

NATIONAL CAPITAL COMMISSION 2007-2008 ANNUAL REPORT



**NATIONAL CAPITAL COMMISSION**

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

CAPITAL INFOCENTRE

90 Wellington Street, Ottawa, Canada K1P 5A1
Telephone: 613-239-5000 Toll-free: 1-800-465-1867
Fax: 613-239-5063
Email: info@ncc-ccn.ca

CAPITAL GROUP RESERVATIONS

Telephone: 613-239-5100 Toll-free: 1-800-461-8020

VOLUNTEER CENTRE

Telephone (general information): 613-239-5373
Fax: 613-239-5133
Email: volunteer_benevoles@ncc-ccn.ca

NATIONAL CAPITAL COMMISSION LIBRARY

Telephone (Librarian): 613-239-5123
Fax: 613-239-5179

Unless noted otherwise, all imagery is the property of the National Capital Commission.

To reduce environmental impacts, a limited number of printed reports have been produced. In lieu of additional printed copies, a PDF version of this report can be downloaded at <http://www.canadascapital.gc.ca/AR2008>.

Printed on Rolland Enviro100 Print, which contains 100% post-consumer fibre, is Environmental Choice, Processed Chlorine Free, as well as FSC Recycled certified, and manufactured in Quebec by Cascades using biogas energy.



+ FSC certification (to come)



Introduction	2
Message From the Chair	10
Message From the CEO	11
Highlights of the Year	12
Five-Year Key Highlights	13
NCC History	14
Governance	16
Key Results by Program Activity	
Animating and Promoting the Capital	22
Planning, Design and Land Use	23
Real Asset Management	24
Corporate Services	25
Management Discussion and Analysis	26
2007–2008 Financial Statements	57
Notes to Financial Statements	63
Appendices	
Appendix I: Committees of the Board and Advisory and Special Committees	78
Appendix II: Partners and Sponsors	79
Appendix III: Glossary of Terms	80



OPEN TO

change

The NCC has gone through many transformations in the past. Today, it is changing again to become more open to the public. The NCC began the process in 2000, when it commissioned a governance study, and thereafter inaugurated an annual general meeting, which was open to the public, and launched a series of annual meetings with local interest groups. For the first time, the public was able to come face to face with NCC decision makers.

More was needed, and the work of opening up the NCC has accelerated in the past year. The NCC was originally created in 1959 as a commission, headed by a chairperson. Modern governance standards, however, require that the office of oversight be separate from that of management. Thus, a historic split was implemented last year, leaving the chair to head the board of directors (the Commission), while a chief executive officer (CEO) manages the corporation. The NCC also established a permanent governance committee to ensure that the makeup, practices and standards of the board remain at the highest level of accountability.

Last year, the NCC also took the bold step of opening board meetings to the public — a move that acknowledges the public's right to observe the decision-making process. As well, it is making new use of the corporate website to provide information on the timing, agendas and proceedings of board meetings.

Clearly, the NCC has taken some important steps to ensure that the workings of the corporation are more open and transparent. Some areas of activity are still protected by business and privacy laws; however, the NCC is working to remove those barriers, where possible. As well, it intends to establish an external ombudsman so that the public will have easy access to redress when issues arise. The work accomplished in 2007 is only the beginning of a long, determined process of visible change.

89%
of the residents of
Canada's Capital
Region support
the NCC's openness
and transparency
initiatives.

– The National Capital Commission:
2007 Public Awareness Survey, Environics
Research Group

OCTOBER 2007

The NCC holds the 2007 edition of the meeting with interest groups and the public.

Marie Lemay is appointed CEO for a five-year term, effective January 2008.

APRIL 2007

The roles of chairperson and CEO are separated; Micheline Dubé is appointed as interim CEO, while Russell Mills is appointed for a five-year term as chair of the Commission.

NOVEMBER 2007

The 2007 annual general meeting and the first public meeting of the Commission are held.

DECEMBER 2007

The second public meeting of the Commission is held.

SEPTEMBER 2007

The Chair and CEO publicly announce new openness and transparency initiatives at the NCC.

JANUARY 2008

Marie Lemay assumes the position of CEO. The third public meeting of the Commission is held.

Through its programming, events and activities, the NCC uses Canada's Capital to communicate about our country to Canadians — our country as it is today, was yesterday and will be tomorrow. For example, in 2007, it took advantage of an important national anniversary to open a window onto Canada's past and to tell a compelling Canadian story.

OPEN TO **ideas**



In 1857, Queen Victoria made her famous decision and chose a new capital for Canada. The 20-year search had ended, unexpectedly, in a little lumber town on the Ottawa River. Throughout the anniversary year, exhibits in Canada's Capital Region traced the "capital" debate from the rebellion of 1837 to the final decision of 1857. Exhibits told how — after years of political change, debate and outright conflict on the choice of capital — the British government finally rejected the historic centres of Upper or Lower Canada in favour of a young community on the remote border of French and English Canada. The NCC complemented the exhibits with a series of public lectures exploring different historical aspects of the capital debate.

The future was not forgotten in 2007, as Canadian youth flocked to the region for a national youth forum on environment and diversity. Participants were invited to express their impressions of the Capital today and the Capital of tomorrow. Jill Aalhus of Fort St. John, British Columbia, described her excitement at finding a region where office towers and forests stand virtually side by side. "It's taken Canada's value of diversity and intertwining ideas," she wrote, "and applied this to its environment. Our environment."

When asked how she envisioned the Capital of the future, the young writer replied: "I think the celebration of 150 years [of nationhood] will mark...a day when the brilliance and beauty of Ottawa's city will be an example to all Canadian cities. The capital is a symbol of Canada, and all that we are trying to achieve."

"The capital is a symbol of Canada, and all that we are trying to achieve."

– Jill Aalhus, 15, journalism contest winner,
"Flash Drive: A Capital Assignment" youth forum

Celebrating 150 years



JUNE 1 The NCC plants 150 symbolic white pine trees throughout Canada's Capital Region to honour Queen Victoria's choice of the capital in 1857. **JUNE 29 AND 30** Opera Under the Stars, featuring conductor Richard Bradshaw plus 120 vocalists and musicians, draws 20,000 people to Ottawa's LeBreton Flats Park on Canada Day weekend. **JULY 19 TO 22** Orchestras in the Park, starring the National Arts Centre Orchestra and musical guests from across Canada, attracts audiences of more than 17,000. **OCTOBER 16 AND 17** As part of Canada's Capital Summit, six renowned Canadian historians participate in the free lecture series "Conflict and Compromise." **OCTOBER 16 TO 18** The "Flash Drive: A Capital Assignment" youth forum hosts 130 aspiring journalists, aged 14 to 17, from across Canada. **DECEMBER 31** The Grand Finale, a one-of-a-kind musical fireworks show, marks the official date of the Queen's correspondence indicating her "capital choice."

Image: Archives of Ontario C 335-o-o-o-5 (detail), Royal Portraits Collection



OPEN TO dialogue

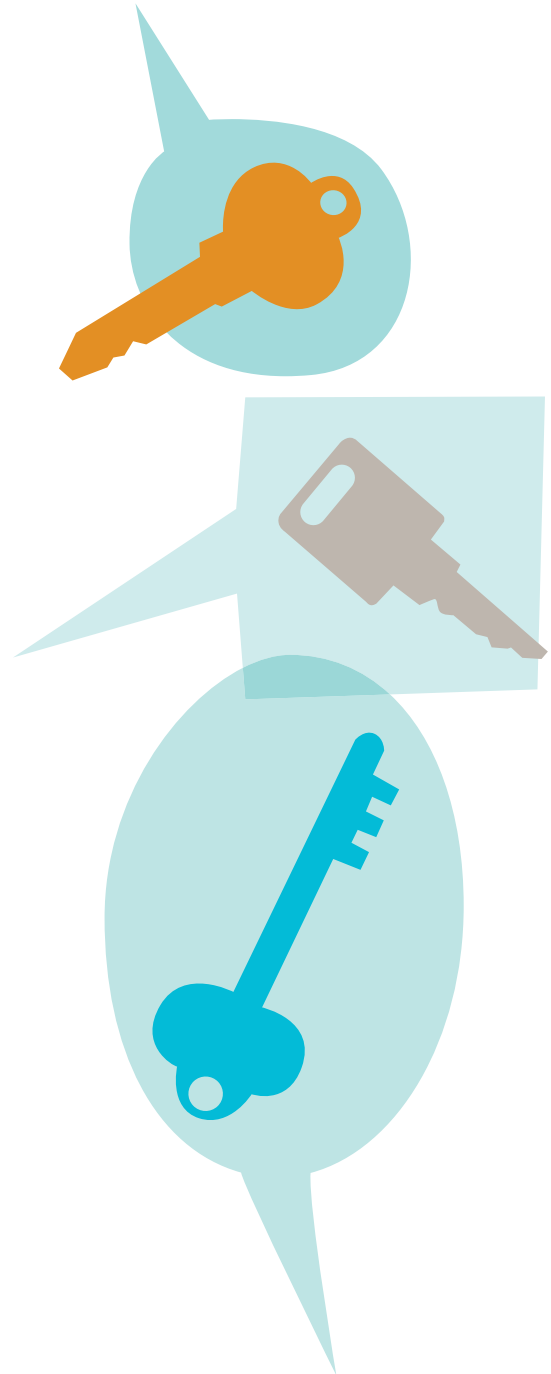
The planning and promotion of a capital is a long-term task, and one that demands engagement by the whole community of stakeholders, including members of the public. Over the years, the NCC has worked hard to foster dialogue with Canadians. That effort sharpened and gained momentum in 2007-2008.



Public consultation is nothing new at the NCC. However, a philosophical shift became apparent last year, as the NCC widened its spectrum of initiatives to become more inclusive of all of its stakeholders. The NCC used to inform and consult; today, it is working to bring in interested stakeholders, including federal partners, not just to talk, but also to participate, to contribute and to influence decision making. The new consultation model has already proven its value, for instance, on openness and transparency, where the public was asked to participate in an online consultation, and interest groups were invited to participate in a meeting with the Commission to help shape initiatives. It also proved its value in bringing key decision items, such as the design concept and urban design study for the Ottawa Congress Centre expansion project, to open meetings. As well, the NCC has worked to update its website to make more relevant and timely information available to the public.

The importance that the NCC places on good communications and public relations is also evident in its initiatives to instill a new customer service philosophy within the organization, in effect, building a new corporate culture, where every employee recognizes that dealing with the public is part of his or her job.

The existence of positive media support is also important if the community is to rally as firm supporters of and contributors to the NCC mission. To promote that, the NCC continued to host media briefings and technical sessions to alert the press to breaking news and keep them fully abreast of significant developments.



“The NCC is committed to working more closely with the public so that, together, we can continue to build a world-class Capital region.”

– Marie Lemay, Chief Executive Officer of the NCC

An illustration featuring two hands made of brown textured paper. The top hand holds a lime green key, and the bottom hand holds a white key. A thin green line loops around the keys. The background is a light blue sky with white clouds.

OPEN TO all

The year was 2007, the place, LeBreton Flats. Imagine a summer night in a central park, where a relaxed and diverse crowd has gathered to listen to an orchestra or opera under the stars. This is the kind of place, the kind of experience, that the NCC is working to create in Canada's Capital.



Last year, the opening of the Capital's newest festival park underscored the NCC's role in the creation of fine public spaces in the Capital. Orchestras in the Park and Opera Under the Stars, presented with the National Arts Centre, the Canadian Opera Company and Opera Lyra Ottawa, among others, celebrated the creation of yet another capital "treasure," and illustrated the NCC's commitment to developing the Capital in a way that expresses something quintessentially "Canadian" to the people of this country.

The redevelopment has two particular goals: the restoration of a historic neighbourhood as a modern, sustainable community and the dedication of large areas of land to meaningful public use. The lands that have already been opened to the public at LeBreton Flats include those occupied by the Canadian War Museum and LeBreton Flats Park. Green ribbons of land have also been reserved along the Ottawa River shoreline, where an interpretive loop has been created for walkers and cyclists.

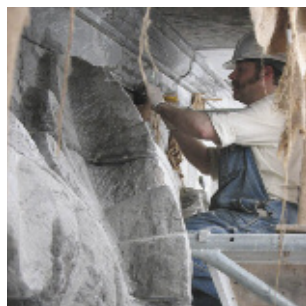
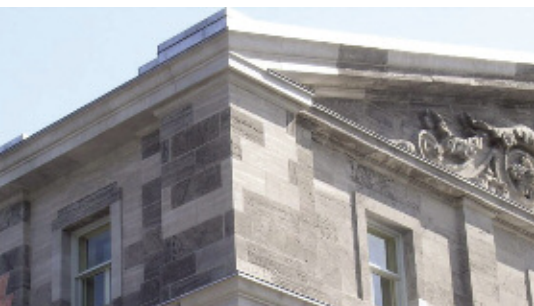
Another key capital treasure was rehabilitated in 2007: the front facade of Rideau Hall (the official residence of the Governor General of Canada). This facade features what may be the world's largest royal coat of arms carved in limestone. The limestone facade had deteriorated due to the erosion of clay deposits within the stone itself, requiring extensive works to restore its structural integrity, including some sculpting and replacement of new decorative stone elements.



