs	2010–2011 Plan	2010–2011 Actual	2009–2010 Actual*
Maintain annual attendance at flagship events and programs:			
Sound and Light Show	250,000	<b>Target partially met:</b> Approx. 214,000 as per visual counts	<b>Target partially met:</b> <sup>†</sup> Approx. 233,000 as per visual counts
Canada Day	325,000	<b>Target met:</b> Approx. 350,000 as per visual counts	<b>Target met:</b> Approx. 350,000 as per visual counts
Winterlude	600,000	<b>Target met:</b> Approx. 600,000 as per visual counts	<b>Target met:</b> Approx. 600,000 as per visual counts
Achieve a satisfaction rating with the Sound and Light Show	80 percent	<b>Target met:</b> 98 percent	N/A
Enter into annual partnerships with at least 10 federal departments or agencies	10	<b>Target met:</b> 22 federal partnerships formed	<b>Target met:</b> 20 federal partnerships formed

### Analysis of Results

The NCC met or exceeded its targets for programming events in 2010–2011, with the exception of the overall attendance figure for *Mosaika*, the new edition of the Sound and Light Show on Parliament Hill. While estimated attendance figures indicate that the overall attendance objective was not met, approximately 4,000 participants on average attended each of the 54 shows produced, which is a 9 percent increase compared with attendance in 2009. The decrease in the show's attendance was due to poor weather and technical difficulties, which resulted in the cancellation of 14 shows. Measured satisfaction, however, exceeded expectations. Increased Canada Day attendance was attributed to the visit of Her Majesty Queen Elizabeth II and His Royal Highness Prince Phillip.

\* Based on 2009–2010 key expected outputs.

† Figures for 2009–2010 were adjusted to reflect updated information.



INTERPRETATION AND OUTREACH			
<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Maintain annual visitation and reach:			
Parliament Hill programs	700,000 visits	<b>Target met:</b> Approx. 705,200	<b>Target met:</b> Approx. 741,000
Capital Infocentre services	325,000 visitors	<b>Target met:</b> Approx. 327,500	<b>Target met:</b> Approx. 318,600
Youth Program reach	2 million by the end of 2012–2013 (cumulative)	<b>Target met:</b> 4,200,035 youth reached (cumulative) since 2006 (baseline year)	<b>Target met:</b> <sup>†</sup> 2,976,591 reached (cumulative)
Renewal of the Capital Infocentre	Completion by 2011–2012	<b>Target not met:</b> Shift to focus on renewing visitor services programs by the end of 2012–2013	<b>On track:</b> Project completion rate at 25 percent
<b>Analysis of Results</b>			
<p>Visitation and reach targets were met in 2010–2011. The NCC is committed to getting more youth across Canada involved in the planning of their capital. It successfully implemented the second year of a five-year youth program strategy, reaching 1,223,444 youth. Program highlights included educational programs offered to students and teachers, “Capital Think Tank” workshops, the creation of a Capital youth task force to help influence youth programming concepts, and a youth art exhibit, “Eco Art” at Dows Lake during Winterlude 2011. The renewal of the NCC’s Capital Infocentre location across from Parliament Hill was cancelled in favour of relocating to a new smaller-scale location at the World Exchange Plaza in fall 2011. As well, a new approach to visitor services is being developed to reach visitors where they are — before, during and after their stay in the Capital — to better reflect market trends.</p>			
COMMEMORATIONS AND PUBLIC ART			
<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Develop and implement an awareness program of commemorative opportunities in the Capital and attract new commemoration requests annually	Five	<b>Target met:</b> Five new commemoration requests were received	<b>Target met:</b> Six new commemoration requests were received
Mark and support significant national anniversaries	Per Canadian Heritage’s five-year commemoration plan	<b>Target met:</b> Three national anniversaries were marked and supported	<b>Target met:</b> Seven national anniversaries were marked and supported
<b>Analysis of Results</b>			
<p>In addition to the five commemoration requests received, a new law passed in Parliament in March 2011 has also directed the NCC to find a location in Canada’s Capital Region for the future establishment of a national Holocaust monument. In 2010–2011, the NCC celebrated the Canadian Naval Centennial, the 400th anniversary of Cupids, Newfoundland and Labrador, and the 125th anniversary of Banff National Park. An evaluation of the commemorations program has commenced and will be completed in 2011–2012. <i>Papa</i> by Hal Ingberg and <i>One Hundred Foot Line</i> by Roxy Paine were two highlights for the NCC’s public art program in 2010–2011.</p>			

\* Based on 2009–2010 key expected outputs.

† Figures for 2009–2010 were adjusted to reflect updated information.

## 1.2 MARKETING AND COMMUNICATIONS

### EXPECTED RESULT

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

### PERFORMANCE INDICATOR AND TARGET

Eighty percent of Canadians are informed that Canada's Capital is a place to experience Canadian heritage, culture and achievements.

### RESULTS

According to the local public awareness survey, 65 percent of residents in the Capital Region indicated that the NCC is doing an excellent or good job of ensuring that the Capital Region showcases all of Canada. In 2009–2010, the strategic market research study revealed that 85 percent of respondents felt that Canada's Capital Region is a place to experience Canadian heritage, culture and achievements.

## MARKETING AND COMMUNICATIONS

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Among “awareness audiences,” <sup>†</sup> increase the percentage of those who express positive perceptions of the Capital and have an interest in learning more about the Capital	Increase by 3 to 5 percent	<b>Target not evaluated</b>	N/A
Among “engagement audiences,” <sup>††</sup> increase the percentage of those who can identify at least five of the Capital's activities/assets, express the Capital's characteristics and identify the NCC's national role	Increase by 3 to 5 percent	<b>Target not evaluated</b>	N/A
Among “action audiences,” <sup>†††</sup> increase the percentage of those who are engaged in volunteer/online activities, participate in the Capital's activities and events, and are engaged in public consultations	Increase by 5 to 7 percent	<b>Target not evaluated</b>	N/A
Establish new strategic alliances, and obtain a high return on investment with major sponsors generated by multi-year sponsorship agreements	Two new strategic alliances and 60 percent of sponsorship revenues generated by multi-year agreements	<b>Target partially met:</b> Two new strategic alliances were established Three multi-year sponsorship agreements, representing 23 percent of sponsorship revenues	<b>Target partially met:</b> Three new strategic alliances were established Seven multi-year sponsorship agreements, representing 35 percent of sponsorship revenues
Redesign the NCC website	By the end of 2013–2014	<b>On track</b>	N/A

### Analysis of Results

The NCC did not measure “awareness,” “engagement” and “action” in 2010–2011. These outputs will start to be addressed through research conducted as part of the national engagement strategy (a key component of the consultations being done across Canada for the update to the Plan for Canada's Capital) and a related partnership with The Royal Canadian Geographical Society in 2011–2012. The NCC was successful in securing just over \$1.1 million in cash sponsorships, some \$70,000 over what was raised in 2009–2010.

\* Based on 2009–2010 key expected outputs.

<sup>†</sup> “Awareness audiences” refers to Canadians who have a low awareness of the Capital, and are unlikely to have visited the region.

<sup>††</sup> “Engagement audiences” refers to Canadians who have a moderate awareness of the Capital, or live in Canada's Capital Region.

<sup>†††</sup> “Action audiences” refers to Canadians who have a high awareness of the Capital, and have an existing relationship with the Canada's Capital Region, including NCC staff.

## 2.0 CAPITAL PLANNING, DESIGN AND LAND USE

### 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.

### PERFORMANCE INDICATOR AND TARGET

Decisions related to land use planning, urban design, asset management and coordination with municipal planning documents are consistent with NCC plans; plans are reviewed and updated in accordance with the land use planning framework; and decisions to implement sustainable and efficient transportation strategies by all levels of government reflect the strategic transportation initiative.

### RESULTS

Recommendations from the federal land use and design approval evaluation continue to be implemented. A total of 56 federal land use approvals and 45 design approvals were granted. In 2009–2010, 55 federal land use approvals and 40 design approvals were granted.

### LAND USE PLANNING FRAMEWORK AND NILM REVIEW

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Full revision of the 1999 Plan for Canada's Capital	By the end of 2012–2013	<b>On track</b>	<b>On track</b>
Completion of the Capital Urban Lands Master Plan	By the end of 2011–2012	<b>Target not met:</b> Completion deferred to 2013–2014	<b>On track</b>
Review of the 1996 Greenbelt Master Plan	By the end of 2011–2012	<b>Target not met:</b> Completion deferred to 2012–2013	<b>On track</b>
Completion of the NILM review and non-NILM action plan	2014–2015	<b>Target not evaluated</b>	<b>Target not met:</b> Completion deferred to 2014–2015

### Analysis of Results

The NCC is on track in revising its lead planning policy, the 1999 Plan for Canada's Capital. The updated plan, entitled "Horizon 2067: Charting the Future of Canada's Capital in the 21st Century," will be completed in phases. With the completion of Horizon 2067, the NCC will have fully implemented the cyclical revision of its land use planning framework, and will subsequently complete the review of lands classified as part of the National Interest Land Mass. Completion of the Capital Urban Lands Master Plan and the review of the 1996 Greenbelt Master Plan have been deferred to 2011–2012. In the case of the Capital Urban Lands Master Plan, the delay is due to the need address broad policy direction for the Capital's parkways and federal employment nodes. Public consultations related to the parkways policy review are planned in 2011–2012. In the case of the Greenbelt Master Plan, the delay will allow for additional public consultation, and the implementation of a new joint initiative with the City of Ottawa. This initiative will be implemented between May and October 2011, and will assess the cumulative effects of transportation infrastructure in the Greenbelt, the results of which will influence the development of the land use concept.

\* Based on 2009–2010 key expected outputs.

