

NATIONAL CAPITAL COMMISSION

Building pride and unity through Canada's Capital Region



Faire de la région de la capitale du Canada un symbole d'unité et de fierté

ANNUAL REPORT EXECUTIVE SUMMARY

CANADA'S CAPITAL

Building pride and unity

1993-1994



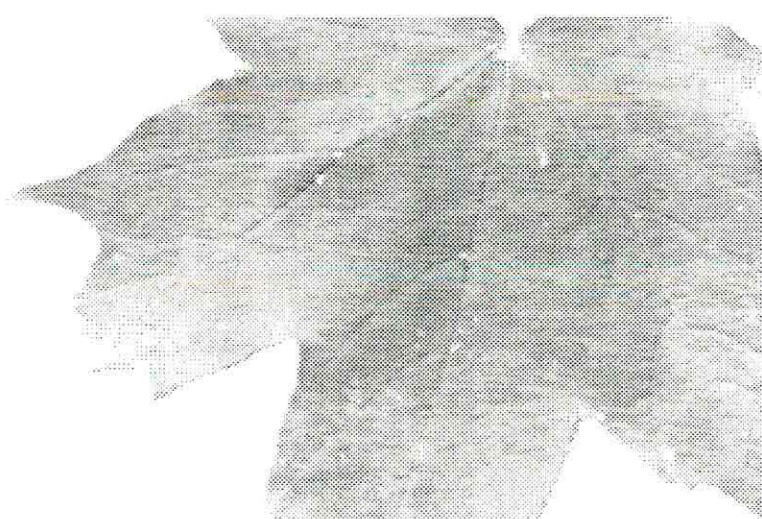
National Capital
Commission

Commission
de la Capitale nationale

Canada

NCC / CCN P-109-94

Preface



During the past year, the NCC has continued the long-term shift that began in 1988, when Parliament gave the organization a broader, revised mandate. Essentially, the new mandate means a movement forward – from building the Capital to using it to communicate Canadian values and traditions. Implicit in the change has been a gradual and fundamental redefinition of the Commission's role, its products and even the way it does business.

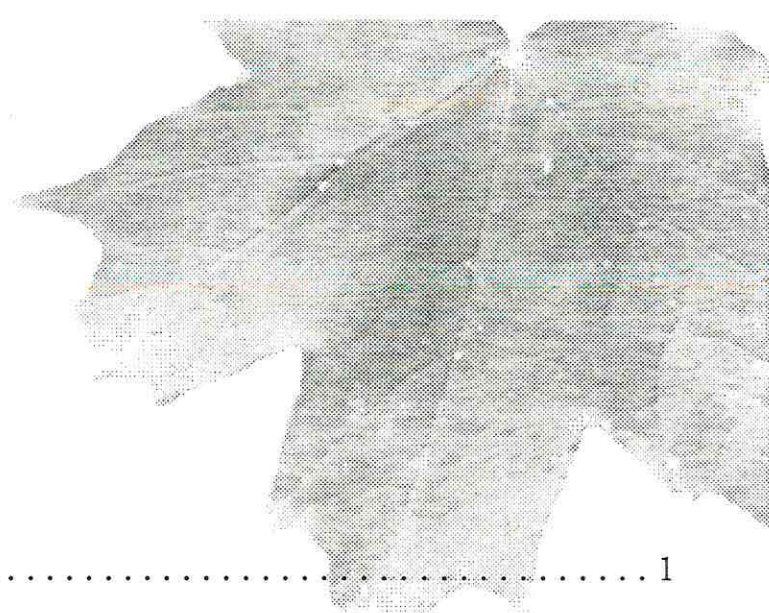
We began the year at the Commission with three main purposes in mind – one, to continue the task of planning and building the Capital; two, to make the Capital increasingly meaningful to Canadians through appropriate programming; and, finally, in the special circumstances of the 1990s, to demonstrate fiscal responsibility by reducing costs, improving efficiency and, wherever possible, generating revenue to support programs.

The Commission's record for the year has been shaped more than anything by the fact of "partnership." Nearly a century ago, when planning began in the Capital, the NCC's predecessor was a virtual pioneer in the region; in 1994, the Commission is merely one player in a complex political field. Clearly, to be effective, the NCC must harmonize its efforts with those of regional partners, just as it must recruit the public as informed supporters. Though partnerships are not easy to develop or maintain, it is clear that they have enormous, long-term value. We have succeeded this year, with a great deal of painstaking effort, in laying a solid foundation for future collaboration.

An even more outstanding success has been recorded in the area of Capital awareness, with achievements in bringing the Capital to the attention of Canadians outstripping all targets. Surveys show that more and more Canadians are beginning to think of the Capital not only as a destination, but also as a source of pride. That awareness, combined with healthy partnerships and sound, businesslike practices, are finally giving us the opportunity to use this Capital as it should be used – to show Canadians what Canada is all about.