The Mappin Wing at Rideau Hall Created in 1913

Last works were completed in the 1960S Designated as a classified heritage property in 1986 Front facade was rehabilitated in 15 months

The project represented a total NCC investment of \$7.7 million



MESSAGE FROM THE CHAIR toward transparency

Good governance is central to the creation and maintenance of trust between a corporation and its stakeholders. Today's public is well informed and engaged. They have made it clear that they want information, and they want their voices to be heard in the decision-making process. The NCC responded to those demands in 2007-2008.

My appointment as chair in 2007 coincided with the final stages of an independent panel's review of the NCC mandate. The panel's report was largely supportive of the organization, its accomplishments and its continuing relevance. One substantive suggestion for improvement was the persistent need for more openness and transparency. We got the message. Even as we wait for the government to respond to the report, we have instituted some dramatic changes.

Last year's restructuring of corporate leadership was probably the most far-reaching change. For the first time in the NCC's history, the position of chair has been separated from that of chief executive officer. The act of severing strategic oversight from day-to-day operations has significantly strengthened the accountability regime, in accordance with modern standards.

The Commission has changed in other important ways. Eleven of fifteen members are new, and they



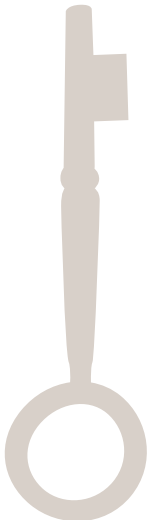
Russell Mills,
Chair

bring new energy and new ideas to the table. At the same time, we acknowledge the significant contribution of past members to the NCC's considerable achievements. This year, we have created a permanent governance committee to continue to foster dynamic membership and ensure that the Commission works to the highest possible standard.

We have made considerable progress in creating a more open, more accountable organization. The Commission's decision to open its regular meetings to the public underscored our determination to engage the public more centrally in our work. We have also laid the groundwork for other important changes in the future by adding new mechanisms to have the public bring ideas, proposals and concerns to the NCC. We will have an ombudsman, who will report directly to the Commission, to represent those who have issues with the NCC.

I have a particular interest in the question of openness and transparency, because I believe that they are the greatest promoters of accountability in public institutions. I believe that our ability to work creatively in the Capital in years to come hinges on our ability, through good governance, to build a climate of trust and cooperation in the Capital community.

LEGISLATION/MANDATE Canada's Parliament created the NCC through the *National Capital Act* (enacted in 1958 and amended in 1988). This legislation established the NCC as a Crown corporation, with two primary objectives: to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and to organize, sponsor or promote such public activities and events in the National Capital Region as will enrich the cultural and social fabric of Canada, taking into account the federal character of Canada, the equality of status of the official languages of Canada and the heritage of the people of Canada. The NCC's mandate includes coordinating the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by federal departments of public activities and events related to Canada's Capital Region, and approving the design of buildings, as well as any changes in use relating to federal lands in Canada's Capital Region.



MESSAGE FROM THE CEO opening up and reaching out

In my first annual report as CEO, I want to say that I feel privileged to serve this historic institution, whose mission is to ensure that the Capital develops as a true reflection of our country.

Today, the NCC is embarking on a period of change. The new leadership appointments are significant elements of that change, as are the corporation's current efforts to achieve more openness and transparency. The NCC has an impressive record of accomplishments and, indeed, an independent panel's review of its mandate affirmed the importance of its role in Canada's Capital. Many of the achievements presented in this report also reflect a key objective: to encourage sharing in the challenge of building a great, modern capital.

Partnerships and alliances are a fundamental condition for success, and I am pleased with the progress made over the past year in connecting with our partners at all levels. For example, the NCC continued during the year to coordinate a number of planning and transportation initiatives. We also realize that we need to listen more attentively to local residents and stakeholders, to communicate and engage more effectively with the community. We are reshaping our public consultation programs to develop truly collaborative relationships. These improvements will form an integral part of the NCC's way of doing business in the future.

The NCC invests significantly in conserving key federal assets, developing an extensive network of green assets,



Gouverneur/Ottawa

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

and preserving natural areas such as the Greenbelt and Gatineau Park. Specific achievements in 2007–2008 included the restoration of the historic front facade of the Governor General's residence, the approval to proceed with a mixed-use development on Sparks Street, and the acquisition of a key heritage property — the home of the founder of Hull Township — and lands of national interest in Gatineau Park. NCC lands bring meaning to the Capital, particularly through the delivery of significant programming that communicates key messages to Canadians. In 2007–2008, the NCC hosted a year-long series of events marking the 150th anniversary of Ottawa's selection as the capital, which culminated in a spectacular outdoor multimedia display on December 31, 2007.

As I look back on the accomplishments of the past year, I see visible progress in creating a new, more open and accountable NCC. Micheline Dubé, who acted as CEO until my arrival, worked closely with the board of directors and employees to lay the groundwork for these changes, and I thank her for her efforts.

As I look to the future, I see a strong, winning organization that is respected for integrity and dedication to excellence and public service. I see the NCC as a leader at the forefront of modern urban planning, especially in such vital areas as environmental management and interprovincial transportation. I see a relevant organization, fully in touch with the communities it serves. Promising times lie ahead.

“My vision for the NCC is that of an open and transparent organization, in touch with the communities it serves, and that delivers on its national mandate to build a capital for all Canadians.” – Marie Lemay

HIGHLIGHTS OF THE YEAR

CONNECTING WITH CANADIANS

The 150th anniversary of Ottawa as the capital and the 400th anniversary of the founding of Québec City were celebrated • 1 million people attended flagship events • 1 million Canadian youth were reached through NCC programs • National outreach was expanded for Canada Day and Winterlude • Two thirds of residents in Canada's Capital have a positive perception of the NCC • Key program partnerships were nurtured

MISSION

Creating national pride and unity through Canada's Capital Region

FROM VISION TO ACTION The Capital Urban Lands Master Plan was initiated • The evaluation of the Plan for Canada's Capital was launched • The Greenbelt Master Plan was evaluated • Progress was made on the environmental assessment for future interprovincial crossings • A partnership was initiated for the integration of interprovincial transit — core area planning study

CAPITAL STEWARD LeBreton Flats Park was opened • Two privately owned properties in Gatineau Park were acquired • The historic heritage home of Philemon Wright was acquired • The front facade of Rideau Hall was restored • NCC public-use assets were open and maintained in safe condition • Contaminated sites were appropriately managed

LEADERSHIP AND ENGAGEMENT The joint position of chair and CEO was split to form two separate positions • New leadership was appointed: Russell Mills as chair and Marie Lemay as CEO • A new Governance Committee was established • Openness and transparency initiatives were announced • Board meetings were opened to the public • The NCC's commitment to public engagement was reaffirmed



FIVE-YEAR KEY HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31

(in thousands of dollars)

KEY FINANCIAL HIGHLIGHTS

Operating Funding

Parliamentary appropriations for operating expenditures
Operating revenue

2008	2007	2006	2005	2004
	As restated		As restated	
78,160	77,198	70,195	68,404	67,936
37,005	37,642	51,675	33,429	32,580
115,165	114,840	121,870	101,833	100,516

Capital Funding

Parliamentary appropriations for capital expenditures*
Transfer from Acquisition and Disposal Fund
to capital program

17,935	17,935	22,898	33,263	46,441
215	3,739	5,589	7,366	13,964
18,150	21,674	28,487	40,629	60,405

Cost of Operations

131,455	127,666	125,585	133,679	116,417
---------	---------	---------	---------	---------

Capital Assets

Land
Buildings, works and infrastructure (net of amortization)
Purchases and improvements to capital assets

262,225	258,028	267,161	285,716	305,964
245,543	246,602	237,493	249,099	248,346
21,827	21,952	19,424	35,438	64,023

Major Capital Projects

LeBreton Flats redevelopment
Official residences
Real property acquisitions

1,795	1,778	7,022	24,697	25,787
4,551	5,939	2,530	568	5,352
2,599	904	—	—	36,112

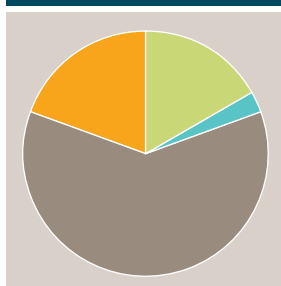
Acquisition and Disposal Fund

42,887	44,015	43,655	19,130	21,308
--------	--------	--------	--------	--------

* Including funding for special projects

COST OF OPERATIONS

BY PROGRAM ACTIVITY



- Animating and promoting the Capital: 17%
- Planning, design and land use: 3%
- Real asset management: 61%
- Corporate services: 19%

Key Operating Facts More than 470 square kilometres of land Hundreds of roads, buildings and bridges 179 kilometres of recreational pathways 561 leases 437 employees 21 NCC-owned, -managed or -maintained parks 6 official residences

NCC HISTORY roots and growth

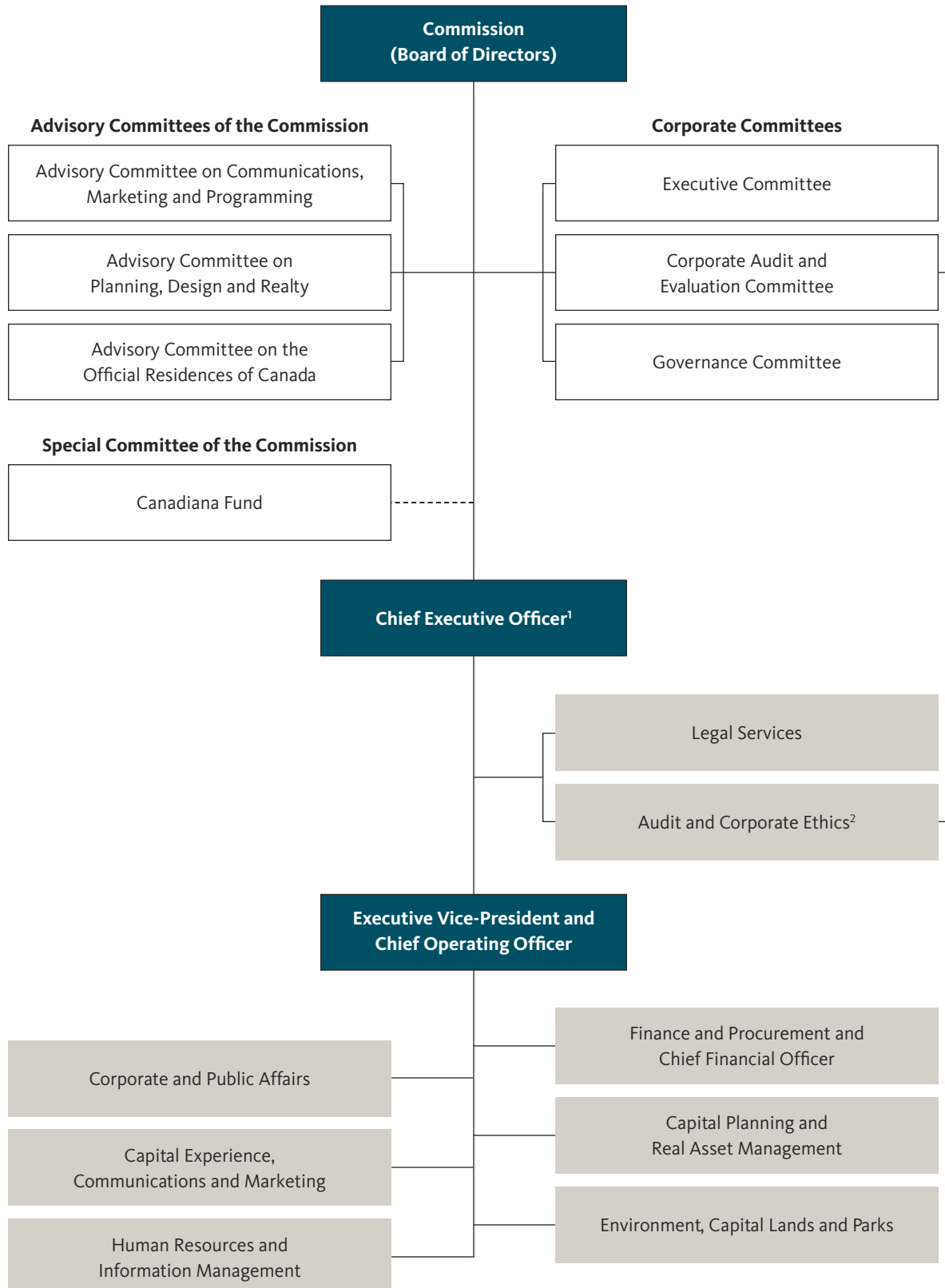


1899: OTTAWA IMPROVEMENT COMMISSION (OIC) The OIC led efforts to clean up the banks of the Rideau Canal, which were cluttered with warehouses, sheds, lumberyards and piles of construction material. The OIC also created parks and Ottawa's first scenic parkway, Queen Elizabeth Driveway. **1903: THE TODD PLAN** In 1903, the OIC hired Frederick G. Todd, a landscape architect from Montréal, to produce a master plan. Todd's plan laid the groundwork for a broad system of parks. He also proposed a ceremonial route to link the Parliament Buildings to Rideau Hall, the official residence of the governor general. **1915: THE HOLT REPORT** In 1913, the newly established Federal Plan Commission hired American architect Edward Bennett, the main force behind a pioneering 1909 development plan for Chicago. Bennett was the chief contributor to the Holt Report, a comprehensive statement on how and where future development in the Capital region should occur. Most of the Holt Report recommendations were temporarily shelved: the federal government needed all its resources to support Canada's role in World War I. **1927: FEDERAL DISTRICT COMMISSION (FDC)** By 1927, Canada's financial situation was sufficiently improved to allow for the creation of an agency with an expanded planning mandate and authority. The FDC's many accomplishments included expanding the Capital region's network of parks, including the south end of what is now Gatineau Park, improving and extending Queen Elizabeth Driveway alongside the Rideau Canal, rehabilitating Dows Lake, and building the Champlain Bridge across the Ottawa River to west Hull. **1950: THE GRÉBER PLAN** Beginning in 1946, French architect-planner Jacques Gréber guided a newly established National Capital Planning Committee, comprising Canadians from across the country, in developing what came to be known as the Gréber Plan. The plan recommended large-scale works that dramatically altered the Capital region. **1958: THE NATIONAL CAPITAL COMMISSION (NCC)** The NCC was established to implement the Gréber Plan. To this end, it was authorized to develop, conserve and improve the National Capital Region in accordance with its national significance. With this planning mandate and the authority to acquire and manage lands and buildings, construct Capital projects, and cooperate with public and private agencies, the NCC was able in the 1960s and '70s to realize Gréber's vision for the Capital region. **1988-PRESENT** Since 1988, the NCC's mandate has included the programming of public events and activities that inspire pride and unity among Canadians, that help Canada's Capital Region work as a national meeting place, and that communicate Canada to Canadians and to visitors from other countries.