TRANSPORTATION			
<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Completion of Phase II of the environmental assessment of future inter-provincial crossings and approvals	By the end of 2013–2014	<b>Target not met:</b> Completion deferred to 2014–2015	<b>Target not met:</b> Completion deferred to 2013–2014
Integration of interprovincial mass transit in the core area planning study and approvals	Completion in 2010–2011	<b>Target not met:</b> Completion deferred to 2011–2012	<b>Target not met:</b> Completion deferred to 2010–2011
<b>Analysis of Results</b>			
<p>The 2010–2011 fiscal year was critical for the NCC in terms of transportation planning for Canada’s Capital Region. Most complex, high-profile and multi-level government partner projects experienced some delays. However, the NCC continued to contribute to a sustainable strategic transportation framework for the region, working with partners, such as the City of Ottawa and the Société de transport de l’Outaouais. In November 2010, the NCC co-sponsored the 2010 Sustainable Mobility Summit with the Association for Commuter Transportation of Canada. Concepts from the summit will be integrated into the update to the Plan for Canada’s Capital, and will serve as the basis for developing the sustainable mobility strategy.</p> <p>A change in scope resulted in project delays with Phase II of the environmental assessment of future interprovincial crossings, extending the schedule for final environmental approvals to April 2014.</p> <p>The NCC, City of Ottawa and Société de transport de l’Outaouais held additional public consultations on interprovincial mass transit during summer 2010, which resulted in the need to study additional alternatives. A draft joint strategy was completed in late March 2011, and is currently under review by partners. The project may encounter further delays, should the proposed plans have an impact on the City of Ottawa’s light rail transit plans, specifically regarding the alignment of the downtown Ottawa transit tunnel. In addition, there were workload and timeline pressures that resulted from the project’s completion being deferred to the end of 2011–2012 by the approvals for the City of Ottawa’s light rail transit project.</p>			
FEDERAL LAND USE AND DESIGN APPROVALS			
<i>Key Expected Output</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Achieve a level of stakeholder satisfaction relative to the clarity of the improved federal land use and design approval process and information available	At least 75 percent by the end of 2011–2012	<b>Target not evaluated</b>	<b>Target not evaluated:</b> Long-term target
<b>Analysis of Results</b>			
<p>Important municipal infrastructure projects — such as the NCC’s involvement in the Ottawa Convention Centre, Highway 5, Rapibus, Ottawa’s light rail transit initiative and Lansdowne Park — as well as the NCC’s projects related to Economic Action Plan funding, constrained the NCC’s capacity to achieve completion of other priorities. Recommendations stemming from the 2008–2009 evaluation of the federal land use and design approval process are anticipated to be fully implemented by the end of 2011–2012, instead of 2010–2011. Most of the tools recommended from the evaluation have been developed, but have yet to be implemented. Accomplishments include improvements to the NCC’s website and the development of principle-driven design guidelines.</p>			

\* Based on 2009–2010 key expected outputs.



### 3.0 REAL ASSET MANAGEMENT AND STEWARDSHIP

#### EXPECTED RESULT

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

#### PERFORMANCE INDICATOR AND TARGET

Eighty percent of Canadians experiencing the Capital indicate that federal assets under the NCC's responsibility enrich their Capital experience.

#### RESULTS

A comprehensive Gatineau Park study is currently being conducted, and results will be communicated in 2011–2012. According to the Gatineau Park Visitor Survey, in 2009–2010, nine in ten Gatineau Park visitors strongly agreed that Gatineau Park is one of the elements that makes Canada's Capital Region unique (95 percent), that visiting the park increases personal pride in the Capital (88 percent) and that a trip to Gatineau Park enriched a visit to the Capital (88 percent). In 2009–2010, in a survey conducted for the Gatineau Park exhibit at the visitor centre, 88 percent of respondents indicated that visiting Gatineau Park enriched their visit to the Capital.

### 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.

#### PERFORMANCE INDICATOR AND TARGET

Eighty percent of Canadians experiencing the Capital indicate that NCC core area projects contribute to the significance of the heart of the Capital.

#### RESULTS

Not evaluated in 2010–2011. In 2009–2010, according to the LeBreton Flats survey, 70 percent of respondents indicated that their visit to LeBreton Flats enriched their overall visit to the Capital.

### CORE CAPITAL PROJECTS

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Complete the redevelopment of Canlands "A"	By the end of 2013–2014	<b>On track</b>	<b>On track:</b> Long-term ground lease signed
LeBreton Flats:			
Develop remaining non-NILM lands, and thereafter initiate redevelopment activities	Obtain approval in 2010–2011 for development plan	<b>Target not met:</b> Approval of the plan deferred to 2011–2012	<b>Target partially met:</b> Completion deferred to 2010–2011
Develop Blocks U and T	Completion by the end of 2013–2014	<b>Target not evaluated:</b> The two blocks are now included as part of the negotiations with a third party on the development of the non-NILM lands mentioned	<b>On track</b>

#### Analysis of Results

The NCC is responsible for the delivery of redevelopment projects on federal lands in the core of the Capital, including Canlands "A," LeBreton Flats and Confederation Boulevard. For the Canlands "A" project, construction by Ashcroft Development is scheduled to start in the fall of 2011. An agreement of purchase and sale between the NCC and a third-party developer was finalized in February 2011 for the sale of the non-NILM lands on LeBreton Flats. The NCC is awaiting government funding approval for remediation of the lands through the Federal Contaminated Sites Action Plan program. As a result, the government approvals required to advance development will likely be obtained in 2011–2012, deferring the project by one year.

\* Based on 2009–2010 key expected outputs.

## 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.

### PERFORMANCE INDICATOR AND TARGET

Ninety percent of Canadians experiencing the Capital indicate that they are satisfied with their experience in using federal assets and public services under the responsibility of the NCC.

### RESULTS

A comprehensive Gatineau Park study is currently being conducted, and results will be communicated in 2011–2012. In 2009–2010, 100 percent of the visitors were satisfied, and close to eight in ten (77 percent) said that they were very satisfied with their experience. Ninety percent of exhibit visitors stated that they were very satisfied with the ease of reading and the clarity of the written materials, and 90 percent were very satisfied with the availability of services in their preferred official language. According to the Gatineau Park Visitor survey, 85 percent of Gatineau Park visitors were very satisfied with their visit to the park.

## ENVIRONMENTAL LEADERSHIP AND REAL PROPERTY

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Implement the action plan for the NCC's corporate environmental strategy	Develop and implement the detailed action plan	<b>Target met</b>	<b>Target met:</b> Strategy implementation initiated
Implement a risk management plan to secure all of the NCC's contaminated sites	By the end of 2017–2018	<b>On track</b>	<b>On track</b>
Conduct program studies and assessments to implement the ecosystem conservation plan through the natural research program	Over the planning period (2010–2015)	<b>On track</b>	<b>On track</b>
<b><i>Analysis of Results</i></b>			
<p>The NCC has met or is on track to meet its current and longer-term objectives. A public report on the NCC's accomplishments for environmental stewardship is prepared and approved by the NCC's board of directors annually. A number of initiatives were accomplished in 2010–2011, including carbon neutral Canada Day and Winterlude programs. Forty-seven of the 227 NCC contaminated sites were secured by the end of 2010–2011. An additional 30 are scheduled to be secured in 2011–2012. For 2011–2012, the NCC applied for \$25.9 million in funding as part of Environment Canada's omnibus submission on the Federal Contaminated Sites Action Plan program. This program will fund 85 percent of the decontamination (remediation) costs and 80 percent of assessment costs incurred on the NCC's eligible contaminated sites.</p> <p>In 2010–2011, the NCC acquired seven private properties in Gatineau Park (approximately 6.8 hectares of land) for a total of \$2.2 million. Since April 1, 2008, the NCC has acquired 32 private properties, covering approximately 156.9 hectares of land as per the strategy outlined in the Gatineau Park Master Plan.</p>			

\* Based on 2009–2010 key expected outputs.

OPERATIONS AND MAINTENANCE			
<i>Key Expected Output</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Assets for public use are open, available and in safe condition	99 percent	<b>Target met</b>	<b>Target met:</b> 99 percent
<b><i>Analysis of Results</i></b>			
<p>A measure of success in terms of the NCC's ongoing operations and maintenance activities related to its asset holdings is based primarily on the percentage of assets that are open, available for use and in safe condition. It has consistently met its target since approximately 2006. Day-to-day maintenance of NCC-owned properties and non-NCC-owned federal sites is achieved through a series of land maintenance contracts. The NCC was able to create operational efficiencies in renewing land maintenance contracts by removing groundskeeping services on non-NCC-owned federal lands outside of the core area of the Capital and thereby reducing the number of contracts.</p> <p>Nineteen construction projects were launched by the NCC in spring 2010 to implement the \$46.7 million infrastructure stimulus and remaining federal bridge funding received from Canada's Economic Action Plan. In October 2010, the NCC was granted approval to undertake four new projects and expand the scope of another one, from contract savings of \$5.4 million identified on a number of projects. As of March 31, 2011, the NCC has expended \$40.4 million (92 percent) of the funding received. In addition, \$3.5 million — for which reprofiling was requested, and subsequently approved by the Minister of Finance — is planned for expenditure in 2011–2012. A total of \$2.8 million in surplus funds was identified at year-end. However, an estimated shortfall of \$0.9 million is expected in the completion of these projects, and the NCC will seek reprofiling of these funds.</p> <p>Modernization of the management of the property leasing portfolio has begun, with the objectives of finding efficiencies and increasing net revenue. In 2010–2011, a new management plan for the agricultural portion of the portfolio was developed, and the NCC is working on the standardization of leases for the entire portfolio.</p>			

THE OUTDOOR CAPITAL			
<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Implement the Rideau Canal Skateway strategic plan	As per the Skateway's strategic plan, focus on public safety and greening strategies	<b>On track</b>	<b>On track:</b> Five-year strategic plan completed
Gatineau Park			
Complete development of a recreational services plan	By the end of 2010–2011	<b>Target not met:</b> Completion date deferred to 2011–2012	<b>On track:</b> Completed key preliminary phases
Complete development of a heritage conservation plan	By the end of 2010–2011	<b>Target not met:</b> Completion date deferred to 2011–2012	<b>On track:</b> Completed key preliminary phases
Gradually eliminate motorized recreational activities	By the end of 2010–2011	<b>Target met</b>	<b>On track</b>
Implement the five-year action plan under the Capital Pathway strategic plan	Over the planning period (2010–2015)	<b>On track</b>	<b>Target met:</b> Action plan developed
Develop a business model with the cities of Ottawa and Gatineau and implement a bike share service	2011–2012	<b>Target met</b>	<b>N/A:</b> Summer bike share pilot project a success
<b><i>Analysis of Results</i></b>			
<p>The NCC continues to pursue its objectives related to the implementation of the Gatineau Park Master Plan. While some projects were not completed as planned in 2010–2011, good progress was made on two key elements: the recreational services plan, which is now roughly 75 percent complete, and the heritage conservation plan, which is about 50 percent complete. Winter 2010–2011 marked the last season for snowmobiling in Gatineau Park, bringing motorized recreational activities to an end in the park. A five-year contract to implement a bike share service was awarded to Public Bike Share Service. The intent to proceed with a bike share service in partnership with the cities of Ottawa and Gatineau did not materialize for the 2011 season. The NCC is implementing a reduced bike share service for the 2011 spring/summer season.</p>			

\* Based on 2009–2010 key expected outputs.