August 1994

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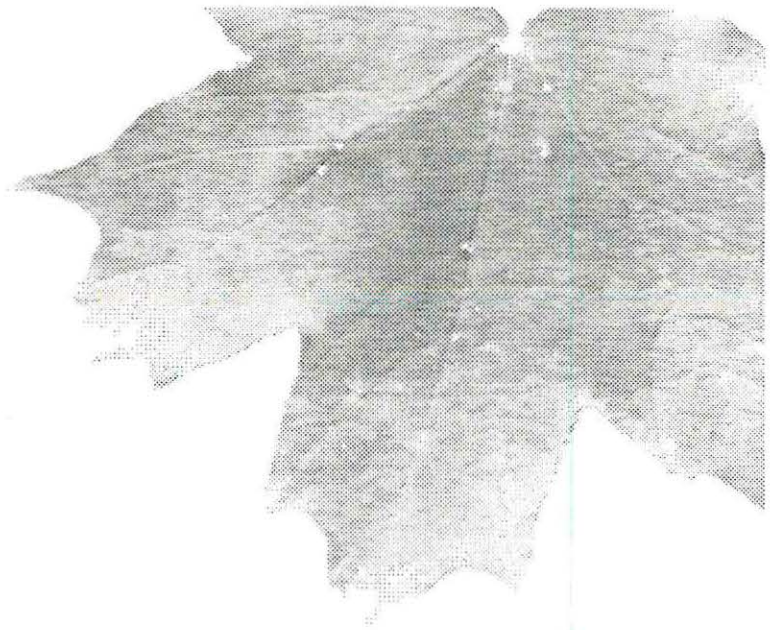
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Part I

The National Capital Commission

1993-1994



1. *National Capital Commission*

A Capital to Make Canadians Proud

The National Capital Commission was established by Parliament in 1958. Its role – then and now – was to create a Capital that would inspire Canadians with pride.

Crown Corporation Status

The NCC, as a federal Crown corporation, is an independent legal entity created by Parliament to pursue certain public policy objectives on behalf of Canadians. The NCC is accountable to Parliament through the Minister of Canadian Heritage for the degree to which it achieves its objectives while adhering to federal guidelines for public consultation, environmental assessment, etc.

National Mandate

Parliament created the National Capital Commission through the *National Capital Act* in 1958. The *Act*, which was amended and expanded in 1988, now directs the NCC to:

- prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance;
- 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; and
- coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region.

Mission Statement

The NCC's mission statement reflects its mandate:

- to use the Capital to communicate Canada to Canadians;
- to make the Capital a meeting place for Canadians; and
- to safeguard and preserve national treasures in the Capital.

PRODUCTS AND SERVICES

The Symbolic Capital: A National Experience

Activities at the Commission run the gamut from land-use planning, public programming and interpretation all the way to construction, heritage preservation and maintenance. These very different activities are unified, however, by their various contributions to a single mandate – which is, to create a meaningful Capital. The NCC also supports initiatives to make Canadians aware of the Capital and encourage them to visit.

STRUCTURE AND OPERATIONS

The Commission

As a Crown corporation, the NCC is governed by a Commission (essentially, a board of directors), which is composed of the Chairman, Vice-Chairman and 13 other members chosen from across Canada and appointed by order-in-council.

Corporate Committees

Executive Committee Guides the Commission on corporate issues and strategies, approves projects and transactions and reviews the NCC's corporate plan, operating and capital budgets, financial statements and annual report.

Corporate Audit and Evaluation Committee Reviews audit and evaluation activities.

Compensation Review Committee Reviews the performance and remuneration of the NCC Chairman and Executive Vice-President and General Manager.

Advisory Committees

The NCC acquires national perspective and professional breadth through the operation of several advisory committees. – Marketing and Programming, Planning and Real Asset Management, and Design – Members of these committees are recruited from among recognized Canadian experts.

Executive Management Committee

Reviews major issues related to the day-to-day operations and administration of the NCC.

2. *Management Perspective*

Redefining the Capital's Role

The development of a meaningful Capital is a long-term undertaking. Much has been accomplished in fulfilling the terms of the Gréber Plan (1949); however, much remains to be done, especially in terms of delivering the renewed mandate of 1988. Over the last few years, the NCC has made significant progress in establishing the Capital as a centre for national celebration, a focus of national exchange and a mirror of national culture. It has also developed much of the visitor reception infrastructure needed to make Canadians feel at home in the Capital.