Photo (top left): James Ballantyne, Library and Archives Canada, PA-133655

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

STRUCTURE OF THE NATIONAL CAPITAL COMMISSION



1. The Chief Executive Officer is also a member of the Commission.

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

GOVERNANCE

Good corporate governance is central to ensuring that the NCC fulfills its mandate, achieves stated objectives and serves the public interest. As a responsible Crown corporation, the NCC has established a strong accountability regime with the appropriate allocation of powers and responsibilities between the Crown, the Commission and management.

Changes contained in the recent *Federal Accountability Act* affect the NCC, notably in the separation of the formerly dual position of chairperson and CEO. This change is significant, as it promotes the Commission's independence from management, and allows for more complete oversight.

Structure of the NCC

The organizational chart on the preceeding page illustrates the relationships between the Commission, its committees (both corporate and advisory), senior executive and various sector areas. The corporation has 437 employees, who work to achieve the planning, building, promotion and meaningful use of Canada's Capital Region.

Public Accountability

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

Mandate Review

In April 2006, the Minister of Transport, Infrastructure and Communities proposed a review of the NCC's mandate. A three-member panel was appointed to assess the continuing relevance of the NCC, including its functions and activities, governance and funding. The panel publicly tabled its final report with the Minister in December 2006. The panel's recommendations focused primarily on the areas of governance and openness, increased status for long-term planning in the Capital, a strengthened coordination role that includes transportation, stewardship of assets and appropriate funding. It also noted the special limitations on the NCC's powers, as well as the funding reductions that have resulted in difficult decisions and led to significant issues in terms of public relations.

The NCC is now awaiting a formal response from the government regarding the review. Nonetheless, the NCC responded in 2007-2008 by developing and announcing new initiatives to make the corporation more open and transparent (e.g. open board meetings),

and by increasing its planning capacity in order to undertake reviews of key elements within its Capital planning framework over the next few years (i.e. to renew the Plan for Canada's Capital, two master plans and the National Interest Land Mass portfolio).

Board of Directors

The NCC is headed by a national commission, which is responsible for ensuring that corporate resources are safeguarded, and used effectively and efficiently. In addition to being responsible for overseeing and providing strategic direction to the corporation, the Commission strives to foster good relations with other governments and the public, as well as monitoring, evaluating and reporting on performance. It also oversees and responds to advice from the corporate and advisory committees. (*For a list of advisory committees and members, please refer to Appendix I.*)

Role of the Chairperson

The *Federal Accountability Act* came into force on April 1, 2007, and separated the position of chairperson/CEO into two distinct positions. Russell Mills was appointed as chair of the NCC, effective April 30, 2007.

The chair leads the Commission, provides independent oversight, and is directly accountable to the Minister of Transport, Infrastructure and Communities. The CEO, on the other hand, is responsible for and represents the management of the organization to the Commission.

Accomplishments of the Board

This year was one of transition and renewal for the Commission, as 12 new members attended their first meeting, including the new NCC Chair and two successive CEOs.

In September 2007, the Chair and CEO publicly announced initiatives aimed at greater openness and transparency at the NCC, including opening regular board meetings to the public. The first of these public meetings was held on November 7, 2007, where the public could observe first-hand the NCC's

NCC BOARD OF DIRECTORS

April 1, 2007, to March 31, 2008



Russell Mills
Ottawa, Ontario

Chair
April 30, 2007,
to April 29, 2012



Marie Lemay
Chelsea, Quebec

Chief Executive Officer
January 7, 2008,
to January 6, 2013



Micheline Dubé
Ottawa, Ontario

Chief Executive Officer
April 4, 2007,
to January 6, 2008



Adel A. Ayad
Ottawa, Ontario

November 15, 2007,
to November 14, 2011



Jagtar Bains
Victoria, British Columbia

June 2, 2005,
to June 1, 2008



Kory Bobrow
Beaconsfield, Quebec

October 11, 2007,
to October 10, 2011



Anne Fry
Edmonton, Alberta

May 30, 2002,
to October 26, 2008



Hélène Grand-Maître
Gatineau, Quebec

April 1, 2007,
to March 31, 2011



Jacquelin Holzman
Ottawa, Ontario

November 15, 2007,
to November 14, 2009



Richard P. Jennings
Gatineau, Quebec

December 3, 2007,
to December 2, 2009



Eric D. MacKenzie
Fredericton,
New Brunswick

March 5, 2007,
to March 4, 2010



Frieda Martseles
Fort Smith,
Northwest Territories

June 9, 2005,
to June 8, 2008



Jason M. Sordi
Richmond Hill,
Ontario

April 30, 2007,
to April 29, 2010



Robert Tennant
Ottawa,
Ontario

March 5, 2007,
to March 4, 2010



James Yamashita
Winnipeg,
Manitoba

August 29, 2005,
to August 28, 2008

The NCC wishes to thank the following board members who completed their terms in 2007-2008:

Allison A. Fisher
Ottawa, Ontario

November 14, 2007

Claudia Chowaniec
Ottawa, Ontario

November 14, 2007

Daniel J. MacLeod
New Glasgow, Nova Scotia

August 29, 2007
(Deceased)

Jacques Carrière
Gatineau, Quebec

December 2, 2007

Marcel Legault
Vaudeuil-Dorion, Quebec

October 10, 2007

Michael E. Kusner
Markham, Ontario

April 29, 2007

decision-making process. To maximize public outreach, agendas and minutes of the meetings were published on the NCC website, and the meetings were webcast live. Only matters involving either cabinet confidences or sensitive, protected information were addressed by in-camera board meetings. During 2007–2008, there were three public board meetings, four in-camera meetings, an annual meeting directed at local interest groups and an annual general meeting with the public.

Throughout the year, the Commission approved the NCC's annual report, corporate plan and financial statements, numerous real estate transactions, design and land use changes, construction contracts, and lease agreements, as well as exercised other authorities pursuant to the *National Capital Act* and the NCC's by-laws.

Key approvals included the following:

- an aggressive agenda to update elements of the NCC's Capital planning framework over the next four years
- the acquisition of three privately owned properties in Gatineau Park (residence, vacant lot and large developable property)
- the NCC's director profile
- openness and transparency initiatives.

Orientation

The NCC welcomes new Commission members with a presentation on accountability, reporting structures and by-laws. Incoming members learn about NCC programs, and review current issues with members of senior management. They also receive copies of federal guidelines and related documents on corporate governance, and attend an information session on roles and responsibilities, ethics, and conflict of interest, as well as a course on governance endorsed by the Treasury Board of Canada Secretariat.

Independence

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

Management Relationship

Commission meetings begin with a briefing and discussion of current issues and projects. The Commission participates fully in strategic planning for the NCC, beginning with a discussion of the results of management's annual strategic retreat and providing direction for the current year's corporate plan. As well, the Commission reviews performance relative to corporate performance targets three times a year, and approves the corporate plan and annual report before these documents are submitted to the Minister of Transport, Infrastructure and Communities.

Performance Evaluation

In the last Commission self-evaluation in 2006, the majority of members rated the Commission's performance as good to above average. Key areas of focus were risk management and succession planning for the chairperson, CEO and senior management. Following the self-evaluation, the Commission participated in a professionally facilitated feedback session, and updated tools and evaluation questionnaires for the assessment of performance. No evaluation of the Commission's performance was completed in 2007–2008, due to the extensive renewal of its membership. A performance evaluation is planned for the next fiscal year.

Objective Arm's-Length Assessment

The Office of the Auditor General of Canada serves as the independent auditor of the NCC, and conducts the annual financial audits. Every five years, the Auditor General also conducts a special examination, as was done in 2007, to review systems and practices considered essential to providing reasonable assurance that assets are safeguarded and controlled, resources are managed economically and efficiently, and operations are carried out effectively. The findings of the 2007 special examination were presented by the Office of the Auditor General of Canada to the Commission at its November 2007 public meeting. No significant deficiencies were identified. Ten recommendations were made in the areas of planning, governance, strategic and risk management, and human resource planning. The NCC responded by developing a management action plan to be reported on annually.

Board Committees

A number of committees support the Commission.

Executive Committee The Commission may delegate to its Executive Committee certain powers and functions, including the approval of membership of advisory and corporate committees, and certain routine transactions. Although the Executive Committee may approve the membership of advisory and corporate committees, it may not approve membership of the Executive Committee itself. No meetings of the Executive Committee were held in 2007–2008.

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

Governance Committee In 2007–2008, the Commission created the Governance Committee to replace the former Nominating Committee and Compensation Review Committee for the purposes of reviewing and, when appropriate, making recommendations to the board on matters relating to the following:

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

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

- The Advisory Committee on Communications, Marketing and Programming advises on cultural programming, marketing, sponsorships, partnerships and communications.
- The Advisory Committee on Planning, Design and Realty advises on the use, development, and management of public lands and properties, including architecture, public works, banners, signs and statuary.

- The Advisory Committee on the Official Residences of Canada advises on maintenance and operational issues for the six official residences in Canada's Capital Region.
- The Canadiana Fund solicits donations of funds, heritage art and furniture for the enhancement of state rooms in the official residences.

Board of Directors Remuneration

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

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

The employment conditions of the CEO are provided by the *Terms and Conditions of Employment for Full-Time Governor in Council Appointees* (effective September 2002). The CEO receives a salary in the range between \$203,100 and \$237,900, and benefits are approved by the Commission. The CEO does not receive a per diem for attending Commission meetings. The Governor-in-Council may also grant to the CEO performance pay of up to 10 percent of the base salary, according to the achievement of key performance objectives, as determined by the Commission.

Other Commission members are not remunerated for attending or participating in the regular meetings of the Commission. For the performance of committee duties, members are paid an annual retainer, set by the Governor-in-Council, pursuant to the *Financial Administration Act* on the recommendation of the Minister of Transport, Infrastructure and Communities, between \$4,000 and \$4,700, and a \$375 per diem. The Chair of the Corporate Audit and Evaluation Committee receives an additional retainer of \$2,000 per year. Per diems are paid for time spent performing NCC business in accordance with corporate policies. Commission members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodation and meals, while performing their duties on behalf of the NCC. These expenses vary for each member of the Commission, according to committee responsibilities and distance travelled to participate in Commission meetings.

BOARD OF DIRECTORS REMUNERATION

Earned from April 1, 2007, to March 31, 2008

	Retainer¹	Per Diems¹		For Travel²		Total	Attendance							
	\$ (A)	\$ (B)	\$ (C)	\$(A + B + C)	Board Meetings (9 days)	Committee Meetings³								
						EC (0 days)	CAEC (2 days)	GC (1.5 days)	ACPDR (9 days)	ACCMAP (4 days)	ACORC (3 days)			
Commission Members														
Adel A. Ayad	1,517	563	—	2,080	2 of 2	—	.5 of .5	—	—	—	—	—	—	—
Jagtar Bains	4,000	2,063	2,250	8,313	7.5 of 9	—	—	.5 of 1.5	—	—	—	—	—	3 of 3
Kory Bobrow	1,517	750	188	2,455	2 of 4.5	—	.5 of .5	—	—	—	—	—	—	—
Jacques Carrière	3,192	1,688	—	4,880	7 of 7	—	1.5 of 1.5	—	—	—	—	—	—	—
Claudia Chowaniec	2,495	1,688	—	4,183	5.5 of 7	—	1.5 of 1.5	.5 of .5	—	—	—	—	—	—
Allison A. Fisher	2,495	563	—	3,058	1.5 of 7	—	1.5 of 1.5	—	—	—	—	—	—	—
Anne Fry	4,000	2,813	2,578	9,391	8.5 of 9	—	2 of 2	—	—	—	—	—	—	3 of 3
Hélène Grand-Maitre	3,000	2,250	—	5,250	6.5 of 9	—	—	—	—	—	3 of 3.5	—	—	—
Jacquelin Holzman	1,000	938	—	1,938	2 of 2	—	—	1 of 1	—	—	—	—	—	—
Richard P. Jennings	1,154	750	—	1,904	1.5 of 1.5	—	.5 of .5	—	—	—	—	—	—	—
Michael E. Kusner	—	563	156	719	0 of 0	—	—	—	1.5 of 1.5	—	—	—	—	—
Marcel Legault	2,110	1,875	344	4,329	2.5 of 4.5	—	1 of 1.5	—	3.5 of 4.5	—	—	—	—	—
Eric D. MacKenzie	3,000	2,813	1,875	7,688	9 of 9	—	—	—	—	—	3.5 of 3.5	—	—	—
Daniel J. MacLeod	—	375	250	625	1 of 3	—	—	—	—	—	—	—	—	—
Frieda Martselos	4,000	938	375	5,313	3 of 9	—	—	1.5 of 1.5	—	.5 of .5	—	—	—	—
Russell Mills	8,633	25,688	—	34,321	8 of 9	—	1.5	1	3	1	2	—	—	—
Jason M. Sordi	3,724	2,625	1,141	7,490	6.5 of 8	—	1 of 1	1.5 of 1.5	—	—	—	—	—	—
Robert Tennant	3,000	2,063	—	5,063	8 of 9	—	—	1.5 of 1.5	—	—	—	—	—	—
James Yamashita	4,000	3,750	1,969	9,719	9 of 9	—	—	—	7.5 of 9	—	—	—	—	—
Total	52,837	54,756	11,126	118,719										

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

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

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

External Ombudsman

The NCC is establishing an external ombudsman's office, which will report directly to the Commission, and will provide members of the public with an independent and equitable mechanism for resolving complaints, when all other redress avenues have been exhausted. The Commission expects that this function will be in place in 2008.