### 3.3 OFFICIAL RESIDENCES

#### EXPECTED RESULT

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

#### PERFORMANCE INDICATOR AND TARGET

Improvements in the degree to which the official residences are meeting regulatory standards and policy guidelines as appropriate accommodation for Canada's official leaders and as venues for the conduct of state events and ceremonies, against a baseline as determined in 2005–2006.

#### RESULTS

Not evaluated

### OFFICIAL RESIDENCES

<i>Key Expected Output</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Continue to implement the priorities identified in the multi-year capital works program (2005 funding from Treasury Board)	Progress made on 2010–2011 planned priorities	On track	On track
<b>Analysis of Results</b>			
A retrospective on the official residences is included as a special feature of this annual report ( <i>see page 16</i> ).			

\* Based on 2009–2010 key expected outputs.

### 3.4 PAYMENTS IN LIEU OF TAXES

#### EXPECTED RESULT

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

#### PERFORMANCE INDICATOR AND TARGET

One hundred percent of payments in lieu of municipal taxes on properties are paid by the due date, excluding those being challenged in accordance with the *National Capital Act* and *Payments in Lieu of Taxes Act*.

#### RESULTS

One hundred percent of the payments were made as per the due date in 2010–2011 and 2009–2010.



## 4.0 CORPORATE SERVICES

### 4.1 GOVERNANCE AND PUBLIC AFFAIRS

#### GOVERNANCE

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Adopt new by-laws and committee charters	By the end of 2010–2011	<b>Target met</b>	<b>Target partially met:</b> Review completed
Implement a phased approach to the enterprise risk management framework and continue to improve risk assessment methods and management	Start in 2010–2011	<b>Target met</b>	<b>Target partially met</b>

#### PUBLIC AFFAIRS

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Develop and implement a client relationship management approach and system	By the end of 2012–2013	<b>On track</b>	<b>Target met:</b> Client service improvements completed

#### Analysis of Results

The NCC has met or is on track in meeting its governance and public affairs targets. Implementation of a new client relationship management system was initiated as planned with approximately 25 percent of the targeted users using the system daily. Key front-line staff who have regular contact with the public have all received training on excellence in client service.

### 4.2 CENTRAL SERVICES

#### SOUND BUSINESS AND FINANCIAL PRACTICES

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Make improvements to the performance measurement and reporting system	Start in 2010–2011	<b>Target met</b>	N/A
Complete conversion to public sector accounting standards	By April 1, 2011	<b>Target met</b>	<b>On track</b>

#### INTERNAL AUDIT

<i>Key Expected Output</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Complete the internal audit plan, and report to the Corporate Audit and Evaluation Committee	2010–2011 plan completed by April 1, 2010	<b>Target met</b>	<b>Target met</b>

#### RESEARCH AND EVALUATION

<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Implement studies on the multi-year research plan	List of 2010–2011 research studies	<b>Target partially met</b>	<b>Target met:</b> 2009–2010 planned research studies completed
Implement evaluations on the multi-year evaluation plan	Complete three evaluations in 2010–2011	<b>Target partially met:</b> One evaluation completed	<b>Target partially met:</b> Draft multi-year plan developed

#### Analysis of Results

The NCC submitted a revised Program Activity Architecture to Treasury Board of Canada Secretariat (TBS). The NCC is now working with TBS in order to obtain approvals by September 2011. Work will continue in 2011–2012 to revise the performance measurement framework and support the collection of performance information for reporting.

The multi-year research plan was implemented, with the exception of the Strategic Market Research Study, which will be combined with research on the national engagement strategy in 2011–2012.

The evaluation of the public consultations process was completed. The commemorations program evaluation was initiated and will be completed in 2011–2012.

\* Based on 2009–2010 key expected outputs.

### 4.3 HUMAN RESOURCES

HUMAN RESOURCES			
<i>Key Expected Outputs</i>	<i>2010–2011 Plan</i>	<i>2010–2011 Actual</i>	<i>2009–2010 Actual*</i>
Complete renewed integrated human resource planning framework	By the end of 2011–2012	<b>On track</b>	N/A
Implement new employment equity plan	By the end of 2012–2013	<b>On track:</b> The 2010–2011 to 2014–2015 corporate plan incorrectly indicated the completion date as 2010–2011.	<b>Target met:</b> 2010–2013 plan completed
<b><i>Analysis of Results</i></b>			
<p>Considerable progress has been made to complete several elements of the integrated human resource planning framework: for example, a new staffing and recruitment policy was approved in March 2011.</p> <p>The three-year employment equity plan is being implemented, as planned. The representation of visible minorities continues to be a challenge. However, the NCC has good representation from three of the four designated groups. In 2010–2011, diversity awareness sessions were provided to all levels of management. In 2011–2012, the awareness training program will be offered to all employees. In addition, in collaboration with the Labour Division of Human Resources and Skills Development Canada, the NCC will offer the Racism-Free Program to its employees. The NCC has started building new relationships with over 16 employment equity outreach agencies. The recruitment process will allow the NCC to tap into a workforce that will help achieve employment equity targets and a well-diversified, qualified workforce.</p>			

\* Based on 2009–2010 key expected outputs.

## FINANCIAL PERFORMANCE

### Parliamentary Appropriations

In 2010–2011, the NCC was granted \$158.3 million in parliamentary appropriations for both operating and capital expenditures. This represents a \$53.4-million increase over 2009–2010 appropriations, which totalled \$104.9 million (see Chart 1 and Table 1).

Additional appropriations were received for infrastructure investments, following the 2010 budget (\$45.7 million) and environmental projects under the Federal Contaminated Sites Action Plan program (\$1.5 million), the effect of which was compounded by the realignment of \$13.0 million in funding for the official residences program, from 2009–2010 to future years. These increases were partly offset by the realignment of infrastructure funding to 2011–2012 (\$3.5 million), federal government reallocations stemming from the 2009 strategic review (\$2.1 million), and a reduction in allocations for salaries and employee benefits (\$1.3 million).

Total appropriations are expected to decrease to \$106.9 million in 2011–2012 (\$109.2 million in 2012–2013), primarily as a result of one-time funding received in 2010–2011 for infrastructure projects (\$46.7 million as part of Budget 2009 and Budget 2010) and environmental projects under the Federal Contaminated Sites Action Plan program (\$3.6 million).

### CHART 1 — PARLIAMENTARY APPROPRIATIONS, 2006–2007 TO 2012–2013

(millions of dollars)

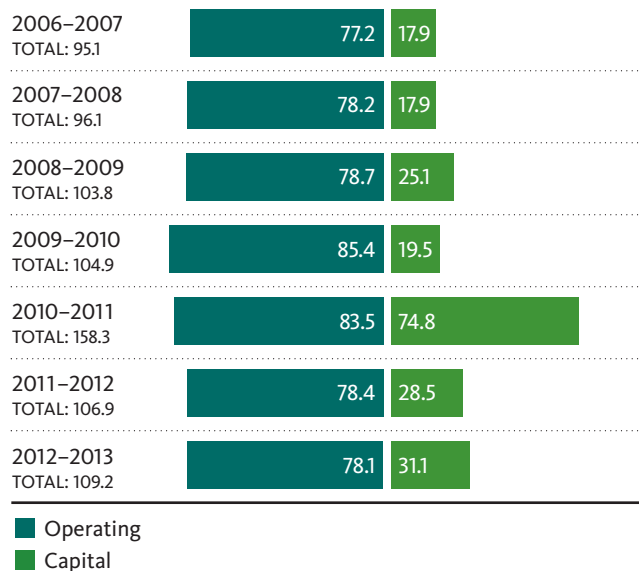


TABLE 1 — PARLIAMENTARY APPROPRIATIONS, 2009–2010 TO 2012–2013

(thousands of dollars)

	ACTUALS			PROJECTIONS	
	2009–2010	2010–2011	Variance	2011–2012	2012–2013
Operating	79,627	83,173	3,546	78,399	78,103
Supplementary operating	5,760	294	(5,466)	–	–
<b>Subtotal</b>	<b>85,387</b>	<b>83,467</b>	<b>(1,920)</b>	<b>78,399</b>	<b>78,103</b>
Capital	30,513	34,188	3,675	28,473	31,113
Supplementary capital	(10,980)	40,660	51,640	–	–
<b>Subtotal</b>	<b>19,533</b>	<b>74,848</b>	<b>55,315</b>	<b>28,473</b>	<b>31,113</b>
<b>Total appropriations</b>	<b>104,920</b>	<b>158,315</b>	<b>53,395</b>	<b>106,872</b>	<b>109,216</b>