External Business Environment

Canada in the 1990s has been greatly affected by the rise in regionalism and multiculturalism, and also by economic retrenchment, declining appropriations from Parliament and falling revenues. The organization is now turning to other levels of government and to the private sector and inviting them to share as partners in the upkeep of Capital assets, in the delivery of special events such as Canada Day and in the carrying out of planning studies. Also, to achieve maximum efficiency, the NCC is re-evaluating the needs of its clients and the nature of its management practices.

Corporate Objectives

Leadership in promoting pride and unity through the Capital The NCC works with other government departments and with the private sector to carry out its mandate.

Innovative programming and messages The NCC works to bring Canadians to the Capital and to interpret it for them when they arrive. For those who cannot come, the NCC sends the message out across the country via television, exhibits, conferences and school programs.

Implementing a responsible business approach The NCC is embarking on cost-cutting initiatives, the identification of key priorities for action and the development of productive partnerships.

Opportunities and Challenges

Integrating efforts, nationally and regionally In order to meet the needs of Canadians in a way that respects federal and regional priorities, the NCC will continue to use its assets, in consultation with regional administrations and other federal agencies, to develop the cultural aspect and to embody the symbolic dimension of the Capital and its region.

Safeguarding NCC assets with limited resources The NCC planned to dispose of certain non-essential assets in 1993-94 and to use the revenue for critical rehabilitation and maintenance of its assets. However, those revenues did not materialize because of a weak real estate market. The NCC intends to meet the challenge of revenue shortfall by prioritizing rehabilitation needs directly related to health and safety and to the mandate.

3. *The Year in Review*

STRATEGIC OBJECTIVE NO. 1

Contribute to the promotion of national pride and unity through the Capital

The NCC established the following performance targets for 1997:

- increase awareness and appreciation of the Capital (as measured by periodic national polls) by 2%;
- increase the size of broadcast audiences by 10%;
- increase the number of national “boosters” (those who support NCC activities throughout the country) by 5%;
- using 1993 as a benchmark year, increase overall attendance at NCC events and public programs;
- increase the ratio of visits to Winterlude from outside the region;
- maintain the 1992 ratio of visitors to residents at Cultures Canada;
- increase the number of private-sector partners participating as sponsors and co-organizers of NCC events.

Promoting pride The NCC works to inspire pride in three ways: 1) through creating and maintaining a meaningful Capital; 2) through relevant programming; and 3) through national marketing. Clearly, these efforts are bearing fruit. When a 1993 survey asked Canadians how they responded to Canada Day, 70% said that the program inspired patriotism; Cultures Canada engendered a similar response (81%), as did Winterlude (91%).

Bigger audiences, on site and through broadcasts Enhanced marketing efforts have expanded the Capital audiences. For example, the Canada Day audience has grown by 23% since 1991; 36% of those surveyed in 1993 had seen some form of broadcast related to the festivities. Similarly, Winterlude attendance has grown from 586,000 to 633,000 in the last three years, with the proportion of out-of-town attendance growing from 27% to 29%.

The Capital as a destination for Canadians Marketing began to produce integrated messages about Capital assets and activities and to deliver them through very effective partnerships. For example, the winter ad campaign in 1993-94 increased Capital awareness in Ontario and Quebec from 5% before the campaign to 30% after. Also, there was a 106% increase in the number of winter queries to the NCC 1 800 information line for calls from outside the region. Clearly, the Capital is well on its way to becoming a winter destination.

Targeting youth A series of educational programs brought the Capital message to young people: "You Be The Jury," (3,107 students in 1993); the Students Commission (200); a Winter Fun Poster Challenge for kids (4,800); the Capital Youth Embassy (2,500); Adventure in Citizenship (242). Winterlude was promoted as a family event in 1994 with 97% of respondents to the 1994 Winterlude survey agreeing that it is a good event for families and children.

Strategic partnerships The NCC is moving successfully from being a producer of events to being stage manager with executive responsibility shifting more and more to its partners. Canada Day, which had 27 partners in 1993 compared to 11 the previous year, acquired a new sponsor in the form of CBC-Radio Canada. Winterlude was able to maintain the level of partnership support at 14 despite the fact that partners are now obliged to contribute financially. The event was thus maintained at former levels even with reduced NCC investment.

STRATEGIC OBJECTIVE NO. 2:

Continue work on major planning studies for federal lands in the National Capital Region

The NCC established the following performance targets for 1993-94:

- complete the review of federal land use and land ownership by the end of 1994 as the basis for a revised land-use document (a *Plan for Canada's Capital*, scheduled for completion in 1996);
- prepare the draft Greenbelt Master Plan for public consultation by the end of 1993;
- continue the Capital Nodes Study (due for completion in 1997);
- complete the planning phase of the LeBreton Flats project for preliminary approval in 1993 and effective project approval in 1994.