Operations

The NCC is divided into branches, each headed by a senior executive responsible for ensuring that the corporation's policies are fully implemented and well managed. The CEO sets operational and management objectives, prepares implementation strategies, oversees day-to-day operations, and ensures that the Plan for Canada's Capital is being realized. Senior branch executives and the CEO meet weekly as the Executive Management Committee (EMC) to review new projects and ongoing work and to translate the strategic decisions

of the Commission into action at the operational level. The EMC participates in an annual strategic retreat, where long-term directions, priorities and key strategic issues are discussed, and the foundations of the corporate plan are established. The branches carry out work as defined in a one-year memorandum of understanding with the CEO, capturing agreed-upon objectives and performance measures, as outlined in the corporate plan. Results against these objectives are monitored and reported three times a year, to verify progress or identify variances as the basis for corrective action.

EMC Remuneration

EMC members receive a compensation package that includes a base salary, performance pay eligibility of up to 10 percent and employment benefits similar to those received by executives within the larger public service (including health, dental and insurance benefits, and a pension plan). Executive compensation is approved by the NCC's Board of Directors.

EXECUTIVE MANAGEMENT COMMITTEE

April 1, 2007, to March 31, 2008



Marie Lemay



Micheline Dubé



Michelle Comeau



Pierre Désautels



Diane Dupuis



Richard Fajarczuk



Guy Laflamme



François Lapointe



Margaret Strysio

KEY RESULTS BY PROGRAM ACTIVITY

animating and promoting the Capital

Connecting with Canadians: National milestones helped the NCC to communicate strong national messages, while the Capital's newest festival park gave rise to dynamic new programming and partnerships.

Canada's Capital tells the Canadian story. From year to year, it represents the country through national events, such as Canada Day, Winterlude, Christmas Lights Across Canada, and the Sound and Light Show on Parliament Hill. Last year in particular, it celebrated two Canadian milestones: the 150th anniversary of Ottawa as Canada's capital (1857) and 400th anniversary of the founding of Québec City (1608).

The Capital also radiates Canadian culture. In June 2007, the NCC unveiled the Capital's newest public space, LeBreton Flats Park, with a double concert series: "Opera Under the Stars" and "Orchestras in the Park."

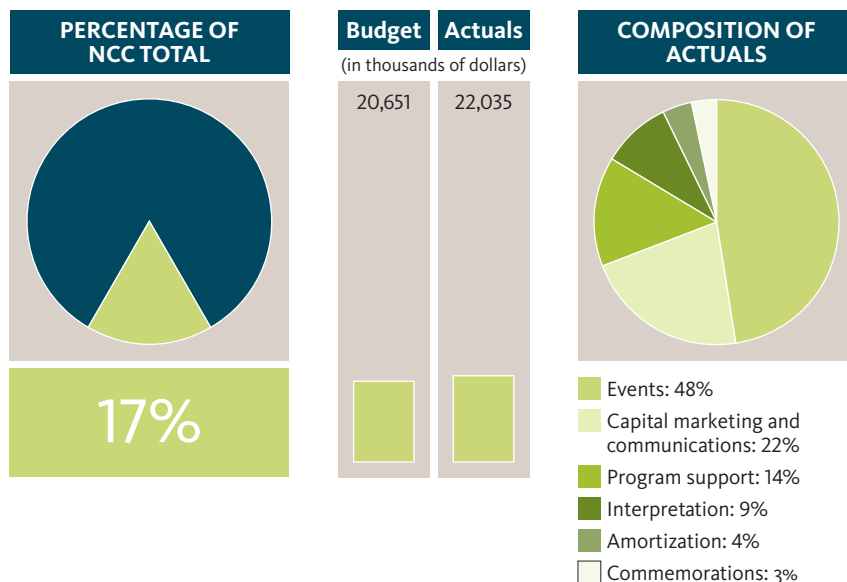
Nothing important is ever achieved in isolation. In addition to event partnerships, the NCC worked with 12 federal partners to shape an extraordinary school package, and collaborated with Ottawa and Gatineau to develop a database for cultural events in the Capital. Similarly, during Winterlude it joined forces with

Yukon, Nunavut, and Newfoundland and Labrador, among others, to bring dynamic winter programming to the Capital.

In some cases, last year's work laid foundations for the future. For example, a new conceptual design was approved for a renewed Capital Infocentre in 2010. Plans are in the works for a renewed Sound and Light Show on Parliament Hill, also scheduled to debut in 2010 with a new theme and content. The NCC is also working with federal partners toward the installation of permanent interpretation on Parliament Hill.

There is clear evidence that these programs are working. The 2008 National Survey on Pride and Identity, for example, showed that 85 percent of Canadians agree that the Capital has national significance; 73 percent see it as a source of pride. As for specific events, 88 percent said that Winterlude enriched their visit to the Capital and made it more informative and memorable.

COST OF OPERATIONS: ANIMATING AND PROMOTING THE CAPITAL



KEY RESULTS BY PROGRAM ACTIVITY

planning, design and land use

From vision to action: Completing and updating the planning framework will ensure that the Capital evolves with the needs and aspirations of its citizens, while holding its heritage in trust for future generations.

Planning is the key to much of the NCC's activity. In broad brushstrokes, the corporation has outlined the future of the Capital in the Plan for Canada's Capital. Last year, it continued to position this plan as the overriding vision for the region. The Plan for Canada's Capital is supported by three more focused master plans: for Gatineau Park, the Greenbelt and urban lands. In 2007-2008, the NCC worked to define the scope of the Urban Lands Master Plan. To allow for greater public consultation, however, the NCC deferred development of the urban lands concept, vision and land use vocations.

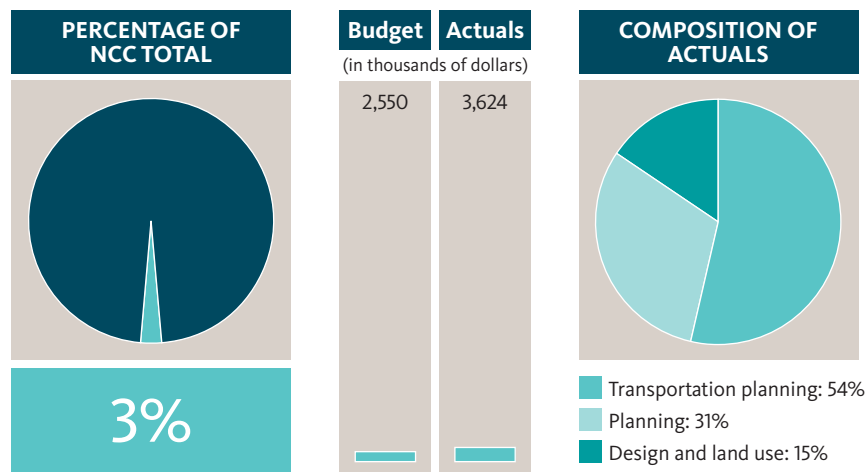
There is nothing static about the planning function. Canada's Capital Region is alive and growing, and new pressures are constantly emerging. Thus, as new elements of the planning framework are completed, the NCC revisits those it had finalized earlier. Last year, it reviewed the Greenbelt Master Plan (1996), and initiated an evaluation of the Plan for Canada's Capital (1999) to see how well they were holding up

in light of changing circumstances. Bringing these plans up to date will involve extensive public consultation to reflect all that has happened over the past decade.

Transportation planning has pushed its way to the forefront. As the only interprovincial planning agency in the region, the NCC is ideally positioned to lead in the development of integrated, sustainable transportation on behalf of the Capital and local governments and residents. Indeed, it is already playing that role, for example, in the environmental assessment of possible future crossings of the Ottawa River and in strategic planning for integrated transit in the Capital's core.

Planning also means keeping an eye on the broader horizon. The NCC is responsible for reviewing all design and land use decisions affecting federal lands. In that capacity, it approved a number of plans last year, including the expansion of the Ottawa Congress Centre. As well, it provided valuable design expertise to the City of Ottawa to help revitalize Lansdowne Park.

COST OF OPERATIONS: PLANNING, DESIGN AND LAND USE



KEY RESULTS BY PROGRAM ACTIVITY

real asset management

Capital steward: The NCC has taken firm, concrete steps to work with citizens of the region and to build understanding and trust as it continues to create a capital that is rich in natural and cultural heritage.

In 2007–2008, the NCC continued to work toward building a great capital for Canadians, with ongoing focus on the revitalization of the core area, preservation of green spaces and restoration of heritage assets.

In the core, an extensive program of works culminated with the opening of LeBreton Flats Park in June 2007. Solid progress was also made toward the revitalization of Sparks Street. At 131 Queen Street, an award-winning project integrated historic facades into a new, mixed-use development — and won firm public support. Work also continued with the Canlands “A” site (113 Queen Street), with approvals obtained for a ground lease with a developer.

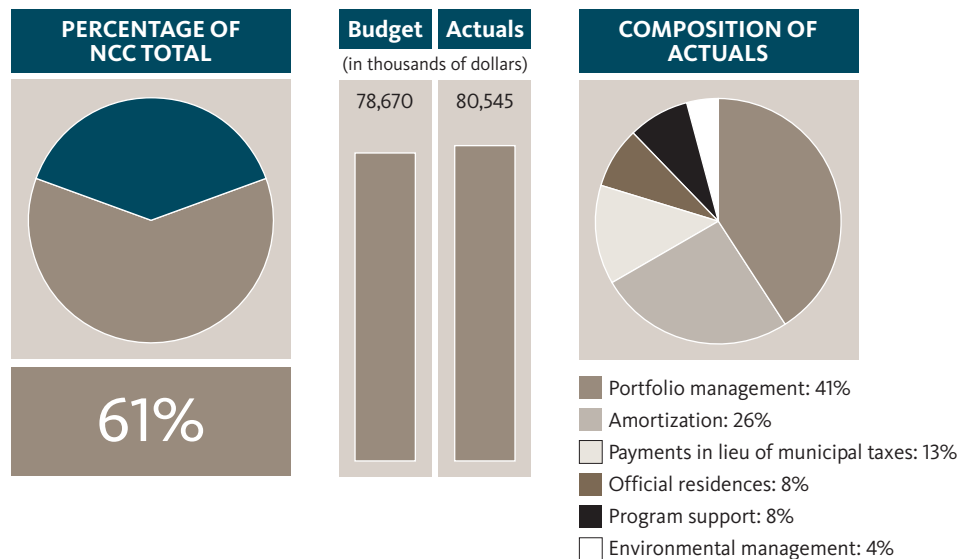
With 361 square kilometres of hills, lakes and forests, Gatineau Park is the region’s single-largest asset and largest green space. In 2007–2008, the NCC worked to clarify park entrances and updated its technical description of park boundaries. It also worked on an ecological conservation plan and inventoried potential heritage elements for a future heritage conservation

plan. The NCC continued to acquire private land remaining within the park, purchasing two parcels and seeking approvals for a third. It also worked with several partners to manage recreation and renew the exhibit at the Gatineau Park Visitor Centre.

This year, at Rideau Hall, the NCC completed the restoration of the Mappin Wing’s massive limestone facade, which had seriously eroded over the years. The Governor General hosted a celebration to mark the success of the project, which received a Heritage Conservation Award of Excellence from the City of Ottawa.

Clearly, the NCC cannot build a great capital without public support and good community relations. The NCC is working to present itself as a valuable partner and contributor to quality of life, and as an organization that listens to public concerns and solves problems. In 2007–2008, the NCC met numerous community groups to deliver information, discuss plans, seek input and resolve issues.

COST OF OPERATIONS: REAL ASSET MANAGEMENT



KEY RESULTS BY PROGRAM ACTIVITY

corporate services

Leadership and engagement: The NCC is working toward cultural transformation in the area of openness and transparency. In seeking new ways to engage Canadians, the NCC is supported by new leadership, strong governance, experienced staff, effective systems and relevant processes.