## Operating Revenue

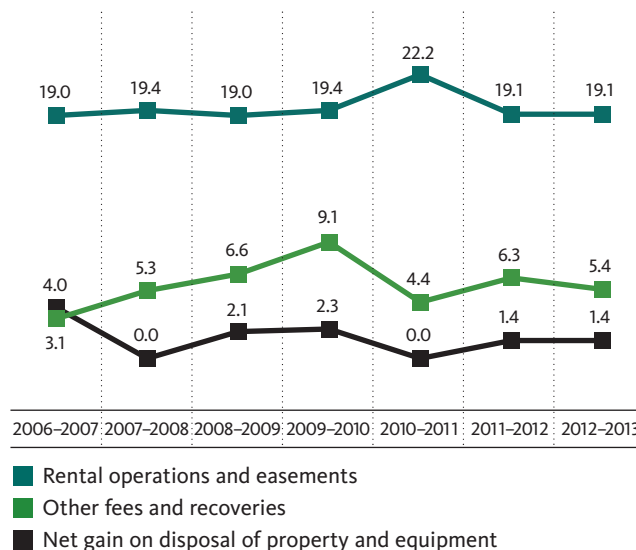
As shown on the statement of operations (*see Table 2 on page 48*), the NCC generated \$34.6 million in operating revenue in 2010–2011, a \$2.8-million decrease compared with the 2009–2010 level of \$37.4 million. The fluctuation is mainly attributable to a lower amount of other fees and recoveries (\$4.8 million) — largely related to a settlement received in 2009–2010 for a contaminated site (\$1.8 million), and lower recoveries from partners on events (\$2.5 million) — as well as a net gain on the disposal of property and equipment recorded in 2009–2010 (\$2.3 million). These decreases were partly offset by non-monetary easement revenue resulting from a land exchange in 2010–2011 (\$3.2 million) and by higher revenues from interest (\$1.2 million).

Rental operations and easements provided the largest source of operating revenue in 2010–2011, representing 64 percent (55 percent in 2009–2010) of total operating revenue, excluding the net gain on the disposal of property and equipment. The variance from last year results essentially from non-monetary easement revenue recorded in 2010–2011 in relation to a land exchange. 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 property and equipment (*see Chart 2*).

Total funding for operations (appropriations plus operating revenue) reached a peak in 2009–2010 (*see Chart 3*), as a result of additional appropriations to cover higher salaries and employee benefits, and due to realignments in the funding for official residences. Operating appropriations are gradually decreasing, starting in 2010–2011, with the implementation of 2009 strategic review reallocations and government-wide cost containment measures.

**CHART 2 — MAIN SOURCES OF OPERATING REVENUE 2006–2007 TO 2012–2013**

(millions of dollars)



**CHART 3 — TOTAL OPERATING FUNDING, 2006–2007 TO 2012–2013**

(millions of dollars)





## COST OF OPERATIONS

As shown in the statement of operations and comprehensive income, and detailed by major classification in Note 10 to the financial statements (see *Chart 4*), the total cost of the NCC's operations for 2010–2011 increased by 2 percent to \$140.9 million, from \$138.0 million in the previous year. The \$2.9-million increase results mainly from increased salaries and benefits (\$1.9 million), a loss on disposal of property and equipment (\$1.6 million) and an impairment loss on the value of property and equipment (\$2.2 million). These increases were partly offset by lower costs for events and programs (\$2.0 million) and property maintenance services (\$0.6 million).

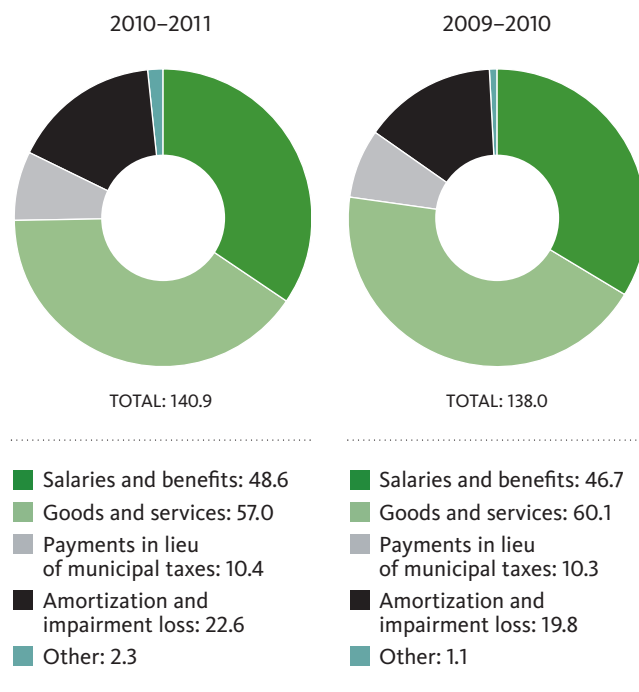
In future years, the NCC will face greater cost pressures for its headquarters accommodation and the renewal of property maintenance contracts, as each of these expenditure areas includes contracts with escalating inflation clauses. Life cycle management costs, including materials and labour, will also increase. The NCC is also implementing measures to meet the reallocations resulting from the 2009 strategic review. Government cost containment measures are imposing an additional toll on the NCC's scarce resources, and the corporation needs to identify further operational efficiencies in order to fund overall increases in employee salaries and benefits.

## CAPITAL EXPENDITURES

In 2010–2011, \$65.4 million in capital investments were made compared with \$38.9 million in 2009–2010. Urban lands projects recorded a significant growth (\$29.3 million) attributable to infrastructure stimulus investments. Capital investments also increased in Gatineau Park (\$1.8 million), while property acquisitions recorded the largest decrease (\$3.4 million).

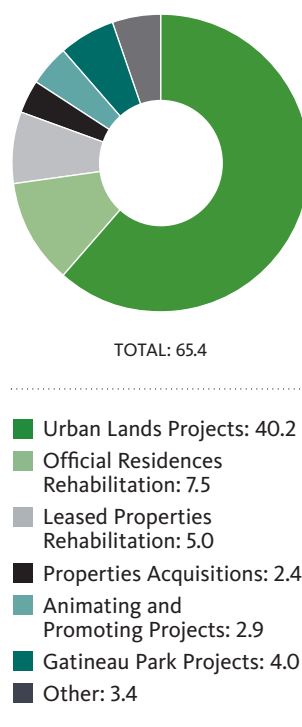
## CHART 4 — EXPENSES BY MAJOR CLASSIFICATION, 2010–2011 AND 2009–2010

(millions of dollars)



## NCC CAPITAL EXPENDITURES, 2010–2011

(millions of dollars)



**TABLE 2 — STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME**

for the years ended March 31, 2010 to 2012 (in thousands of dollars)

	2011–2012	2010–2011			2009–2010		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenue</b>							
Rental operations and easements	19,100	18,584	22,161	3,577	18,960	19,350	390
Interest	2,388	1,353	2,614	1,261	2,406	1,445	(961)
Net gain on disposal of property and equipment	1,400	1,400	–	(1,400)	1,400	2,289	889
Sponsorship							
Monetary	966	966	1,127	161	966	1,057	91
Goods and services	240	250	234	(16)	750	224	(526)
Headquarters sublease	1,851	1,849	1,852	3	1,802	1,821	19
User access fees	1,310	1,315	2,199	884	1,115	2,041	926
Other fees and recoveries	6,251	5,211	4,375	(836)	5,317	9,130	3,813
	<b>33,506</b>	<b>30,928</b>	<b>34,562</b>	<b>3,634</b>	<b>32,716</b>	<b>37,357</b>	<b>4,641</b>
<b>Cost of Operations</b>							
Animating and promoting the Capital	20,373	20,628	22,692	(2,064)	21,598	24,194	(2,596)
Capital planning, design and land use	8,481	6,633	4,340	2,293	5,746	4,463	1,283
Real asset management and stewardship	90,749	90,973	82,666	8,307	78,932	79,870	(938)
Corporate services	32,157	30,970	31,223	(253)	28,286	29,476	(1,190)
	<b>151,760</b>	<b>149,204</b>	<b>140,921</b>	<b>8,283</b>	<b>134,562</b>	<b>138,003</b>	<b>(3,441)</b>
<b>Net comprehensive loss before funding from the Government of Canada</b>	<b>(118,254)</b>	<b>(118,276)</b>	<b>(106,359)</b>	<b>11,917</b>	<b>(101,846)</b>	<b>(100,646)</b>	<b>1,200</b>
<b>Funding from the Government of Canada</b>							
Parliamentary appropriations for operating expenditures	78,399	83,173	83,467	294	79,627	85,387	5,760
Amortization of deferred capital funding	21,268	13,734	20,726	6,992	16,160	18,126	1,966
<b>Net Comprehensive (Loss) Income</b>	<b>(18,587)</b>	<b>(21,369)</b>	<b>(2,166)</b>	<b>19,203</b>	<b>(6,059)</b>	<b>2,867</b>	<b>8,926</b>

**BUDGETARY ANALYSIS**

Table 2 provides the following comparisons in terms of operating results: for 2010–2011, actual results versus the budget presented in the 2010–2011 to 2014–2015 Summary of the Corporate Plan and a similar comparison for 2009–2010, based on the 2009–2010 to 2013–2014 Summary of the Corporate Plan. The table also provides operating expenditures budgeted for 2011–2012, as presented in the 2011–2012 to 2015–2016 Summary of the Corporate Plan.

The NCC exceeded its revenue budget in 2010–2011 by \$3.6 million, with higher-than-budget rental operations and easements (\$3.6 million), interest revenue (\$1.3 million) and user access fees (\$0.9 million). These increases were partly offset by a lower-than-budget amount for other fees and recoveries (\$0.8 million) and the fact that there was no net gain on the disposal of property and equipment (\$1.4 million).