Joint planning initiatives An implication of the process of harmonization with regional and municipal operations has been a certain adjustment and slowing down of the NCC planning timetable. The NCC remains confident, however, that regional harmonization will prove beneficial in the long term.

A shared regional vision The NCC, armed with agreements in principle with regional partners, is now ready to revise the existing federal land-use plan according to a shared regional vision for a 1996 deadline.

Rationalizing NCC land ownership and control Lands are being identified for either acquisition or disposal, depending on their potential to contribute (or not) to achievement of the NCC mandate. A complete review has been deferred in keeping with the development of a new federal land-use plan (1996).

The future Greenbelt A draft Greenbelt Master Plan has been developed and is ready for public consultation. Finalization of the plan is scheduled for 1995.

Federal employment nodes Area plans for four priority nodes – at Tunney's Pasture, Confederation Heights, Gatineau Town Centre and Aylmer – are in the final stages of preparation. The municipal process will be engaged, leading either to development or disposal.

A renewed LeBreton Flats A plan is in the final stages that would oversee development of the Flats into a vital downtown neighbourhood. Land exchange agreements are pending between the City of Ottawa, the Regional Municipality of Ottawa-Carleton and the NCC.

STRATEGIC OBJECTIVE NO. 3

Generate revenue, reduce costs and improve operational efficiency

The NCC established the following performance targets for 1993-94:

- add \$1 million to revenues over 1992-93;
- achieve a land sales revenue target of \$25 million;
- transfer to other public agencies, by April 1993, maintenance and rehabilitation responsibility for properties not supporting the mandate;
- decrease corporate overheads by \$1 million.

Simplification of the work environment The NCC is reducing the number of its committees, commissioners and the number of meetings held every year. It is also reducing the proportion of funds devoted to corporate services, engaging in branch reorganization and deploying new technology in order to maximize efficiency.

Revenue from land sales Though NCC assets that do not fulfil a “Capital” function were identified for divestiture in the previous year, land sales fell far short of projections: only \$4.6 million worth of lands were sold. As a result, the rehabilitation program was cut back to accommodate a budget that fell from a projected \$17.8 to \$10.3 million. Joint venture development projects with the private sector probably offer the best solution for effective asset management in the future.

Sustainable development The NCC has met all the requirements of federal environmental and heritage preservation legislation.

Revenue generation The NCC implemented three new initiatives in 1993-94: 1) user fees at Hog’s Back Park; 2) Sunday Bike Day sponsorship; and 3) Cultures Canada/NCC Astrolabe admission fees. In other areas, the NCC modified its user fee program by adding new collection points. However, the pattern of revenue over the last three years is a falling one.

	1991-92	1992-93	1993-94
Rental operations and easements	\$12.67M	\$12.39M	\$12.05M
Income from user fees, souvenirs, sponsorship, service charges, etc.	\$5.61M	\$5.32M	\$4.81M

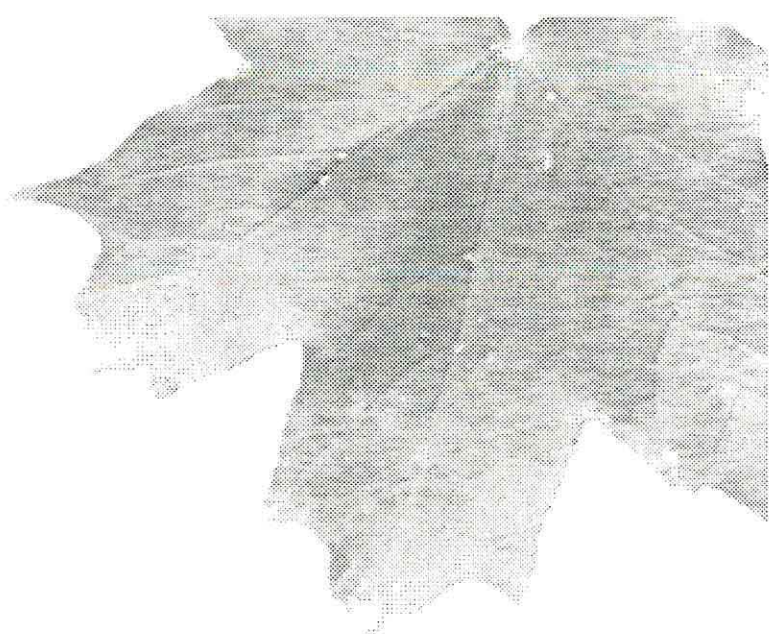
Regional partnerships In 1993-94, the NCC developed a partnership policy and strategy, and several promising new partnerships were established (for example, for the Rideau Canal Skateway and for the Winterlude Ice Breaker Show). Event revenues were also encouraging in relation to targets:

	Target	Net Revenue
Canada Day	\$140,000	\$150,000
Christmas Lights	n/a	\$45,000
Winterlude	\$250,000	\$326,000

Reduced operating costs and capital expenditures Efforts continue to maximize the use of the expertise of NCC personnel and to minimize personal service contracts. In construction, savings of \$400,000 were achieved in capital expenditures, and the Rideau Canal achieved a 20% reduction in operating costs. Furthermore, some \$200,000 in workers' compensation was avoided, and some 1,040 volunteers were mobilized to provide some 12,200 hours of service at little or no cost to the NCC.