The NCC took a number of steps last year to enhance the quality of its governance. In November 2007, it made corporate history by holding the first open board meeting. A number of initiatives during the year also aimed at improving openness and transparency. The process began with new legislation to split the leadership role into two separate positions, giving the NCC the governance structure to strengthen oversight. As well, planning began last year toward developing a board charter and code of ethics, revising the by-laws, and establishing an external ombudsman function.

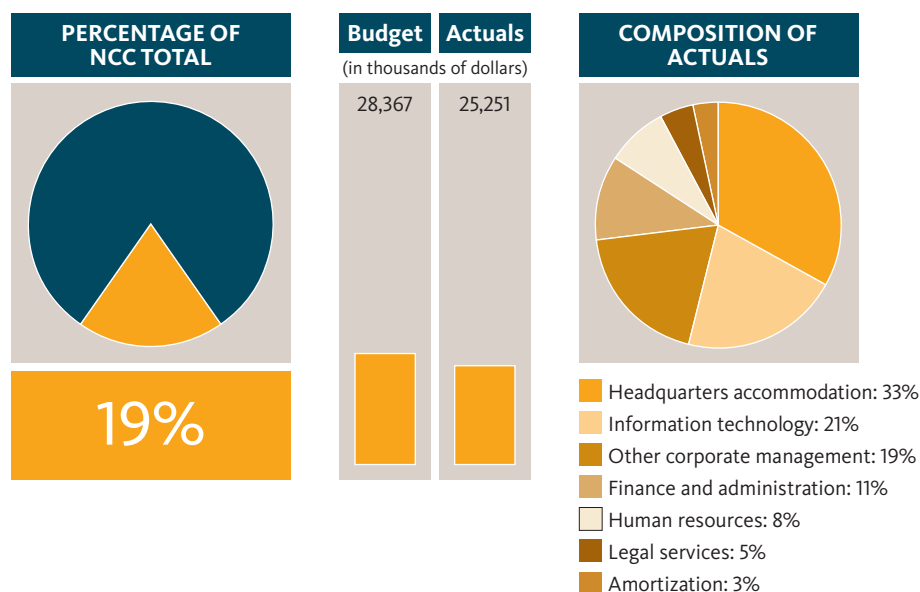
The NCC also benefited from an objective assessment of its operations by the Office of the Auditor General of Canada. The regular special examination focused on the Capital planning framework, contract administration, capital asset management, environmental management and stewardship, official residences, corporate governance, performance measurement, and reporting. No significant deficiencies were identified, and only a few recommendations for improvement were made.

Good progress was also made last year in developing an integrated risk management framework. When completed, this will guide the corporation in evaluating and monitoring the risks that affect all of its activities.

The NCC recognizes the need to improve public awareness and identify new ways to engage the community. Over the long term, it plans to revamp its approach to public participation, specifically to improve public perception and awareness of public consultations. In 2007-2008, the corporation increased promotional efforts and broadly publicized its consultations. Eleven consultations were held, which were well attended, and stakeholders provided valuable commentary.

The NCC is committed to supporting its staff and to incorporating values into employee work plans and everyday actions. Human resource planning is being integrated into the corporate planning process, and will be further refined over the years. Technology and security developments were also monitored to maintain optimal efficiency and enhance telecommunications and computer systems.

COST OF OPERATIONS: CORPORATE SERVICES



MANAGEMENT DISCUSSION AND ANALYSIS

the Capital as a source of pride and unity

Disclaimer: This section, Management Discussion and Analysis, dated March 31, 2008, should be read in conjunction with the audited financial statements (on page 57) and related notes (on page 63) of the present annual report.

Forward-looking statements are based upon a number of estimates and assumptions. While they are considered reasonable by management, these statements are inherently subject to known and unknown risks and uncertainties. The NCC's actual results may be materially different from those expressed or implied by such forward-looking statements.

Overview

For over 50 years, the NCC has successfully delivered its national mandate: to shape a capital worthy of Canada and that is a source of pride and unity for Canadians. Success is evident as one considers the physical and symbolic fabric of today's capital: the inspiring monuments, the banner-lined ceremonial boulevard, the many kilometres of scenic parkways, the unspoiled shorelines, parks large and small, and the array of preserved heritage. Success is also expressed in the crowds that flock to the Capital during national festivals.

Forty percent of all Canadians have visited the Capital in the past five years; almost three quarters of them said recently that the visit increased their pride in being Canadian.

– National Survey on Pride and Identity 2008, Decima Research

The mandate of the NCC — that is, building a capital — is complex in the sense that it involves adding a capital “overlay” to a large region, the seat of federal government, which includes stretches of two provinces, and contains seven municipalities and parts of several others (in particular, two large urban centres), two official languages, and a culturally diverse population of over 1 million people. The NCC's focus on coordination and partnership has been renewed and its engagement of stakeholders and the general public has been made evident through its new openness and transparency initiatives.

As an organization, the NCC is evolving. The split of its former leadership position was significant, and it led to two new appointments. The NCC's mandate has also been under review, and government direction is expected in the short term. Combined, these two elements have key defining impacts on the future direction of the organization, its objectives and priorities.

This year, the NCC continued to pursue its long-term goals to plan, build and program a capital for Canadians that is beautiful, alive and symbolically meaningful. The corporation does this through the four activities outlined below.

NCC PROGRAM ACTIVITIES

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

ANIMATING AND PROMOTING THE CAPITAL Generating awareness, pride and unity through high-impact programming, commemorations and marketing/communications

PLANNING, DESIGN AND LAND USE Planning and developing federal lands to ensure that their role and significance are appropriate and respectful of heritage and the environment

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

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

Operating Environment

A capital is a place like no other. It has primary status in the country it represents. It is almost always the site of the nation's legislative and government buildings. It is a meeting place as well, drawing people from all over the country for business and tourism. In terms of the economy, government operations are often the main industry in the capital, and thus the community tends to be economically stable. As for cultural institutions, capitals usually offer an array of national museums and galleries, as well as national monuments and examples of national heritage — all highlighting the history and experience of the country at large.

Globally, nations everywhere continue to evolve in the face of economic challenges and opportunities that more and more transcend national borders. With globalization, new powers are emerging and, with them, new conflicts. Poverty is widespread internationally, while security is more than ever a pressing concern. Regional instability is having global effects, for example, on the price of natural commodities. Future access to energy is a growing concern today, and environmental protection is making its way to the top of the global agenda. Canada — as a leader in the developed world, a trading nation and a country that welcomes immigration — is socially, economically and politically affected by changing conditions in the world.

In working to shape Canada's Capital and make it accessible to Canadians, the NCC is directly affected by global conditions that may, for example, affect tourism or the price of basic commodities, or pose environmental or security threats.

With our Aboriginal, French and British roots, diversity is nothing new in Canada. However, the scale of diversity has increased radically in the past few years. The 2006 census shows an increasingly aging population, a characteristic that will ultimately affect the economy and the sustainability of our national health system. As well, immigration is increasing, and the movement of even more of the population into the cities and toward the West is changing the national dynamic. Canadians are better educated than ever, and they are making new demands on their governments. They want to engage more directly in decision making, and they are increasingly communicating their priorities.

The NCC is responding to all these factors: first, by shaping programs that respond to a diverse population and its particular concerns; second, by opening up the decision-making processes to public participation and collaboration; and third, by making environmental leadership one of the corporation's prime objectives.

CANADIAN HISTORY + DIVERSITY OF CANADIANS

= CHANGES IN REPRESENTATION

= NEED FOR MORE PARTICIPATION

= A STRONGER, BETTER CAPITAL

Two thirds of growth in Canada, which now has a population of more than 33 million, today comes from immigration. – 2006 Census of Canada, Statistics Canada

Canada's diversity extends to its economic patterns. Recent years have seen strong economic growth, particularly in resource-rich regions of the country. However, a strong Canadian dollar is having mixed effects: negative for manufacturing and positive for resource industries. Strong growth and the high dollar have affected the cost of NCC programs, specifically capital rehabilitation and maintenance. As well, in the area of tourism, the high dollar and high fuel costs have reduced the number of travellers coming to the Capital, especially from the United States.

As a producer of national events, the NCC must also keep one eye on the weather. Recent mild winters have made Winterlude more difficult to plan. Last year brought a new weather challenge, with the second highest level of snowfall in recorded history. Climatic instability means that the NCC must adapt its programs and renew them to ensure weather-resistant events, and it must market and communicate these through multimedia.

Federally, the government has identified the following priorities for action: strengthening Canada's sovereignty and place in the world; building a stronger federation; providing effective economic leadership; continuing to tackle crime; and improving the environment. Within the overall framework of these priorities, the government has made certain decisions that will directly affect the NCC. Notably, a federal strategic review process has been initiated, and this will target all federal organizations on a four-year cycle. In the area of land transactions and the project planning process, the NCC will also be affected by government decisions aiming to improve the Aboriginal land claims process and foster public consultation with Aboriginal peoples. In the area of real estate, the federal government has completed an initiative to sell and lease back two office buildings in Ottawa. As well, in an effort to achieve the desired 75/25 ratio of federal employment in Ottawa and

Gatineau, respectively, the government has announced plans to build four new federal office towers in Gatineau.

In Canada's Capital Region, rising costs for the provision of services and renewal of infrastructure continue to challenge the cities of Ottawa and Gatineau. Continued growth away from the downtown core, specifically outside of the Greenbelt, is putting pressure on municipal governments to provide services for a broader area. With population increasing sharply in both Ottawa and Gatineau, traffic congestion has become problematic. Municipal governments on both sides of the Ottawa River are therefore deeply concerned about transportation development. Ottawa is studying options for the installation of light rail, while Gatineau is developing a Rapibus system. The NCC, which is the only interprovincial planning body in the region, is working with local governments on a number of integrated transportation initiatives in both Ontario and Quebec.

Key Performance Drivers

The success of the NCC, as a Crown corporation, is largely dependent on financial and political support from the federal government; the corporation's ability to maintain positive relationships with local municipalities, the general public, partners and sponsors; and its ability to respond on a timely basis to meet the expectations of an evolving Canadian society. The following are important factors in the effective delivery of the NCC's mandate.

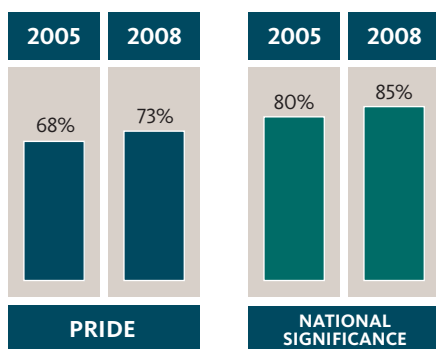
Relevance To continually adapt its events, programs and interpretive elements to reflect Canada's culture and heritage, and to ensure the meaningful representation of Canada and Canadians in the Capital, the

NCC must have relevance. This is a challenging task, as Canadian society continues to evolve toward being more multi-ethnic and racially diverse, as well as progressively older and urban. The NCC measures its performance by tracking attendance, levels of satisfaction, and impact at NCC sites and events. In addition, it looks at the extent to which Canadians identify the Capital as a source of pride and national significance, and see NCC programs as enriching their understanding and appreciation of the Capital.

Stewardship To ensure an appropriate balance between providing public enjoyment through the use of lands and buildings, and preserving these assets for future generations, as well as further enriching the Capital through major new capital projects, the NCC must have stewardship of the Capital's assets. The NCC must also put strong, flexible plans in place to deal with emerging threats to public health and safety in Canada's Capital Region. Performance is monitored through the availability of public assets, as well as through user satisfaction and public feedback surveys, maintenance quality standards, and the periodic evaluation of long-term land planning.

Planning and Partnerships To plan and build the Capital in a multi-faceted environment, in close collaboration with other federal organizations, different levels of government, community groups, the private sector and special interest groups, the NCC must also focus on planning and partnerships. Similarly, partnerships enable the NCC to give optimal value to Canadians through the contribution of others in a variety of ways — including sponsorship, the provision of expertise, joint initiatives for mutual benefit, or the contribution of a programming element. (*For a list of partners and sponsors, please refer to Appendix II.*) Examples include the Tripartite National Capital Planning Committee, the Forum for Federal Planning Liaison in the National Capital Region, the Federal Partners for Capital Programming and Marketing Committee and the Friends of Gatineau Park. Performance in this area is measured annually by the number and value of partnership contributions.

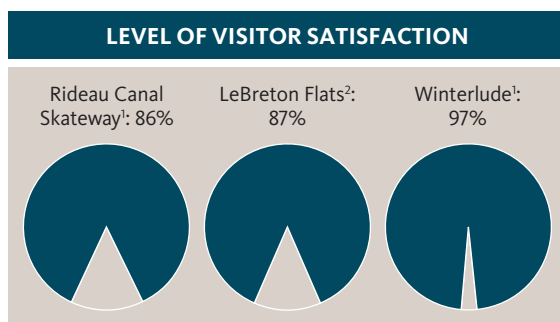
Canadians feel that the Capital has national significance and they see it as a source of pride.