The actual cost of operations was \$8.3 million lower than budget, primarily as a result of the delay in the Jacques-Cartier Street initiative managed by the Ville de Gatineau (\$10 million). Delays in planning initiatives (\$2.3 million) also resulted in a positive variance, while a net loss on the disposal of property and equipment (\$1.6 million) and an impairment loss on the net fair value of properties (\$2.3 million) contributed to higher expenditures.

## ENTERPRISE RISK MANAGEMENT

The Treasury Board of Canada Secretariat considers enterprise risk management an essential component of modern management in the federal public service. It helps departments and agencies to think more strategically, and improves their ability to set common priorities. Risk management also allows them to benefit more from opportunities, as they arise. At the individual level, risk management helps employees strengthen their ability to anticipate, assess and manage risk.

At the NCC, risk management is integrated in the corporate structure and culture through a number of mechanisms. The Executive Management Committee and Board of Directors regularly discuss key corporate risks through performance reporting. Senior managers address risk through a corporate risk profile exercise, as well as through planning exercises. And employees learn about risk management through a customized online training course available on the NCC's intranet. Risk analyses are also required as part of many internal processes, including preparing submissions that are forwarded to the Executive Management Committee for decision making, the memorandum of understanding process, an annual operational planning exercise, and for projects using the formalized process for project management.

The key corporate risks currently facing the NCC, and the corresponding mitigation measures, have been identified through a corporate risk profile exercise. They are as follows.

### FUNDING

In a financially challenging environment, there is a risk that the NCC will be unable to reduce the gap between current and required funding levels. To mitigate the risk, the NCC continues to focus on efficiencies and savings by reviewing business processes and eliminating redundancies. It is also establishing strategies for increasing and reinvesting revenues.

### OPPORTUNITIES

In its pursuit of better ways of delivering its mandate, the NCC is concerned that resources might not be effectively redirected toward opportunities that support organizational priorities. With this concern in mind, the NCC is creating a learning and adaptive work environment that encourages finding better ways of doing business and benefiting from them.

### FEDERAL LAND USE AND DESIGN APPROVAL

The mandate of the NCC was reviewed in 2006, and a main recommendation of this undertaking was the need to clarify the NCC's federal land use and design approval process. There is a risk that not being able to successfully adapt the approval process to meet the recommendation would result in delays in improving services for (federal and other) project proponents. Measures taken to counter the risk include broadened NCC participation and enhanced training and tools for employees, both in the context of providing improved services to applicants.

### PARTNERSHIPS

Partnership is recognized as a fundamental way of doing business, and an efficient way of providing the best value to Canadians. Without it, the NCC would have difficulty moving forward on many of its initiatives. While being able to count on the support of partners and sponsors is an advantage for the organization, the ability to establish and maintain effective collaborative relationships with key public- and private-sector partners has been identified as a corporate risk. Partners and sponsors expect to see real and tangible benefits in the current economic climate, and generating a steady stream of sponsorship revenue is a challenge for the NCC. The NCC needs to focus on strengthening effective relationships and identifying new ones.

## FUTURE ACCOUNTING AND REPORTING CHANGES

### PUBLIC SERVICE ACCOUNTING STANDARDS

In September 2009, the Public Sector Accounting Board approved an amendment to the Introduction to Public Sector Accounting Standards, which led to the removal of the “government business-type organization” classification from the Canadian Institute of Chartered Accountants handbook. As a result of this amendment, the NCC is now classified in the category of “other government organizations.” These organizations would generally base their accounting policies on public sector accounting standards (PSAS), but are allowed to adopt International Financial Reporting Standards when determined to be the most appropriate basis of accounting. However, the NCC concluded that PSAS were the most appropriate basis of accounting to respond to the needs of the users of its financial statements, and will be converting to these standards for the fiscal period beginning on April 1, 2011 (*See Note 2 N. for main differences that will affect the accounting policies of the NCC*).

### STANDARD ON QUARTERLY FINANCIAL REPORTS FOR CROWN CORPORATIONS

Amendments to the *Financial Administration Act* will require the NCC, as a parent Crown corporation, to prepare and make public quarterly financial reports in accordance with the Standard on Quarterly Financial Reports for Crown Corporations. The standard takes effect on April 1, 2011. The quarterly report will consist of unaudited financial statements and a narrative discussion outlining financial results, risks, and significant changes in operations, personnel and programs. The financial statements will present the current fiscal quarter and the current fiscal year-to-date, as well as provide comparative information for the preceding fiscal year. In 2010–2011, the NCC prepared for implementing the standard by capturing comparative financial information and making changes to its reporting regime and internal schedules.

## OUTLOOK

As the NCC enters 2011–2012, many external trends and priorities have remained constant: the economy, urbanization and urban planning, changing demographics, and communications and technology.

As a result of the economic downturn and the government’s priority to reduce the deficit, further financial pressures will challenge the already strained funding levels at the NCC. Looking at ways to build organizational capacity will be top of mind. Establishing new business models for program delivery, focusing on its most important priorities, and finding efficiencies through existing business processes are some of the ways the NCC will achieve this. Another is to be innovative in finding new ways to do things.

The NCC is guided by two strategic directions for the upcoming planning period. One is to create an active and livable meeting place, where one can experience Canada and its people, and the other is to reach out to Canadians and strengthen their sense of identity with Canada’s Capital Region and the country. The review and update of the Plan for Canada’s Capital represents a major undertaking for the NCC, and in 2011–2012 the NCC will be focused on engaging Canadians in establishing the vision for their capital. Working collaboratively with other levels of government, stakeholders and partners, the NCC will focus on sustainable transportation options, and pursue opportunities to enhance experiences through meeting places in the Capital Region. Investments in technology will allow the NCC to reach beyond traditional boundaries, to communicate and engage in dialogue in ways never thought possible, changing how the NCC does business with Canadians.

In 2017, Canada will mark the 150th anniversary of Confederation, and Canada’s Capital Region will be an important centre of national celebration. Planning has begun for this milestone, as the NCC aims to ensure that the Capital is a dynamic and vibrant meeting place that captures the hearts of Canadians.



# 2010–2011 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 Foreign Affairs.

The members of the NCC's Board of Directors carry out their responsibilities for the financial statements principally through the Audit 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 audits 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 Audit Committee, with or without the presence of management.



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



Pierre Désautels, CMA  
Vice-President, Finance and Procurement,  
and Chief Financial Officer

June 30, 2011



## INDEPENDENT AUDITOR'S REPORT

To the Minister of Foreign Affairs

### Report on the Financial Statements

I have audited the accompanying financial statements of National Capital Commission, which comprise the balance sheet as at 31 March 2011, and the statement of operations and comprehensive income, statement of equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Capital Commission as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of National Capital Commission 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 National Capital Commission.

John Rossetti, CA  
Assistant Auditor General  
for the Interim Auditor General of Canada

30 June 2011  
Ottawa, Canada

**NATIONAL CAPITAL COMMISSION**  
**BALANCE SHEET**

as at March 31 (in thousands of dollars)

	2011	2010
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 3)	44,744	4,654
Short-term investments (note 3)	12,360	33,383
Accounts receivable		
Federal government departments and agencies	4,520	3,851
Tenants and others	3,713	3,838
Prepaid expenses	2,957	2,829
	<b>68,294</b>	<b>48,555</b>
<b>Long-term receivable (note 4)</b>	<b>1,730</b>	<b>1,908</b>
<b>Long-term investments (note 3)</b>	<b>19,916</b>	<b>19,584</b>
<b>Restricted investments (note 3)</b>	<b>69,107</b>	<b>68,075</b>
<b>Capital assets (note 5)</b>		
<b>Property and equipment</b>	<b>592,567</b>	<b>544,449</b>
<b>Intangible assets</b>	<b>1,036</b>	<b>497</b>
	<b>752,650</b>	<b>683,068</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities		
Federal government departments and agencies	3,475	1,857
Others	32,006	20,218
Current portion of provision for environmental cleanup (note 13)	2,300	3,600
	<b>37,781</b>	<b>25,675</b>
<b>Deferred capital funding (note 8)</b>	<b>287,335</b>	<b>236,163</b>
<b>Provision for environmental cleanup (note 13)</b>	<b>40,357</b>	<b>35,739</b>
<b>Employee future benefits (note 6)</b>	<b>6,852</b>	<b>6,659</b>
<b>Deferred rental revenue (note 7)</b>	<b>4,614</b>	<b>4,717</b>
<b>Deferred rent inducement</b>	<b>1,583</b>	<b>1,765</b>
<b>Other long-term liabilities</b>	<b>388</b>	<b>397</b>
<b>Unsettled expropriations of property and land exchanges</b>	<b>2,799</b>	<b>1,796</b>
	<b>381,709</b>	<b>312,911</b>
<b>Commitments and contingencies (notes 12 and 13)</b>		
<b>EQUITY</b>	<b>370,941</b>	<b>370,157</b>
	<b>752,650</b>	<b>683,068</b>

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, Audit Committee

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

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

	2011	2010
<b>Revenue</b>		
Rental operations and easements	22,161	19,350
Interest	2,614	1,445
Net gain on disposal of property and equipment	–	2,289
Sponsorship		
Monetary	1,127	1,057
Goods and services (note 14)	234	224
Headquarters sublease	1,852	1,821
User access fees	2,199	2,041
Other fees and recoveries	4,375	9,130
	<b>34,562</b>	<b>37,357</b>
<b>Cost of Operations (notes 9 and 10)</b>		
Animating and promoting the Capital	22,692	24,194
Capital planning, design and land use	4,340	4,463
Real asset management and stewardship	82,666	79,870
Corporate services	31,223	29,476
	<b>140,921</b>	<b>138,003</b>
<b>Net comprehensive loss before funding from the Government of Canada</b>	<b>(106,359)</b>	<b>(100,646)</b>
<b>Funding from the Government of Canada</b>		
Parliamentary appropriations for operating expenditures (note 11)	83,467	85,387
Amortization of deferred capital funding (note 8)	20,726	18,126
	<b>104,193</b>	<b>103,513</b>
<b>Net Comprehensive (Loss) Income</b>	<b>(2,166)</b>	<b>2,867</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)