Part II:

Financial Review



Performance Review of the National Capital Commission

for the year ended March 31, 1994

Revenues

Revenues from rental operations and easements of \$12.0 million reflect a decrease of \$0.3 million, or 3% less than last year.

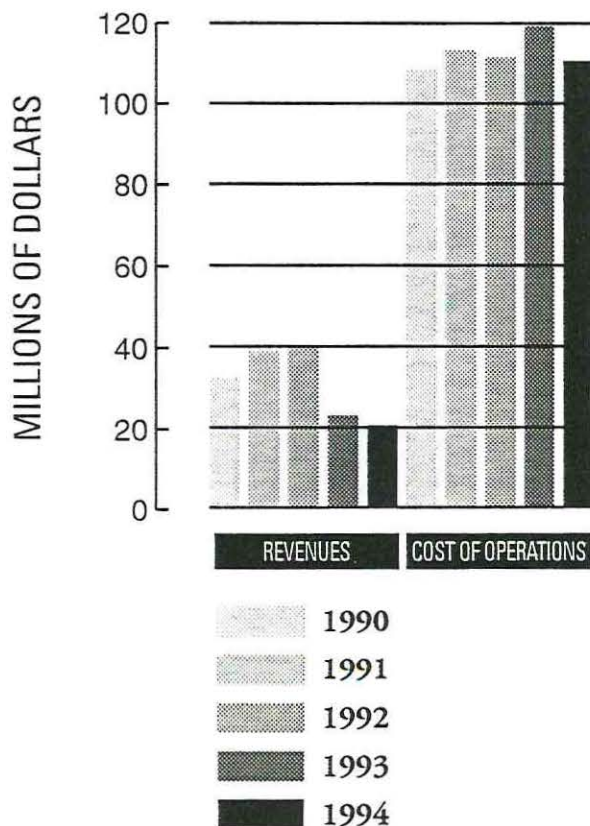
As part of the federal government's property rationalization program, the Commission sold property for \$4.6 million, realizing a net gain on disposal of \$3.8 million.

Interest and other revenue of \$5.7 million were \$1.0 million less than the previous year, a reflection of current economic and market conditions.

Parliamentary Appropriations

Parliamentary appropriations totalled \$89.5 million, the amount for operations was \$76.8 million and \$12.7 million for equity.

COMPARISON OF FINANCIAL RESULTS



Expenses

Total expenses amounted to \$111.3 million. The major operating items are salaries and employee benefits of \$51.9 million, goods and services of \$29.0 million and amortization of \$13.6 million.

Contributions to projects sponsored by other levels of government or authorities were \$3.7 million. The most significant contribution was \$3.3 million, toward the construction of a comprehensive road network in the Quebec portion of the National Capital Region.

Expenditures on grants in lieu of municipal taxes totalled \$13.0 million. The distribution by municipality is:

	1994	1993
	(millions)	
City of Ottawa	\$6.36	\$5.54
City of Gloucester	2.52	2.62
City of Nepean	1.84	2.01
City of Hull	1.18	1.20
Municipality of Chelsea	.36	.38
City of Aylmer	.31	.27
Others	.43	.98


Management Responsibility for Financial Reporting

The accompanying financial statements of the National Capital Commission are the responsibility of management and have been approved by the members of the Commission. These financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, they include amounts that have been estimated according to management's best judgement.

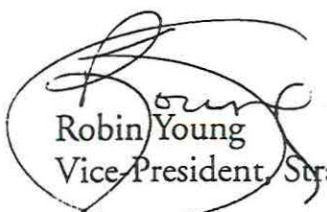
Management has developed and maintains books of account, records, financial and management controls and information systems. These are designed to provide reasonable assurance that the Commission's assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment 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 Commission. Internal audits are conducted to assess the performance of information systems and management controls and practices.

The Commission's external auditor, the Auditor General of Canada, has audited the financial statements and has reported on his audit to the Commission and to the Minister of Canadian Heritage.