Harris/Decima Research, 2005 and 2008

Public Support and Engagement To commit to meaningful public consultation to ensure that all interests are reflected in the long-term task of building the Capital, the NCC must have public support and engagement. It is essential that public input be incorporated into decision making and that the benefits of the NCC's work are broadly understood by local residents and all Canadians. Awareness and appreciation of NCC accomplishments on behalf of the Capital and all Canadians are necessary to ensure ongoing support for its programs, and to facilitate their implementation.

Over 1 million people attended NCC flagship events in 2007–2008, with high levels of satisfaction reported by attendees.



Visitors who indicated that they were satisfied

1. Harris/Decima Research, 2008
2. Environics Research Group, 2007

Openness also contributes to a good relationship with local authorities, residents and interest groups, allowing productive and mutually supportive partnerships to exist and flourish. Initiatives to help meet these objectives include a public annual general meeting and a special interest group meeting with the Commission, and proactive consultations to inform and receive feedback from the public about projects and various issues. Performance measures include the number of public consultations held, public feedback on the NCC's role and its consultation process, the level of public awareness of NCC activities, and the strength of the NCC's volunteer program.

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

Governance and Leadership To meet due diligence requirements for public accountability, the NCC must focus on governance and leadership. The NCC has been proactive in its approach to improved governance. Thus,

the corporation found that it met all recommendations from the 2005 Treasury Board review of Crown corporation governance, except those requiring legislation. Moreover, the NCC has responded to new requirements under the *Federal Accountability Act* by splitting the position of chairperson and chief executive officer (as of April 1, 2007). Performance measures include compliance with all legislative requirements; the review of corporate by-laws; the extent to which board practices reflect Treasury Board guidelines for Crown corporation governance, and the continuous training of board members regarding roles and responsibilities, ethics, and conflict of interest.

Capability to Deliver Results

When it receives the allocation of federal funding announced in the 2007 federal budget, the NCC expects to have the resources it requires to execute its strategies and deliver its mandate.

FINANCIAL RESOURCES

Over the past decade, both operating and capital costs have continued to escalate for maintenance and rehabilitation activities, and in terms of rent at headquarters. As well, an ongoing reduction imposed by the federal government in 2005, combined with increased federal requirements in the areas of reporting, oversight, security and the environment, have posed additional challenges for the NCC to maintain balanced budgets. In past years, the NCC has continually reviewed expenditures and reprioritized, resulting in a high level of focus and efficiency in its operations but, at the same time, this approach has increased the risks of not being able to fully deliver its mandate.

To sustain itself, the NCC has focused on increasing other sources of revenue, such as operating revenues from leasing activities, partnership cost recoveries, sponsorships and volunteer support. For years, the NCC has had to use proceeds from the sale of surplus lands to cover a \$6-million to \$7-million annual shortfall in capital funding needed to preserve key federal assets. However, the pool of surplus properties is finite and, in recent years, their sale has been constrained by the federal government in response to public concerns, while the NCC pursues a permanent resolution to address this shortfall. In 2005, the NCC received new ongoing funding for the rehabilitation of the official residences, which will permit it to address health, safety and universal accessibility considerations. Finally, additional ongoing appropriations of \$10 million in capital and \$5 million in operating funding were announced in the 2007 federal budget for the NCC, but the approval to access this funding is still pending.

Financial Performance

PARLIAMENTARY APPROPRIATIONS

In 2007-2008, the NCC received \$96.1 million in total parliamentary appropriations for both operating and capital expenditures. This represents a \$1-million increase over last year's appropriations, which totalled \$95.1 million (*see Chart 1 and Table 1*).

The increase is the result of higher appropriations to cover salary and employee benefit increases (\$0.6 million), and increased funding received for environmental studies under the Federal Contaminated Sites Action Plan program (\$0.4 million).

Total appropriations are expected to decrease to \$94.2 million per year in 2008-2009 (\$91 million in 2009-2010), due to annual salary and benefit adjustments granted only through supplementary estimates, a federal government permanent budget reduction of \$0.5 million starting next year, as well as decreased funding for environmental studies (\$0.6 million and \$0.7 million in 2008-2009 and 2009-2010, respectively) and for the official residences (\$3.2 million in 2009-2010).

CHART 1
PARLIAMENTARY APPROPRIATIONS,
2003-2004 TO 2009-2010 (in millions of dollars)

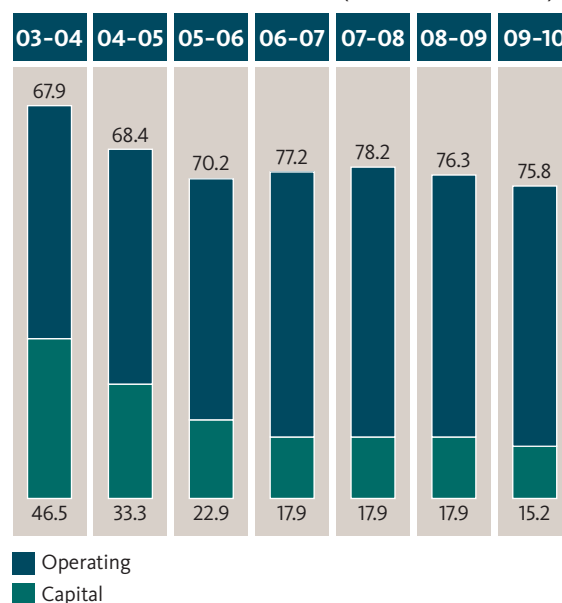


TABLE 1
PARLIAMENTARY APPROPRIATIONS,
2006-2007 TO 2009-2010 (in thousands of dollars)

	Actuals			Projections	
	2006-2007	2007-2008	Variance	2008-2009	2009-2010
Operating	74,657	76,226	1,569	76,313	75,751
Supplementary operating	2,541	1,934	(607)	—	—
Subtotal	77,198	78,160	962	76,313	75,751
Capital	16,713	17,935	1,222	17,934	15,213
Supplementary capital	1,222	—	(1,222)	—	—
Subtotal	17,935	17,935	—	17,934	15,213
Total appropriations	95,133	96,095	962	94,247	90,964

OPERATING REVENUE

As shown on the statement of operations, the NCC generated \$37 million of operating revenue in 2007-2008, compared with \$37.6 million in 2006-2007. The \$0.6-million decrease is primarily attributable to a decrease in the net gain on the disposal of capital assets (\$4 million), which was partly offset by increases in rental operations and easements (\$0.5 million) and higher interest revenues (\$0.7 million). In addition, greater amounts for other fees and recoveries (\$2.1 million) were generated from partner contributions for transportation studies (\$0.8 million), for the provision of property maintenance services (\$0.7 million), and from a change in the presentation to the financial statements of donations received by the Canadiana Fund (\$0.6 million).

Rental operations and easements provided the largest source of operating revenue in 2007-2008, representing 53 percent (compared with 56 percent last year) of total operating revenue, excluding the 2006-2007 net gain on the disposal of capital assets (a loss was recorded in 2007-2008). All sources of operating revenue are expected to remain relatively stable in future years, with the exception of variations in the net gain on the disposal of capital assets (*see Chart 2*).

Total funding for operations (appropriations plus operating revenue) has remained relatively stable in recent years (*see Chart 3*), other than in 2005-2006, when there was a significant net gain on the disposal of capital assets.

CHART 2
MAIN SOURCES OF OPERATING REVENUE,
2003-2004 TO 2009-2010 (in millions of dollars)

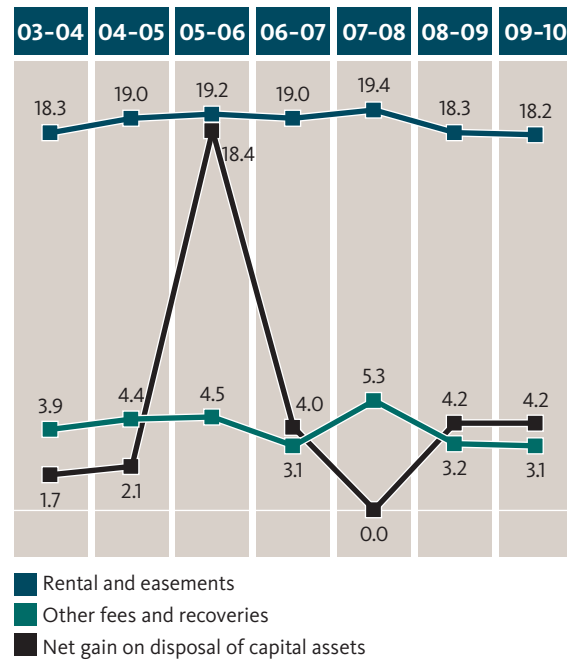
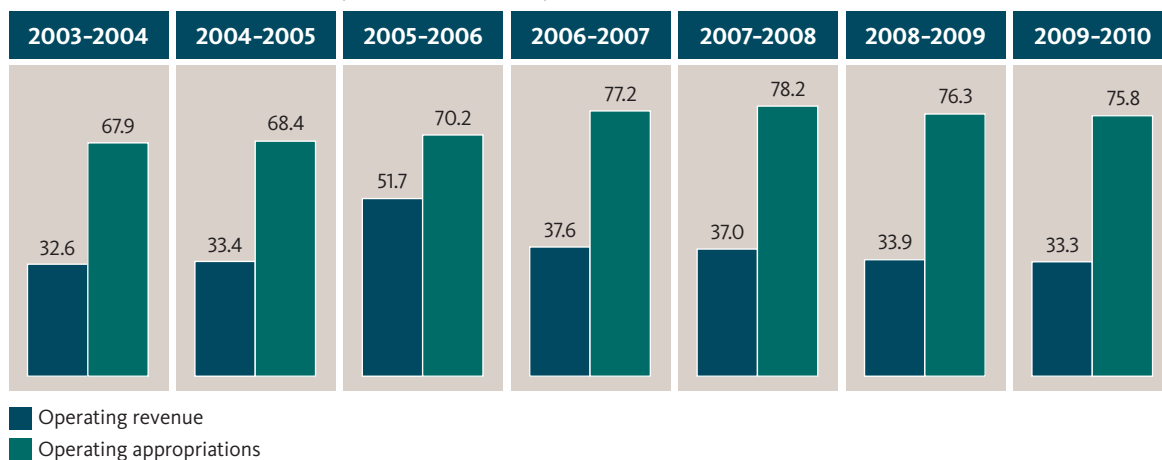


CHART 3
TOTAL OPERATING FUNDING,
2003-2004 TO 2009-2010 (in millions of dollars)



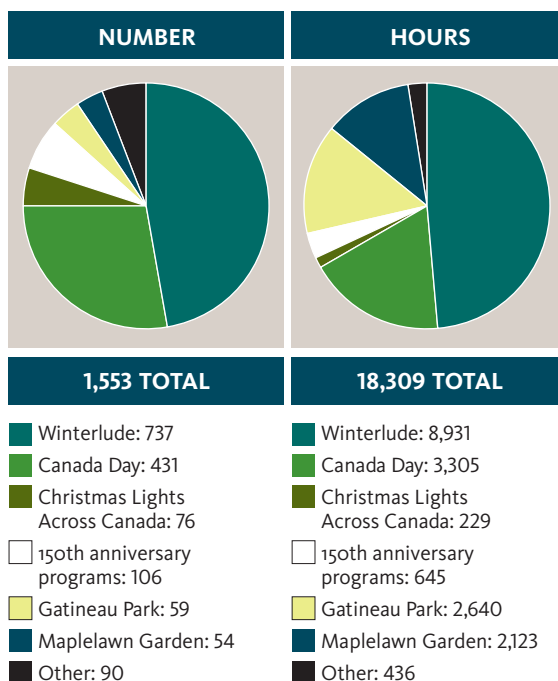
NON-FINANCIAL RESOURCES

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

Experienced Employees The NCC is an organization filled with extremely competent, motivated and experienced employees, who are its greatest asset and are key to executing its strategies. In fact, more than 10 percent of employees have been with the organization for longer than 25 years and just under 50 percent have more than 10 years of service with the NCC. On the other hand, this extensive experience raises succession management concerns, since many employees will soon be eligible for retirement. The NCC is developing succession plans for its key positions, and will ensure that corporate memory is retained. The NCC's four-year collective agreement expired on December 31, 2007, and collective bargaining with the union representing NCC employees, the Public Service Alliance of Canada, has been initiated.

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

NCC VOLUNTEERS PER EVENT OR PROGRAM



Factors That Shaped 2007–2008 Operations

The central theme at the NCC in 2007–2008 was change in leadership, beginning when the formerly combined position of chairperson and CEO was split into two separate functions. Micheline Dubé, Chief Operating Officer and Executive Vice-President, assumed the role of CEO in April 2007 through to December 2007. Then, in April 2007, Russell Mills was appointed as chair of the Commission. When Marie Lemay became CEO in January 2008, the transition was complete, and the NCC began a new chapter in its history.

With new leadership in place — and, indeed, a new leadership model — the NCC began the lengthy task of reviewing and updating its governance structures and procedures. This work will continue over the next year.

The past year was also significant because of the NCC's mandate review. The 2006 review by an independent panel was generally favourable to the NCC: the review panel's report reconfirmed the mission and the continuing national relevance of the corporation. However, the review panel also made a number of important recommendations. The report was submitted to the federal government, and the NCC is currently awaiting direction. In the meantime, the corporation has already moved on a number of issues identified within the report, including the following:

- improving relations with stakeholders through enhanced openness and transparency;
- playing a stronger role in regional transportation development;
- renewing partnerships with municipal partners; and
- increasing collaboration and communications with federal partners.