	2011	2010
<b>Retained Earnings</b>		
Balance at beginning of year	370,157	365,235
Net comprehensive (loss) income	(2,166)	2,867
Parliamentary appropriations to acquire and improve non-depreciable capital assets (note 11)	2,950	2,055
<b>Balance at end of year</b>	<b>370,941</b>	<b>370,157</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)

	2011	2010
<b>Cash flows from operating activities</b>		
Cash receipts from parliamentary appropriations for operating activities	83,428	86,855
Cash receipts from rental operations and easements	19,271	18,253
Cash receipts from other operations	9,000	12,734
Cash paid to suppliers and employees	(112,049)	(116,085)
Interest received	2,311	1,820
Disbursements for contaminated sites	(1,377)	(2,242)
<b>Cash flows from (used in) operating activities</b>	<b>584</b>	<b>1,335</b>
<b>Cash flows from investing activities</b>		
Purchases and improvements to property and equipment	(54,544)	(34,044)
Purchases and development of intangible assets	(651)	(398)
Proceeds from disposal of property and equipment	982	2,845
Disbursements for environmental cleanup	(1,023)	(1,300)
Net change in short-term investments	21,022	(33,383)
Net change in restricted cash and cash equivalents	–	13,720
Net change in restricted short-term investments	(704)	(9,066)
Disbursements for long-term investments	–	(19,731)
Disbursements for restricted long-term investments	(1,709)	(1,229)
Cash receipts from restricted long-term investments	1,285	806
<b>Cash flows used in investing activities</b>	<b>(35,342)</b>	<b>(81,780)</b>
<b>Cash flows from financing activities</b>		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	74,848	19,533
<b>Cash flows from financing activities</b>	<b>74,848</b>	<b>19,533</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>40,090</b>	<b>(60,912)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,654</b>	<b>65,566</b>
<b>Cash and cash equivalents at end of year</b>	<b>44,744</b>	<b>4,654</b>

The notes are an integral part of the financial statements.



## NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2011

### 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. 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.

#### B. Capital assets

Property and equipment and intangible assets are referred to collectively as 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 of the NCC and those donated to the Canadiana Fund 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.

#### C. 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.

##### Property and equipment

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	3 years
Antiques and works of art	Not amortized

##### Intangible assets

Software and website	3 and 5 years
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#### D. Property and equipment held for sale

The NCC records a property and equipment 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.

#### E. Non-monetary transactions

In the normal course of business, the NCC regularly signs non-monetary agreements with a third party or a related party. 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.

#### F. 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, 2010, and 2011. 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.

### **G. 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.

### **H. 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 10).

### **I. 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.

### **J. 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.

### **K. 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.

### **L. 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 16, 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 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, long-term investments 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.
- Short-term investments and 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.

Subsequent fair values are determined using the following fair value measurements. Each level is based on the significance of the inputs used to measure the fair value of assets and liabilities.

**Level 1** Inputs are unadjusted quoted prices of identical instruments in active markets.

**Level 2** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** Inputs for the asset or liability that are not based on observable market data.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

## M. Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and cost of operations during the reporting period. Provision for environmental cleanup, employee future benefits, unsettled expropriations of property and land exchanges, estimated useful lives of capital assets, 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.

## N. Future accounting changes: Public sector accounting standards

In September 2009, the Public Sector Accounting Board approved an amendment to the Introduction to public accounting standards, which led to the removal of the “government business-type organization” classification from the Canadian Institute of Chartered Accountants Handbook. As a result of this amendment, the NCC, which was a “government business-type organization,” is now classified under “other government organizations.” The “other government organizations” would generally base their accounting policies on public sector accounting standards, but are allowed to adopt International Financial Reporting Standards when these are determined to be the most appropriate basis of accounting. However, the NCC concluded that public sector accounting standards were the most appropriate basis of accounting to respond to the needs of the users of its financial statements. Therefore, the NCC will be converting to public sector accounting standards for the fiscal period beginning on April 1, 2011.

Public sector accounting standards use a conceptual framework similar to Canadian generally accepted accounting principles, but there are certain differences in terms of recognition, measurement and disclosures. The main differences that will affect the accounting policies of the NCC are as follows.

- The investments will be recorded at the lesser of cost and fair value. This change will result in an adjustment to the opening balances of investments and equity.
- The cumulative actuarial gains and losses related to employee future benefits will be amortized over the expected average remaining service life of the related employee group covered by the plan. This change will result in an adjustment to the opening balances of employee future benefits and equity.
- The antiques and works of art will no longer be capitalized. This change will result in an adjustment to the opening balances of fixed assets and equity.
- Other changes will affect the financial statement presentation, as well as the note disclosures.

### 3. CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS, LONG-TERM INVESTMENTS, AND RESTRICTED 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, 2011, in addition to the \$39.2 million (\$4.7 million in 2010) in cash, cash and cash equivalents include bankers' acceptances, which amounted to \$5.5 million (0 in 2010) at a weighted average interest rate of 1.1 percent.

#### B. Short-term investments

As at March 31, 2011, short-term investments include bankers' acceptances and bearer deposit notes, which amounted to \$12.4 million (\$33.4 million in 2010) at a weighted average interest rate of 1.4 percent (0.6 percent in 2010) and have an average term-to-maturity of 10 months (12 months in 2010).

#### C. Long-term investments

As at March 31, 2011, long-term investments include bonds of provincial governments, which amounted to \$19.9 million (\$19.6 million in 2010) at a weighted average interest rate of 3.7 percent (3.7 percent in 2010). These investments are measured at fair value.

#### D. Restricted investments

(thousands of dollars)

	2011	2010
Restricted short-term investments	61,455	60,750
Restricted long-term investments	7,652	7,325
	<b>69,107</b>	<b>68,075</b>

As at March 31, 2011, restricted short-term investments include bankers' acceptances and bearer deposit notes, which amounted to \$61.4 million (\$60.8 million in 2010) at a weighted average interest rate of 1.4 percent (0.6 percent in 2010) and have an average term-to-maturity of 10 months (12 months in 2010).

As at March 31, 2011, restricted long-term investments include bonds of the Government of Canada and of provincial governments, which amounted to \$7.7 million (\$7.3 million in 2010) at a weighted average interest rate of 4.7 percent (4.8 percent in 2010). These investments are measured at fair value.

Restricted 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 \$9,226 (\$9,163 in 2010);
- ii. funds of \$1.1 million (\$1.7 million in 2010) for the revitalization of Sparks Street in Ottawa;
- iii. funds of \$2.9 million (\$2.1 million in 2010) for the rehabilitation of the official residences;
- iv. funds of \$11.7 million (\$11.7 million in 2010) for the redevelopment of LeBreton Flats;
- v. funds of \$2.4 million (\$2.4 million in 2010) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vi. funds of \$3.0 million for projects related to the Economic Action Plan;
- vii. funds of \$10.0 million (\$10.0 million in 2010) for improvements to the shoreline area of Jacques-Cartier Street in Gatineau; and
- viii. funds of \$38.0 million (\$40.1 million in 2010) 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 \$1.4 million (\$3.0 million in 2010), whereas acquisitions and disposal expenses were \$3.5 million (\$6.2 million in 2010).

### 4. LONG-TERM RECEIVABLE

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, 2011, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$1.7 million (\$1.9 million in 2010). This long-term receivable is recognized on a straight line basis, and the expense of \$177,000 is included under goods and services in note 10. An impairment loss is recognized when the carrying amount of the long-term receivable is not recoverable and exceeds its fair value. During the year, no impairment loss was recognized.



## 5. CAPITAL ASSETS

(thousands of dollars)

	MARCH 31, 2011						MARCH 31, 2010
	Land	Buildings and Infrastructure	Equipment	Total Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>PROPERTY AND EQUIPMENT</b>							
<b>Land, Buildings and Infrastructure<sup>1</sup></b>							
Greenbelt	28,621	34,335	—	62,956	27,788	35,168	33,092
Gatineau Park	29,170	21,193	—	50,363	14,542	35,821	32,509
Parkways	37,893	143,322	—	181,215	87,034	94,181	80,050
Parks	24,437	89,461	—	113,898	43,946	69,952	59,715
Bridges and approaches	263	82,997	—	83,260	42,221	41,039	38,748
Historical properties	126	92,797	—	92,923	49,540	43,383	38,867
Recreational facilities	20,682	28,626	—	49,308	19,291	30,017	26,184
Rental properties	79,311	100,243	—	179,554	52,441	127,113	122,601
Development properties	59,992	22,538	—	82,530	9,005	73,525	73,505
Unsettled expropriations and land exchanges	1,799	—	—	1,799	—	1,799	1,797
Administrative and service buildings	6,654	25,546	—	32,200	14,649	17,551	15,243
	<b>288,948</b>	<b>641,058</b>	<b>—</b>	<b>930,006</b>	<b>360,457</b>	<b>569,549</b>	<b>522,311</b>
<b>Leasehold Improvements</b>	<b>—</b>	<b>16,308</b>	<b>—</b>	<b>16,308</b>	<b>10,948</b>	<b>5,360</b>	<b>6,272</b>
<b>Equipment</b>							
Machinery and equipment	—	—	7,768	7,768	4,937	2,831	2,264
Office furniture and equipment	—	—	3,129	3,129	2,855	274	174
Vehicles	—	—	1,842	1,842	1,489	353	385
Computer and communications equipment	—	—	2,071	2,071	1,692	379	397
<b>Antiques and works of art</b>							
Canadiana Fund	—	—	8,444	8,444	—	8,444	8,402
Other	—	—	5,377	5,377	—	5,377	4,244
	<b>—</b>	<b>—</b>	<b>28,631</b>	<b>28,631</b>	<b>10,973</b>	<b>17,658</b>	<b>15,866</b>
<b>Total of property and equipment</b>	<b>288,948</b>	<b>657,366</b>	<b>28,631</b>	<b>974,945</b>	<b>382,378</b>	<b>592,567</b>	<b>544,449</b>
<b>INTANGIBLE ASSETS</b>							
Software and website	—	—	3,965	3,965	2,929	1,036	497
<b>Total of intangible assets</b>	<b>—</b>	<b>—</b>	<b>3,965</b>	<b>3,965</b>	<b>2,929</b>	<b>1,036</b>	<b>497</b>
<b>Total</b>	<b>288,948</b>	<b>657,366</b>	<b>32,596</b>	<b>978,910</b>	<b>385,307</b>	<b>593,603</b>	<b>544,946</b>

1. The total cost of land, buildings and infrastructure includes \$41.0 million (\$29.4 million in 2010) of construction in progress. When completed, the cost of these projects will be amortized on the basis on their estimated useful life.