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



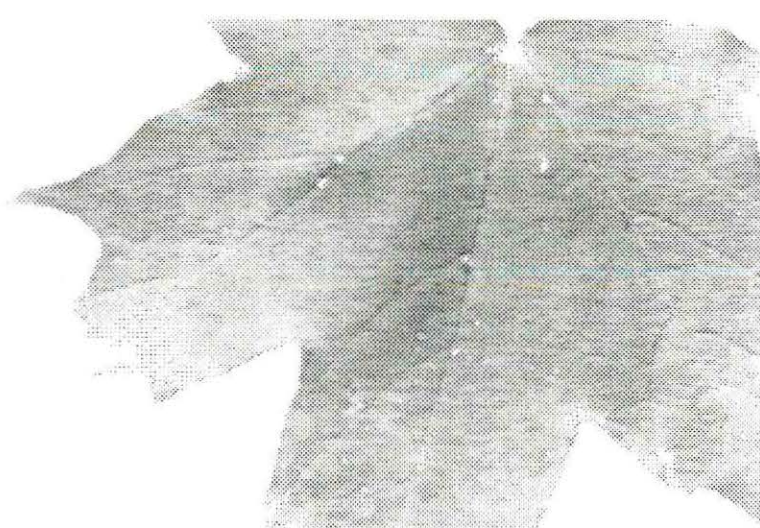
Marcel Beaudry
Chairman



Robin Young
Vice-President, Strategic Planning and Information Management

June 14, 1994

Auditor's Report



To the Minister Designate of Canadian Heritage:

I have audited the balance sheet of the National Capital Commission as at March 31, 1994, and the statements of operations, equity and changes in cash resources for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1994, and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
June 3, 1994

National Capital Commission

Balance Sheet

as at March 31, 1994

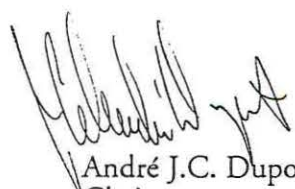
	1994	1993
	(thousands of dollars)	
ASSETS		
CURRENT		
Cash and short-term deposits (Note 3)	\$ 19,929	\$ 16,073
Accounts receivable		
Federal government departments and agencies	1,931	3,882
Tenants and others	3,275	2,630
Operating supplies, small tools and nursery stock	566	832
Prepaid expenses	1,690	2,884
	27,391	26,301
Cash restricted as to use (Note 4)	4,068	-
Land, buildings and equipment (Note 5)	338,392	336,219
	\$ 369,851	\$ 362,520
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 27,695	\$ 24,739
Holdbacks and deposits from contractors and others	1,020	819
	\$ 28,715	\$ 25,558
LONG-TERM		
Accrued employee termination benefits	6,378	6,135
Unsettled expropriations of property	694	676
Deferred insurance proceeds (Note 4)	4,068	-
	11,140	6,811
EQUITY OF CANADA	329,996	330,151
	\$ 369,851	\$ 362,520

Major commitments and contingencies (Notes 7 and 8)

Approved by the Commission



Marcel Beaudry
Chairman



André J.C. Dupont
Chairman,
Corporate Audit and Evaluation Committee

National Capital Commission
Statement of Operations
for the year ended March 31, 1994

	1994	1993
	(thousands of dollars)	
INCOME		
Rental operations and easements	\$ 12,046	\$ 12,388
Interest	868	1,370
Net gain on disposal of land, buildings and equipment	3,881	4,924
Sponsorship (excluding goods and services in kind)	593	815
User access fees	966	660
Other fees and recoveries	3,249	3,840
Parliamentary appropriations	76,818	83,242
	\$ 98,421	\$ 107,239
COST OF OPERATIONS (Note 6)		
Planning the National Capital Region	3,287	4,132
Promoting and Animating the National Capital Region	15,277	19,139
Real Asset Management and Development	66,545	69,365
Corporate Services	26,150	27,296
	\$ 111,259	\$ 119,932
NET COST OF OPERATIONS ¹	\$ (12,838)	\$ (12,693)

1. ANALYSIS OF FUNDING THE COST OF OPERATIONS

	1994	1993
	(thousands of dollars)	
NET COST OF OPERATIONS	\$ (12,838)	\$ (12,693)
Amortization (an expense not requiring funding)	13,646	13,617
Net gain on disposal of land, buildings and equipment	(3,881)	(4,924)
Transfer from disposal of land (Note 3 c (iii))	1,591	1,358
- Disposal expenses	416	453
- Interest revenue	(210)	(203)
Prior year carry-over (Commitments)	(1,768)	624
EXCESS OF COST OF OPERATIONS OVER FUNDING	\$ (3,044)	\$ (1,768)

Notes to Financial Statements

March 31, 1994

1. AUTHORITY AND OBJECTIVES

The National Capital Commission was established in 1958 by the *National Capital Act*. The Commission is an agent Crown corporation without share capital named in Part I of Schedule III to the *Financial Administration Act*. The objects and purposes of the Commission are stated in the *National Capital Act* as amended in 1988. They are to:

- a) 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) organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of the official languages of Canada and the heritage of the people of Canada.