The Auditor General of Canada conducted a special examination of the NCC this year, and identified no significant deficiencies. Recommendations were made, and work has begun to address these recommendations.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance and Direction by Program Activity: 2007-2008

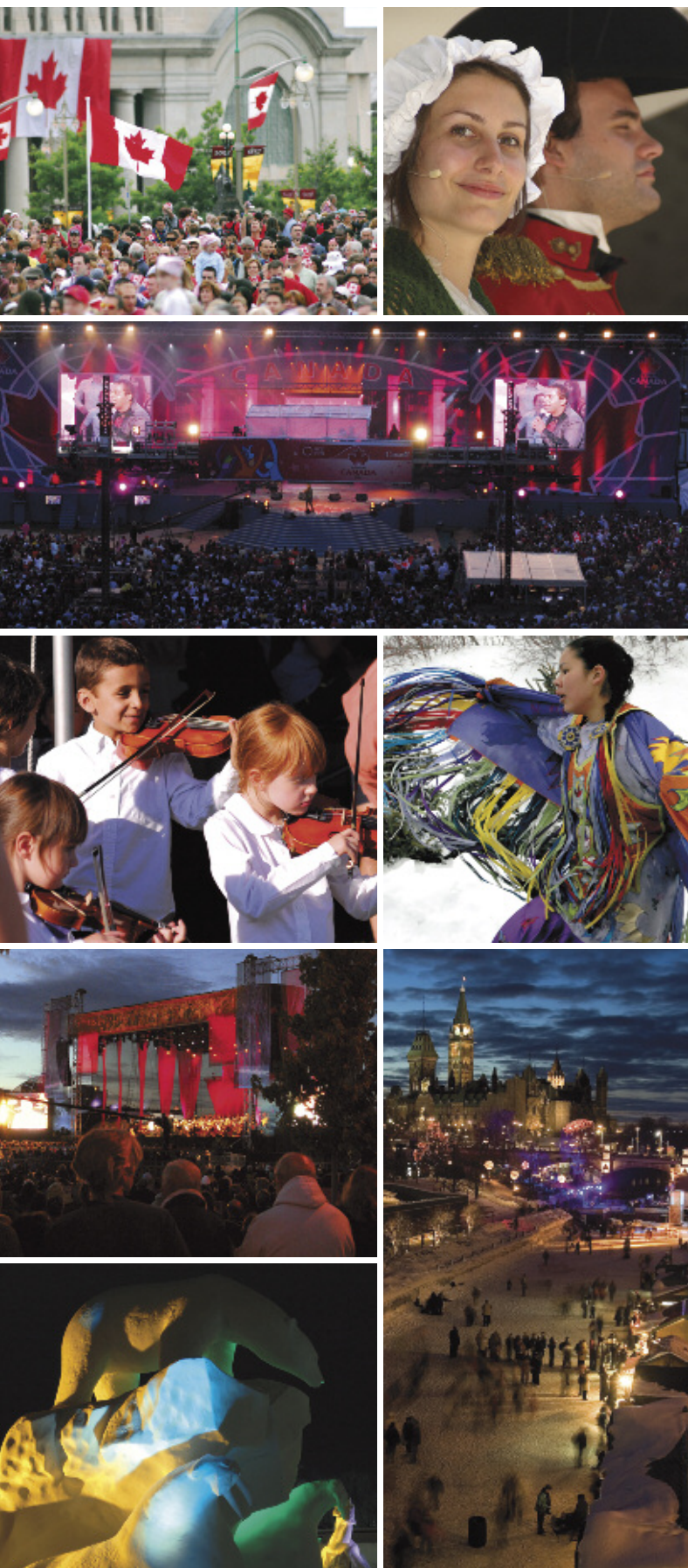
Each year, the NCC sets performance targets to advance its goals and drive results toward achieving its strategic outcome: Optimum contribution of federal lands and public programs in creating a capital as a source of pride and national significance.

POSITIVE PERCEPTIONS OF NCC AND PRIDE IN CANADA'S CAPITAL REGION

National pride in Canada's Capital Region				
2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
73%	—	68%	—	73%

Local pride in Canada's Capital Region				
2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
85%	86%	87%	89%	89%

Residents' positive perceptions of the NCC				
2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
68%	63%	61%	64%	65%



1. Animating and Promoting the Capital

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

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

Overview The NCC communicates the importance and significance of the Capital to Canadians. Events and programming offer ways for Canadians to celebrate national anniversaries and other aspects of life in Canada; inform them of their history and help them to experience their political and cultural heritage through a variety of interpretation programs, commemorations and public art. In 2007-2008, the NCC invested \$22 million in operating expenditures, and raised \$1.3 million in cash sponsorship revenue to achieve those goals. Just over one million people attended key events but, more importantly, the reach of the Capital to Canadians continued to be extended, through Parliament Hill and youth programming, media coverage, sponsorship, advertising, and partnerships. The impact of the Capital on Canadians continues to improve, as measured through independent public opinion surveys.

1.1 EVENTS, INTERPRETATION PROGRAMS AND COMMEMORATIONS

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

PROGRAMMING EVENTS

TARGETS	COMMENTS
<p>Maintain high levels of attendance at flagship events and programs:</p> <ul style="list-style-type: none"> • Sound and Light Show (target, 200,000); • Canada Day (target, 300,000); • Winterlude (target, 600,000); and • Site Animation (target, 35,000). 	<p>NCC flagship events and programs continued to be well attended throughout 2007–2008, with 91 percent of its overall target achieved.</p>
<p>Maintain public satisfaction levels of 85 percent or higher with respect to events and programs.</p>	<p>The NCC was able to effectively reach Canadians through national broadcasts of the Canada Day evening show. The show was carried by Rogers Television and cable companies that broadcast in all provinces except Quebec, where it was carried by Société Radio-Canada. Live webcasts and cell phone network downloads ensured even broader coverage.</p>
<p>Establish a new national broadcast partnership for the Canada Day evening show.</p>	<p>The Sound and Light Show attendance continues to gain momentum with a 12 percent increase in 2007–2008 (11 percent in 2006–2007).</p>
<p>Ensure that a minimum of 40 percent of overall visitors and participants attending programs and events during the year for the 150th anniversary of the selection of Canada’s capital are aware of the significance of the event.</p>	<p>Winterlude visitor attendance was independently surveyed in 2008. While attendance was down, compared with other survey years, 859,000 visits were generated at different sites. More importantly, the Winterlude survey revealed visitors’ high level of satisfaction with the event, and more Canadians were reached through the media coverage. Important messages about the Capital, Canadian values, Canadian cultures and living in a winter climate were communicated to a large number of Canadians.</p>
<p>In 2007–2008, organize the official launch of the NCC’s festival park at LeBreton Flats, with a targeted attendance of 40,000 over the summer season for NCC programs.</p>	<p>The NCC’s Christmas Lights Across Canada program was converted to 100 percent LED lights.</p>
RESULTS	
<p>Attendance — Target partially met:</p> <ul style="list-style-type: none"> • Sound and Light Show: 283,195 • Canada Day: 315,000 (estimate) • Winterlude: 432,000 • Site Animation: 6,000. 	<p>The year 2007 was the 150th anniversary of the selection of Canada’s capital. A series of year-long programming was aimed at celebrating this important milestone. The awareness target for this anniversary was exceeded, and an independent survey confirmed that the program was effective in conveying important messages to Canadians about how their capital was chosen. Special events held at the newly opened LeBreton Flats Park over the summer of 2007 were positively received and will continue in 2008–2009.</p>
<p>Satisfaction — Target met:</p> <ul style="list-style-type: none"> • Winterlude: 97 percent generally satisfied or very satisfied. • Public Awareness Survey: 89 percent of residents rated the NCC’s role in events as excellent/good. • Noon Under the Bridge 2007: 91 percent were very much satisfied to completely satisfied. 	<p>Attendance for the Site Animation Program was down from last year, as the NCC devoted more programming resources to the 150th anniversary celebrations.</p>
<p>Broadcast for Canada Day Evening Show — Target met: Two national broadcasts.</p>	
<p>150th Anniversary Awareness — Target exceeded: Awareness among local residents and visitors to the Capital: 35 percent (unaided); 30 percent (aided); 65 percent (overall).</p>	
<p>LeBreton Flats Park — Target substantially met: Successfully launched; 37,000 people attended the “Opera Under the Stars” and “Orchestras in the Park” events.</p>	

INTERPRETATION PROGRAMS

TARGETS	COMMENTS
Maintain an 85 percent satisfaction rate and 700,000 visits for Parliament Hill programs.	<p>Visitors to Parliament Hill programs continue to be maintained above the 700,000 target level and have averaged about 723,000 over the past three years. This indicates a very steady demand for visitor orientation programming on Parliament Hill, mainly through the tourist season, from spring to late summer. Program impact and satisfaction were last measured in 2005–2006, and rated very highly.</p> <p>Progress was made in initiating the renewal of the Capital Infocentre (CIC) on Wellington Street, across from Parliament Hill. The project is on schedule for completion in 2009–2010. Visitation to the CIC remains fairly steady and has averaged about 310,000 over the past four years. The renewal project will focus on the modernization of services, by offering personalized services and multimedia experiences; it will be a showcase for NCC and federal partner programs and will serve to better communicate how Capital sites and attractions represent our Canadian identity and values.</p> <p>The NCC's educational and outreach activities reached close to one million youth and helped to build understanding and knowledge of the Capital among the nation's youngest citizens. A total of 38,850 students visited the Capital in 2007–2008, representing a 9 percent increase over the previous year. The new educational resource kit, entitled "The Gathering Place," has been ordered by 30,389 teachers in all provinces and territories since its launch in September 2006, and the NCC engaged a total of 12 federal partners, including all federal museums in the Capital, in cooperative youth marketing.</p>
In 2009–2010, the NCC will complete the renewal of the Capital Infocentre.	
Provide services to 325,000 visitors annually at the Capital Infocentre, and maintain an 80 percent service standard level at the Capital Contact Centre.	
Reach 300,000 youth annually through educational outreach activities.	
RESULTS	
Parliament Hill Programs — Target met: 710,380 contacts made; program satisfaction not measured this year.	
Capital Infocentre Renewal — On target: Renewal concept approved; discussions with federal partners and tourism industry initiated.	
Attendance and Standards — Target partially met: <ul style="list-style-type: none"> Capital Infocentre visits: 305,000 Capital Contact Centre service standard level: 91 percent. 	
Educational Outreach — Target exceeded: 936,700 youth reached.	

COMMEMORATIONS

TARGETS	COMMENTS
In 2008–2009, complete a public art strategy.	<p>Commemorations and public art contribute to creating a capital that represents Canada and Canadians. Canada's Capital Commemoration Strategic Plan provides the framework for the location of new commemorations, and sets guidelines for achieving balance and diversity for new commemorations. In 2007–2008, the NCC continued to build awareness of opportunities for commemorations in the Capital, and 11 new requests were received. The NCC provided interpretive content for five core area monuments on under-represented themes. Support for the Canadian Fallen Firefighters Foundation continued in the design and development of a new national landmark at LeBreton Flats. The Capital is also home to a large collection of public art. Initiation of the development, in 2007–2008, of a public art strategy and program to serve as a guide for future initiatives was deferred due to other priorities.</p>
RESULTS	
Public Art Strategy — On target: Approval planned for the fall of 2008.	

1.2 MARKETING AND COMMUNICATIONS

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

TARGETS	COMMENTS
<p>By the end of 2007–2008:</p> <ul style="list-style-type: none"> • increase unaided awareness of the NCC to 60 percent among residents of Canada's Capital Region; • maintain Canadians' level of pride in the Capital at a minimum level of 80 percent; and • increase positive perception ratings of the NCC to 76 percent among residents of Canada's Capital Region. 	<p>In 2007–2008, the NCC continued its strategy of increasing Canadians' awareness of the Capital, and vigorously promoting NCC programs nationally, while assisting in the coordination of efforts made by federal partners. The NCC measures its impact on Canadians in general, as well as on residents of Canada's Capital Region. Awareness, pride and positive perception of the NCC are measured on a cyclical basis, and results are positive. For example, unaided awareness of the NCC among residents rose from 40 percent in 2005, to 42 percent in 2006 to 45 percent in 2007. More importantly, positive perception of the NCC among residents rose from 61 percent in 2001 to 63 percent in 2006 to 68 percent in 2007. Canadians' level of pride in the Capital rose to 73 percent in 2007, up considerably from 68 percent, the results of the last survey in 2005. Although many factors play a role in the level of pride Canadians feel about the Capital, the increase is considerable, and the NCC believes that it is positive proof that its work is having an impact nationally.</p> <p>An important aspect of the NCC's work is to establish key alliances with other organizations, both public and private, to deliver key messages about the Capital. The formation of new alliances further expands the NCC's network.</p> <p>Sponsors also help the NCC in marketing the Capital. In 2007–2008, the NCC was able to focus its efforts on fewer corporate sponsors, as its sponsorship arrangements had a higher return on investment. This year, the NCC again exceeded its cash revenue target.</p>
<p>Establish new strategic alliances and focus on high return on investment arrangements with major sponsors.</p>	
<p>Achieve cash sponsorships of \$966,000 annually over the planning period.</p>	
RESULTS	
<p>Awareness, Perception and Pride — Target not met:</p> <ul style="list-style-type: none"> • unaided awareness of the NCC surveyed at 45 percent among residents of Canada's Capital Region; • level of pride in the Capital among Canadians measured at 73 percent; and • positive perception of the NCC among residents of Canada's Capital Region was rated at 68 percent. 	
<p>Strategic Alliances and Sponsors — Target met: One new strategic alliance was formed. WestJet promoted Winterlude on its website; 51 percent of sponsorship revenues were earned from the NCC's top 10 sponsors, for agreements covering more than one year.</p>	
<p>Cash Sponsorships — Target exceeded: \$1.3 million.</p>	

Animating and Promoting the Capital

Next Steps	– Continue to focus on events and programming that are highly relevant to the Capital and Canadians, and that have strong national content.
	– Lead federal institutions in the Capital's celebrations of the 150th anniversary of Confederation in 2017.
	– Showcase the programs and services of federal partners in areas complementary to NCC programming, and utilize new technologies to ensure that all Canadians are reached in renewed programming and services, as priorities in NCC program development.
	– Focus on developing awareness of opportunities for commemorations in the Capital, especially for under-represented themes, and provide support for significant national anniversaries.
	– Renew and implement an updated five-year marketing and communications plan.