## 6. 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.

(thousands of dollars)

	2011	2010
NCC's contributions	5,752	5,285
Employees' contributions	3,171	2,782

### B. Severance and workers' compensation benefits

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 \$7.6 million (\$7.4 million in 2010) and is included in the table below.

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

(thousands of dollars)

	2011	2010
Accrued benefit liability, beginning of year	7,409	7,665
Cost for the year	530	590
Interest cost	335	276
Amortization of net actuarial loss	10	14
Benefits paid during the year	(682)	(1,136)
Accrued benefits liability, end of year	<b>7,602</b>	<b>7,409</b>
Current portion (included in accounts payable and accrued liabilities)	750	750
Long-term portion	6,852	6,659
	<b>7,602</b>	<b>7,409</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 (4.91 percent in 2011 and 4.00 percent in 2010), 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, 2008.

The most recent actuarial valuation made by the NCC's actuary for the severance benefits was performed as at March 31, 2011. The next valuation will be carried out as at March 31, 2014, 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.

## 7. 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 2010) of deferred rental revenue was recognized in income.

## 8. DEFERRED CAPITAL FUNDING

(thousands of dollars)

	2011	2010
Deferred balance at beginning of year	236,163	236,811
Parliamentary appropriations to acquire and improve depreciable capital assets (note 11)	71,898	17,478
Amortization of deferred capital funding	(20,726)	(18,126)
<b>Deferred balance at end of year</b>	<b>287,335</b>	<b>236,163</b>
<b>Distributed as follows:</b>		
Used deferred capital funding	263,903	224,585
Unused deferred capital funding	23,432	11,578
	<b>287,335</b>	<b>236,163</b>

## 9. 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), interpretation programs and commemorations. As well, this activity works to increase Canada-wide awareness of the Capital by means of national marketing and communications campaigns that present the Capital as a place where Canadians can experience Canadian heritage, culture and achievements.

### Capital Planning, Design and Land Use

This program activity guides the use and physical development of federal lands, coordinates development, and ensures excellence in design and planning on federal lands in order that they are appropriate to the role and significance of the Capital. Products include long-term visionary plans to guide land uses, development and management of the Capital's lands, as well as the identification of the National Interest Land Mass to be held in trust for future generations. The NCC is responsible for the review and approval of all proposals for land-use changes, designs and land disposals on federal lands in Canada's Capital Region, in order to ensure that they are appropriate to the Capital's significance, natural environment and heritage. The NCC develops strategies and facilitates federal involvement in transportation and transit in Canada's Capital Region, and participates in joint studies with provincial and municipal partners to address interprovincial and urban transportation issues. Programs also include management of the built heritage, cultural landscapes and archaeological assets and collections, as well as approval of heritage building designations in the Capital.

### Real Asset Management and Stewardship

The NCC manages and protects physical assets of national significance in Canada's Capital Region as a legacy for future generations of Canadians. Its objectives are to enhance the rich cultural heritage and natural environment of Canada's Capital and to optimize the contribution of the NCC's extensive lands and buildings in support of the corporation's programs and mandate, while ensuring that NCC assets are appropriately accessible to the public. Environmental assets and liabilities are managed in a sustainable and responsible manner. The NCC's duties with regard to its real asset base include safeguarding and preserving the Capital's most treasured cultural, natural and heritage assets; the promotion and regulation of public activities on federal lands; natural resource protection and management; environmental stewardship; and the delivery of visitor and recreational services and programs. The NCC manages its assets through a life cycle maintenance and rehabilitation program and, where appropriate, the assets are used to generate a stream of revenues to complement federal appropriations in supporting the work of the corporation. Land development projects are carried out to enhance the Capital for future generations. This program activity is also responsible for the acquisition of national interest properties and the disposal of surplus properties. The NCC also makes payments in lieu of taxes to municipalities and school boards in Quebec.

### Corporate Services

This program activity promotes the efficient and productive use of resources through centrally provided corporate services to all business lines. It produces legislatively required documents and reports. It conducts internal audits, evaluations and research. It supplies financial, technical, legal, communications and administrative support to the NCC; and manages human resources.

## 10. COST OF OPERATIONS

(thousands of dollars)

	2011	2010
<b>Summary of expenses by major classification</b>		
Goods and services	56,823	59,902
Salaries and employee benefits	48,637	46,733
Amortization <sup>1</sup>	20,307	19,778
Payments in lieu of municipal taxes	10,378	10,284
Contributions	683	944
Goods and services in kind (note 14)	234	224
Net loss on disposal of property and equipment	1,599	—
Net loss on disposal of intangible assets	—	104
Impairment loss of property and equipment	2,260	34
	<b>140,921</b>	<b>138,003</b>

1. Amortization of property and equipment amounted to \$20.2 million (\$19.7 million in 2010), while amortization of intangible assets amounted to \$0.1 million (\$0.1 million in 2010).

## 11. PARLIAMENTARY APPROPRIATIONS

(thousands of dollars)

	2011	2010
<b>Parliamentary appropriations for operating expenditures</b>		
Amount received during the year	83,145	85,104
Receivable at end of year	322	283
Amount recorded on the statement of operations and comprehensive income	<b>83,467</b>	<b>85,387</b>
<b>Parliamentary appropriations to acquire and improve capital assets</b>		
Amount received for depreciable capital assets recorded on the balance sheet (note 8)	71,898	17,478
Amount received for non-depreciable capital assets recorded on the statement of equity	2,950	2,055
	<b>74,848</b>	<b>19,533</b>
<b>Parliamentary appropriations approved during the year</b>	<b>158,315</b>	<b>104,920</b>

## 12. COMMITMENTS

- i. The NCC has entered into agreements for services that amount to \$41.5 million (\$50.4 million in 2010) and office accommodation leases that amount to \$90.7 million (\$101.1 million in 2010). These agreements, which amount to \$132.2 million (\$151.5 million in 2010), 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 \$39.3 million (\$47.1 million in 2010).

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

(thousands of dollars)

	LEASES	SERVICES	TOTAL
2011–2012	9,099	13,645	22,744
2012–2013	9,214	6,852	16,066
2013–2014	9,333	5,485	14,818
2014–2015	9,711	2,581	12,292
2015–2016	10,399	1,813	12,212
2016 and thereafter	42,931	11,185	54,116

In addition to the previous agreements, the NCC is committed to contribute to the Ville de 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 2011–2012.

- ii. The NCC has entered into contracts for capital expenditures of approximately \$11.1 million (\$14.1 million in 2010). Payments under these contracts are expected to be made within the next fiscal year.

### 13. CONTINGENCIES

#### A. Claims

Claims have been made against the NCC totalling approximately a net amount of \$2.5 million (\$3.6 million in 2010), 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.

#### B. Environmental protection

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,487 property assets that have, to this day, had a preliminary environmental assessment. 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 \$42.7 million (\$39.3 million in 2010), of which \$2.3 million (\$3.6 million in 2010) represents the current portion of the liability. In addition, the NCC assesses at \$494.9 million (\$431.6 million in 2010) the contingency not recorded in the financial statement. The contingency reflects the suspected costs and potential additional costs associated with situations where it is uncertain if the NCC is obligated, or it is unlikely that the NCC will incur full remediation costs.

### 14. NON-MONETARY TRANSACTIONS

#### A. Sponsorship in goods and services

During the year, the NCC entered into sponsorship agreements through which it received various goods 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 \$0.2 million (\$0.2 million in 2010), which represents the fair value of the goods and services received.

#### B. Non-monetary exchanges and non-monetary non-reciprocal transfers

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

- i. The NCC transferred to the City of Ottawa the wastewater pumping station located at LeBreton Flats at a nominal value of \$1. As the transaction lacked commercial substance, it was measured at \$2.3 million, which represents the carrying amount of the portion transferred, and resulted in a loss on disposal of property and equipment. This loss is included in note 10 under “Net loss on disposal of property and equipment.”
- ii. The NCC was involved in a land exchange with the City of Ottawa, in order to allow the City to build the McEwan Creek stormwater pond. In addition to the land, the NCC also received a monetary component from the City of Ottawa which was immaterial. As this transaction had commercial substance, it was measured at \$1.0 million, representing the market value of the land transferred, and resulted in a gain on disposal of property and equipment of \$1.0 million. This gain is included in note 10 under “Net loss on disposal of property and equipment.”
- iii. 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 \$42,599 (\$0.4 million in 2010) 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.”



## 15. RELATED PARTY TRANSACTIONS

The NCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations, and is mainly financed by the Parliament of Canada. In addition to the related party transactions described below, and those disclosed elsewhere in these financial statements, the NCC also enters into transactions with Crown entities. In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the NCC incurred expenses totalling \$11.6 million (\$8.3 million in 2010) for utilities, rental of space, capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$11.5 million (\$9.7 million in 2010) from services rendered, rental operations and sales of capital assets. Furthermore, the prepaid expenses include \$0.1 million (\$0.1 million in 2010) associated with related parties.