The powers of the Commission as they were extended in 1988 also enable the Commission to “coordinate the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by departments of public activities and events related to the National Capital Region”.

The Commission is also responsible for the management and maintenance of the Official Residences located in the National Capital Region.

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Land, Buildings and Equipment**

Land, buildings and equipment are generally recorded at historical cost. Property acquired at nominal cost or by donation is recorded at market value at time of acquisition except for properties of historical significance whose market value cannot be reasonably determined. These are recorded at nominal value. Artifacts donated to the Canadiana Fund are recorded at nominal value. Property acquired by exchange is recorded at the carrying value of the assets disposed of in the transaction. Improvements that extend the useful life of buildings and equipment are recorded at cost.

b) **Amortization**

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

Buildings	20 years
Parkways, roadways and bridges	25 years
Park landscaping and improvement	25 years
Machinery and equipment	10 years
Office furniture and equipment	5 years
Vehicles	5 years
Antiques and works of art	10 years
Computer and communications equipment	5 years

c) Operating Supplies, Small Tools and Nursery Stock

Operating supplies and small tools are carried at cost. Nursery stock is valued at estimated cost.

d) Pension Plan

Commission employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contributions to the plan are limited to an amount equal to the employees' contributions on account of current and certain past service. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

e) Employee Termination Benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

f) Parliamentary Appropriations

Parliamentary appropriations for operating expenditures, grants and contributions to other levels of government and other authorities are included as income. Parliamentary appropriations to acquire and improve land, buildings and equipment are credited to equity of Canada.

g) Workers' Compensation

The Commission assumes all risks for workers' compensation claims. The cost of claims resulting from injuries on duty are recorded in the years when compensation payments are due.

h) Sponsorship

The Commission enhances programming through financial, promotional and in-kind contributions from sponsors. Except for cash, no value is included in the financial statements for goods and services contributed by sponsors.

3. CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits at year-end amounted to \$19.9 million. Included in this cash balance are:

- a) cash donations received for the Canadiana Fund in the amount of \$71.0 thousand;
- b) cash contribution for the rehabilitation of the Ottawa River Parkway in the amount of \$1.9 million.
- c) funds, that are restricted, in the amount of \$8,045 thousand, as follows:
 - (i) funds relating to a 1990 long-term lease transaction that, pursuant to Governor in Council authority, have been restricted for the acquisition of environmentally sensitive lands;
 - (ii) funds generated by the disposal of surplus properties that may be used to acquire real property or to support other major programs, as may be authorized by Treasury Board and Governor in Council;
 - (iii) details of transactions are highlighted in the following analysis.

	Environmentally Sensitive Lands	Others	Total
	(thousands of dollars)		
Cash available at beginning of year	\$ 1,729	\$ 1,794	\$ 3,523
Proceeds on disposal	-	4,382	4,382
Acquisition/Disposal expenses	-	(416)	(416)
Interest	43	167	210
Acquisitions	-	(120)	(120)
Transfer from capital budget	-	2,057	2,057
Transfer to operating budget	-	(1,591)	(1,591)
Cash available at end of year	\$ 1,772	\$ 6,273	\$ 8,045

4. CASH RESTRICTED AS TO USE

The Commission has segregated funds received in respect of a claim for damages arising from injuries sustained in an accident by an NCC employee. These funds have been paid to the Commission as it will be responsible to pay the continuing cost relating to this claim settlement.

5. LAND, BUILDINGS AND EQUIPMENT

	1994			1993
	Historical cost	Accumulated amortization	Net book value	Net book value
	(thousands of dollars)			
Land and Buildings				
Greenbelt	\$ 66,846	\$ 19,155	\$ 47,691	\$ 48,208
Gatineau Park	40,526	7,338	33,188	27,908
Parkways	101,528	44,829	56,699	57,173
Parks	31,388	15,515	15,873	15,794
Bridges and approaches	30,670	18,197	12,473	11,933
Historical sites	32,576	16,461	16,115	16,733
Recreational facilities	23,122	12,101	11,021	11,239
Rental properties	123,378	13,067	110,311	111,035
Development properties	24,608	3,038	21,570	21,734
Unsettled expropriations	694	—	694	676
Administrative and service buildings	16,359	10,029	6,330	6,655
	491,695	159,730	331,965	329,088
Less: provision for transfers ¹	1,838	—	1,838	1,838
Less: provision for environmental cleanup ²	650	—	650	650
	489,207	159,730	329,477	326,600
Equipment				
Machinery and equipment	4,633	2,590	2,043	2,860
Office furniture and equipment	1,868	1,733	135	640
Vehicles	4,761	2,829	1,932	1,824
Computer and communications equipment	13,414	8,942	4,472	3,955
Antiques and works of art	1,689	1,356	333	340
	26,365	17,450	8,915	9,619
	\$ 515,572	\$ 177,180	\$ 338,392	\$ 336,219

1. Provision for transfers pertains to property to be transferred in accordance with agreements with the Province of Quebec. This includes lands to be given free of charge for the approaches to the Macdonald-Cartier Bridge and the transfer for \$1 of lands to be used as a right-of-way for Highway 550.