During the year, the Government of Canada transferred to the NCC a parcel of land located close to the Aviation Parkway in exchange for a perpetual right of access easement, which was granted during the year, as well as a perpetual easement to be granted in a subsequent year in order to build a stormwater management pond on NCC land in the same area. As this transaction had commercial substance, it was measured at \$4.2 million, representing the market value of the land received, and resulted in easement revenue of \$3.2 million, as well as a liability of \$1.0 million. This liability is included on the balance sheet under "Unsettled expropriations of property and land exchanges."

## 16. 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, short-term investments, restricted short-term investments, long-term investments, restricted long-term investments, and accounts receivable.

The maximum exposure of the NCC to credit risk at March 31, 2011 is as follows.

(thousands of dollars)

	2011	2010
Cash and cash equivalents	44,744	4,654
Short-term investments	12,360	33,383
Accounts receivable		
Federal government departments and agencies	4,520	3,851
Tenants and others	3,713	3,838
Restricted short-term investments	61,455	60,750
Restricted long-term investments	7,652	7,325
Long-term investments	19,916	19,584
	<b>154,360</b>	<b>133,385</b>

The credit risk associated with cash and cash equivalents, short-term investments 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, 2011, 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 long-term investments and 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, 2011, accounts receivable from governmental or municipal entities comprised 55 percent (50 percent in 2010) of the total amounts due.

The following table presents an analysis of the age of accounts receivable not allowed for as at March 31, 2011.

(thousands of dollars)

	2011	2010
<b>Accounts receivable net of allowance for doubtful accounts:</b>		
Less than 30 days past billing date	2,287	2,446
30–60 days past billing date	1,361	1,252
61–90 days past billing date	369	301
Greater than 90 days past billing date	1,250	917
	<b>5,267</b>	<b>4,916</b>
Allowance for doubtful accounts	(355)	(292)
Other receivables	3,321	3,065
	<b>8,233</b>	<b>7,689</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.

(thousands of dollars)

	2011	2010
<b>Allowance for doubtful account</b>		
Balance at beginning of year	292	128
Bad debt expense	64	171
Amounts written off and recoveries	(1)	(7)
<b>Balance at the end of year</b>	<b>355</b>	<b>292</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 in cash.

The following table presents an analysis of the estimated maturities of the financial liabilities as at March 31, 2011.

(thousands of dollars)

	2011	2010
<b>Financial liabilities:</b>		
Less than 90 days	28,009	18,269
90–365 days	6,161	2,888
Greater than a year	–	–
	<b>34,170</b>	<b>21,157</b>

### 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, short-term investments, restricted short-term investments, long-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, 2011, for short-term investments and restricted short-term investments classified as financial assets held to maturity is \$0.8 million (\$0.8 million in 2010).

The NCC manages its exposure to the interest rate risk of its cash and cash equivalent, short-term investments, restricted short-term investments, long-term investment 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, 2011, had been 50 basis points lower or higher, with all other variables held constant, interest revenue for the same period would have been \$732,656 (\$701,980 in 2010) higher or lower, respectively.

At March 31, 2011, the NCC had \$19.9 million (\$19.6 million in 2010) of long-term investments and \$7.7 million (\$7.3 million in 2010) 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 long-term investments and restricted long-term investments held for trading would have been \$827,038 (\$887,976 in 2010) higher or lower, respectively, arising as a result of an increase or decrease in the fair value of these long-term investments and 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. This fair value is categorized using the hierarchy which reflects the significance of the inputs used to realize the measurement in accordance with the accounting policy of the NCC. The fair value of cash and cash equivalents, long-term investments, and investments were determined using the first hierarchy level, which are quoted prices in active markets for identical assets.

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.

The fair value of 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 short-term investments and restricted short-term investments is not significantly different from their respective carrying value at March 31, 2011, and 2010, due to their impending maturity.

During the year, the fair value of long-term investment and restricted long-term investments classified as held for trading increased by \$258,611 (decreased by \$314,615 in 2010), and the unrealized net gain was recorded in the statement of operations and comprehensive income with interest revenue.

## 17. 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.

## 18. 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, 2011, and the results of operations for the year then ended are as follows.

(thousands of dollars)

	2011	2010
<b>Financial position</b>		
Assets	7	11
Liabilities	–	(1)
<b>Net assets</b>	<b>7</b>	<b>10</b>
<b>Results of operations</b>		
Revenues	–	9
Expenses	(3)	(3)
Distributions to the NCC	–	(7)
<b>Deficiency of revenues over distributions and expenses</b>	<b>(3)</b>	<b>(1)</b>

# Appendices

## APPENDIX I

### 2010–2011 AWARDS LIST

- Government of Canada Workplace Charitable Campaign (GCWCC) Michael Nurse Award, for the organization whose creativity, devotion and drive contributed to a successful campaign
- François Cyr, Mérite du Conseil interprofessionnel du Québec, in recognition of his contribution to the development and advancement of the profession of planner
- *Mosaika*, Prix Boomerang award for interactive technology for the *Mosaika* web application (developed by Absolutnet)
- *Mosaika*, Canadian e-Tourism Award for Best Innovative Use of Technology and/or Media
- *Mosaika*, Festivals and Events Ontario Award for Best Promotional Campaign
- *Mosaika*, Festivals and Events Ontario Award for Best Poster
- Ottawa Tourism Award for Innovation of the Year
- The Summit International Awards, an American organization dedicated to encouraging excellence in the communications industry, awarded a bronze trophy to the NCC’s Online Training on Risk Management in the Interactive Media, Training category. The award recognizes innovation, strength of ideas, quality of execution, and the ability to communicate and convince.

## APPENDIX II

### 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

#### Audit Committee

##### Chairperson

Jason M. Sordi

##### Members

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

##### Ex-Officio Members

Russell Mills  
Marie Lemay

#### Governance Committee

##### Chairperson

Frieda Martselos  
(until February 2011)  
Brent Stefanson  
(as of February 2011)

##### Members

Jacquelin Holzman  
Frieda Martselos  
(as of February 2011)  
Jason M. Sordi  
Brent Stefanson  
(until February 2011)  
Robert Tennant

##### Ex-Officio Members

Russell Mills  
Marie Lemay

#### Advisory Committee on Communications, Marketing and Programming

##### Chairperson

Duncan McKie,  
Toronto, Ontario

##### Vice-Chairperson

Pauline Rafferty,  
Victoria, British Columbia

##### Members

Graham Carr,  
Montréal, 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 Members

Adel A. Ayad  
Peter Burgener

#### Advisory Committee on the Official Residences of Canada

##### Chairperson

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

##### Vice-Chairperson

Christina Cameron,  
Ottawa, Ontario  
(as of April 2010)

##### Members

Richard Alway,  
Toronto, Ontario  
Daniel Brisset,  
Montréal, Quebec  
Christina Cameron,  
Ottawa, Ontario  
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  
(until December 2010)  
Douglas B. Richardson  
Saskatoon, Saskatchewan  
(as of December 2010)

##### Vice-Chairpersons

Douglas B. Richardson,  
Saskatoon, Saskatchewan  
(until December 2010)  
Cynthia Price,  
Montréal, Quebec  
Grant Jameson,  
Ottawa, Ontario  
(as of December 2010)

##### Members

Diane Campbell,  
Halifax, Nova Scotia  
(until December 2010)  
Harriet Campbell-Meacher,  
Charlottetown,  
Prince Edward Island  
Catherine Graham,  
Toronto, Ontario  
(until of December 2010)  
Grant Jameson,  
Ottawa, Ontario  
(until December 2010)  
Shane O'Dea,  
St. John's, Newfoundland  
and Labrador  
Gerald Pittman,  
Calgary, Alberta  
Joan Richardson,  
Winnipeg, Manitoba  
Fei Wong,  
Vancouver, British Columbia



## 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 2010–2011.

#### NCC partners

Association des auteurs  
et auteures de l'Outaouais

Bank of Canada

Boy Scouts of Canada

British Council Canada

Building and Construction  
Trades Department

Bytown Museum

ByWard Market Business  
Improvement Area

Cameron Highlanders of Ottawa

Canada Agriculture Museum

Canada Aviation and  
Space Museum

Canada Council for the Arts  
— Art Bank

Canada Science and Technology  
Museum

Canadian Broadcasting  
Corporation

Canadian Capital Cities  
Organization

Canadian Heritage

Canadian Museum of Civilization

Canadian Museum of  
Contemporary Photography

Canadian Museum of Nature

Canadian Navy

Canadian Paralympic Committee

Canadian Red Cross

Canadian Ski Marathon

Canadian War Museum

Child and Youth Friendly  
Ottawa

City of Ottawa

Classroom Connections

Coopérative des paramédics  
de l'Outaouais

Currency Museum of the Bank  
of Canada

Diefenbunker, Canada's  
Cold War Museum

Embassy of Mexico in Canada

Embassy of the Kingdom  
of the Netherlands in Canada

Embassy of the People's  
Republic of China in Canada

Festival de montgolfières  
de Gatineau

Fokus

Gatineau Loppet

Gatineau Police Service

Girl Guides of Canada

Government of New Brunswick

Government of Ontario

Government of Yukon

Haunted Walk of Ottawa

Historica-Dominion Institute  
Encounters with Canada

House of Commons

Igloofest

Kiwanis Club of Ottawa

Les Gagné, Big Beaver  
Theme Park

Library and Archives Canada

Lord Stanley Memorial  
Monument Inc.

National Arts Centre

National Defence and  
the Canadian Forces

National Film Board of Canada

National Gallery of Canada

Natural Resources Canada

OC Transpo

Office of the Secretary  
to the Governor General

Ottawa Chamber Music Society

Ottawa Emergency and  
Protective Services

Ottawa Fire Services

Ottawa International Jazz Festival

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