2. Provision for environmental clean-up at Camp Fortune, a prior year property acquisition.

6. COST OF OPERATIONS

a) Summary of Expenses by Major Classification

	1994	1993
	(thousands of dollars)	
Salaries and employee benefits	\$ 51,889	\$ 53,184
Goods and services	29,032	33,926
Grants in lieu of municipal taxes	12,972	12,988
Contributions	3,720	6,217
Amortization	13,646	13,617
	\$ 111,259	\$ 119,932

b) Sector Definitions and Objectives

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

Planning the National Capital Region

To plan for and control the use of federal lands in the National Capital Region (NCR), which includes coordinating and ensuring high quality design and development.

Promoting and animating the National Capital Region

To increase awareness of the Capital outside the NCR through national marketing plans and activities which increase understanding about the Capital and its symbolic role, and to provide opportunities to bring Canadians together in the Capital and increase their understanding, via coordination of the visitor experience, celebrations and special events, and programs that present the past, present and future of the country.

Real Asset Management and Development

To safeguard and preserve the Capital and its assets for future generations via the development and efficient, effective management of assets in accordance with their importance to the Capital and the Commission mandate.

Corporate Services

To provide management with required services, advice and information, ensure Commission assets are safeguarded, and ensure measures are in place that promote the most efficient, productive use of resources.

7. MAJOR COMMITMENTS

- a) The Commission is committed to contribute to the Province of Quebec, one half of the cost of a road network within the Quebec portion of the National Capital Region. The Commission's remaining commitment to be paid over future years is estimated at \$87.5 million but is payable only when funding is approved by the Treasury Board of Canada. As of March 31, 1994, expenditures total \$166.3 million and payments have totalled \$160.8 million.
- b) The Commission has entered into agreements for computing services, leases of equipment and operating leases for office accommodations. The agreements, showing different termination dates with the latest ending in 2019, total \$125.8 million. Minimum annual payments under these agreements for the next five years are approximately as follows:

(thousands of dollars)		
1994-95	\$	3,579
1995-96		3,966
1996-97		3,966
1997-98		3,966
1998-99		3,966
		<hr/>
		\$ 19,443

- c) The Province of Quebec has expropriated certain lands in the Ville de Hull on behalf of the Commission. An amount of \$1.25 million will be payable in exchange for appropriate title documents.
- d) The Commission has entered into contracts for capital expenditures estimated to cost approximately \$1.4 million. Payments under these contracts are expected to be made in 1994-1995.

8. CONTINGENCIES

a) **Claims**

Claims have been made against the Commission totalling approximately \$26.4 million 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 Commission is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determined.

b) **Agreement with the Province of Ontario**

In 1961, the Commission entered into an agreement whereby the Province of Ontario established and maintains 2,761 hectares (6,820 acres) of forest. When the agreement expires in 2011, or is terminated, the Commission will reimburse the Province for the excess of expenses over revenues, or the Province will pay the Commission the excess of revenues over expenses. As per the latest report from the province, at March 31, 1993, cumulative expenses exceeded cumulative revenues by \$1.2 million, and are not reflected in the accounts of the Commission.

c) **Environmental Protection**

The Commission has conducted a preliminary analysis that has identified certain properties that qualify for potential decontamination. The extent of the contamination, cost of clean-up and funding requirements cannot be reasonably assessed until further on-site testing is completed.

9. RELATED PARTY TRANSACTIONS

The Commission is related in terms of common ownership to all Government of Canada created 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 Commission also enters into transactions with Crown entities in the normal course of business.

a) **Canada Museums Construction Corporation Inc.**

The Commission permitted the Canada Museums Construction Corporation Inc. to construct the Canadian Museum of Civilization on Commission lands. The Commission is in the process of transferring the lands in question to Public Works and Government Services Canada in exchange for other properties of equal value.

b) **Public Works and Government Services Canada**

Public Works and Government Services Canada acts as an agent for the Commission with respect to expropriation of properties. Fees charged are based on standard rates set by Public Works and Government Services Canada. The Commission has also entered into an agreement with Public Works and Government Services Canada whereby the latter will, with respect to the Official Residences, provide certain property services at rates established with the Commission and approved by Treasury Board.