2. Planning, Design and Land Use

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

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

Overview In 2007-2008, the NCC undertook to complete and update its land use planning framework. It also assumed a greater and more pivotal role in transportation planning for Canada's Capital Region. The NCC exercised its regulatory authority in design, land use and transactions, ensuring that federal lands continue to reflect the role and significance of the nation's capital. Throughout, the NCC collaborated and worked with partners and stakeholders extensively. Consultation is paramount, and continues to be the key to advancing planning and projects. The end products contribute to a first-class capital, but are endorsed by stakeholders and the public.

PLANNING THE CAPITAL

TARGETS	COMMENTS
<p>By the end of 2009–2010, complete the Capital Urban Lands Master Plan with the following key milestones:</p> <ul style="list-style-type: none"> • complete the plan concept, incorporating broad land use vocations and visions by the end of 2007–2008; • complete draft objectives, policies and implementation strategies by sector by the end of 2008–2009; and • complete public consultations by the end of 2008–2009. 	<p>In 2007–2008, the NCC was able to re-examine its policy for the cyclical evaluation, review and update of key plans in its planning framework in light of changing needs and circumstances. To that end, the NCC initiated an evaluation of its key policy plan, the Plan for Canada's Capital (1999). An evaluation of the Greenbelt Master Plan (1996) was completed, and the review of the plan has begun.</p>
<p>During the planning period, implement the priorities established in Canada's Capital Core Area Sector Plan by supporting the following joint initiatives with municipal partners:</p> <ul style="list-style-type: none"> • complete the Escarpment Area Plan by the end of 2008–2009; • initiate the Ottawa River Corridor Central Basin Area Plan, subject to partner consultations; • initiate the Rideau Canal North Area Plan, subject to partner consultations; and • initiate the Chaudières and Victoria Islands Area Plan in 2007–2008. 	<p>The NCC initiated the Capital Urban Lands Master Plan in 2007–2008, the remaining key document in the overall planning framework for the Capital, after the Plan for Canada's Capital (<i>see Appendix III</i>). The scope and impact of the Capital Urban Lands Master Plan prompted the NCC to review its consultation strategy, and a public consultation committee was formed to ensure appropriate input. The consultation phase in elaborating the vision outlined in the Capital Urban Lands Master Plan is progressing well. Progress was also made in advancing specific area plans as part of the implementation of Canada's Capital Core Area Plan, in conjunction with plans developed by the City of Ottawa.</p>
RESULTS	
<p>Capital Urban Lands Master Plan — Progress made: The project scope has been determined, and the vision statement will be finalized in fall 2008; the first workshop with interest groups was held.</p>	<p>The other key plan in the planning framework, the Gatineau Park Master Plan, was updated in 2005. Plan updates will roughly coincide with the completion of the Capital Urban Lands Master Plan, which translates into the NCC having completed the renewal of a suite of planning policies by the end of 2010–2011. Extensive consultation with stakeholders and the general public, in both local and national forums, is being emphasized in all planning activities.</p>
<p>Canada's Capital Core Area Sector Plan — Progress made: The NCC provided comments on the final draft of the City of Ottawa's Escarpment District Area Plan; the NCC is proceeding with the Portage-Wellington node as part of the West Precinct Core Area Plan.</p>	
<p>The Ottawa River Corridor Central Basin Area Plan was initiated, and stakeholder workshops were held.</p>	
<p>The Rideau Canal North Area Plan will be initiated, together with the City of Ottawa initiative for the Rideau-Waller area.</p>	
<p>The Chaudières and Victoria Islands Area Plan has been deferred.</p>	

TRANSPORTATION PLANNING

TARGETS	COMMENTS
By 2009–2010, and in collaboration with funding partners, complete phases I and II of the environmental assessment study for future interprovincial crossings.	The link between land use planning, transportation and the functioning of a first-class national capital is critical. This is particularly true as urban growth patterns in Canada's Capital Region put pressure on all levels of government to provide solutions to vexing problems. The NCC is taking a regional view of transportation issues, and is working in collaboration with local municipalities, transportation agencies, and the provinces of Ontario and Quebec to lead projects and plans to address the issues. Progress was made in advancing the two-phase environmental assessment for future interprovincial crossings. Phase I work on the feasibility, as well as the needs and justification assessment, should be completed by fall 2008. The City of Ottawa and the Société de transport de l'Outaouais have also requested that the NCC lead a strategic planning study for options to integrate interprovincial mass transit through the core area of the Capital. Finally, an implementation plan for the Strategic Transportation Initiative is nearing completion. The plan will ensure the advancement of transportation planning initiatives in a framework compatible with the federal government's overall orientations and priorities.
In 2007–2008, support the completion of the joint environmental assessment for rapid transit integration in the Capital core area.	
In 2007–2008, complete the Strategic Transportation Initiative action plan.	
RESULTS	
Future Interprovincial Crossings — On target: Approximately half of the Phase I field work was completed.	
Strategic Planning Study for interprovincial rapid transit in the core area — Target met: The NCC accepted the project management role for a strategic planning study with the City of Ottawa and the Société de transport de l'Outaouais to replace the proposed joint environmental assessment. The terms of reference have been drafted.	
Strategic Transportation Initiative — Progress made: A draft implementation framework for the Strategic Transportation Initiative was developed.	

DESIGN AND LAND USE APPROVALS

TARGETS	COMMENTS
Over the planning period, review approximately 300 submissions annually in terms of federal approval of design, land use and transactions.	Design, land use and transaction approvals form a central part of the NCC's mandate and function. The review of proposals for changes affecting federal land and buildings not only ensures compliance with NCC plans and policies, but also fosters excellence and incorporates best practices in terms of environmental sustainability, view protection, heritage conservation and aesthetics. In 2007-2008, the NCC target was substantially met. Significant approvals included land use approval for the Queensway Carleton Hospital Cancer Treatment Centre; design approval for the rehabilitation of the Alexandra Bridge, rehabilitation of the Dows Lake Pavilion and expansion of the Ottawa Congress Centre; and land use and transaction approvals for the Limebank Road / Riverside Drive widening on Transport Canada lands.
RESULTS	
Design — Target substantially met: 52 design submissions were approved; 20 files were closed and the review process was initiated for 75 new requests.	
Land Use and Transactions — Target substantially met: 78 federal land use and land transaction submissions were approved; 11 files were closed and the review process was initiated for 143 new requests.	

Planning, Design and Land Use

Next Steps	– Complete the Capital Urban Lands Master Plan, as well as the reviews of the Greenbelt Master Plan and the Plan for Canada's Capital, with extensive stakeholder and national public consultation.
	– Finalize these three plans to bring the planning suite up to date and in line to meet the current realities, as well as Canadians' expectations in terms of the Capital.
	– Move forward with the transportation studies; based on the results of these studies, the NCC will be able to recommend new interprovincial crossings, as well as to plan the integration of interprovincial mass transit through the core area.
	– Proceed with a comprehensive evaluation, in 2008-2009, of the NCC's federal design and land use function in order to ensure continuous improvement.



3. Real Asset Management

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

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

Overview Despite the challenges of managing a wide-ranging and diverse real asset portfolio, the NCC continues to improve upon its results. Maintaining a positive revenue stream from productive leased assets; preparing plans for the rehabilitation of valued heritage assets, public facilities and infrastructure; and maintaining a world-class capital continue to be areas of priority focus. The implementation of the Gatineau Park Master Plan and principles of environmental stewardship were advanced, with the NCC positioning itself to demonstrate stronger leadership in these areas.

3.1 CORE CAPITAL PROJECTS

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

LEBRETON FLATS REDEVELOPMENT

TARGETS	COMMENTS
<p>In 2007–2008:</p> <ul style="list-style-type: none"> rehabilitate major NILM components for public use (e.g. the Common, including the event square); complete the sale of Blocks U and T, subject to market conditions; complete supporting studies and application to the City of Ottawa for a master subdivision plan; complete stages 3 and 4 of an archaeological investigation of Block L; and evaluate the public's perception of the redevelopment of NILM lands that form part of the LeBreton Flats Infrastructure and Remediation Project. 	<p>The rehabilitation of LeBreton Flats (NILM lands) for public use was essentially completed this year. LeBreton Flats Park was opened, with NCC-sponsored events and other private sector events, such as the Cisco Ottawa Bluesfest and the Ottawa International Children's Festival. Public perception of the rehabilitation effort was surveyed and results were positive: 76 percent considered it an appropriate setting for national events, and 69 percent considered the landscape and design an appropriate setting for national institutions.</p>
RESULTS	
NILM — Target met: LeBreton Flats Park was launched as an event site by the Governor General.	<p>The NCC is moving forward to dispose of two blocks (U and T), which will be sold to another federal entity. The corporation is also engaged with the City of Ottawa to conduct studies and complete an application for a master subdivision plan for the development of the private portions (non-NILM). However, the process is delayed pending the review of both the strategy to consult the public on further development and the NCC's overall approach to completing the development.</p>
Blocks U and T — Target not met: Letter of intent signed, and the approval process is expected to be under way in 2008–2009.	<p>Completion of the archaeological investigations for Block L of the LeBreton Flats lands was delayed; however, the NCC has issued requests for contract proposals, and expects work to resume early in 2008–2009. Design of the sanitary pumping station was completed, and construction is scheduled for next year in a cost-sharing partnership with the City of Ottawa.</p>
Master Subdivision Plan — Target not met: All studies and applications delayed pending the development of an overall approach for completing the development.	
Archaeological Investigation — Target not met: The completion of stages 3 and 4 of the archaeological investigation of Block L has been deferred to 2008–2009.	
Public Perception — Target met: Positive results were reflected in the intercept survey of visitors to LeBreton Flats.	

CONFEDERATION BOULEVARD

TARGETS	COMMENTS
By spring 2007–2008, complete MacKenzie Avenue Phase II. Other phases of MacKenzie–Sussex will be deferred until an agreement is reached with the City of Ottawa.	Outstanding portions of the NCC's ceremonial route for the nation's capital, known as Confederation Boulevard, were completed. In one of the significant sections, along MacKenzie Avenue, the work was completed in partnership with the City of Ottawa. Portions along Sussex Drive South (George Street to King Edward Avenue) and the mid-section (St. Patrick Street to King Edward Avenue) will be designed or implemented in coordination with the City of Ottawa, and are scheduled to be substantially completed by 2009–2010 and 2011–2012, respectively.
By the end of 2009–2010, substantially complete Sussex Drive South.	
By the end of 2011–2012, substantially complete Sussex Drive (mid-section), from the former Canadian War Museum to King Edward Avenue.	
RESULTS	
MacKenzie Avenue — Target met: Phase II completed.	
Sussex Drive South — Progress made: The construction plan was completed.	
Sussex Drive (mid-section) — Long-term target: Work has been deferred to 2008–2009 to coincide with City of Ottawa plans.	

OTHER CORE AREA INITIATIVES

TARGETS	COMMENTS
By the end of 2007–2008, enter into a long-term ground lease for the Canlands "A" (113 Queen Street) project.	The NCC continues to contribute toward the revitalization of Sparks Street through the redevelopment of federal properties and introduction of mixed commercial and residential uses that will enhance the cultural landscape of downtown Ottawa and the gateway to Parliament Hill. A long-term ground lease was approved for Canlands "A" (113 Queen Street) which will allow the NCC to proceed to redevelop this property with the private sector. A design for the project will be presented for approval in early 2008–2009.
In 2007–2008, conduct a public opinion survey for Sparks Street (Canlands "B") to gauge reaction to design, built heritage, increase in activity and rejuvenation of the core.	
RESULTS	The Canlands "B" project (131 Queen Street / 132 Sparks Street) was completed in 2006, and has received City of Ottawa awards of merit and excellence. The public has been very supportive of the redevelopment, with 87 percent appreciating the retention of the heritage facades, and 84 percent expressing that the development of Sparks Street improves the core area of the Capital.
Canlands "A" — Progress made: Long-term ground lease with the developer was approved.	
Canlands "B" — Target met: Public opinion survey for Sparks Street was conducted.	

3.2 LAND AND REAL ASSET MANAGEMENT

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

OPERATIONS AND MAINTENANCE

TARGETS	COMMENTS
Achieve the following leasing revenue targets over the planning period: <ul style="list-style-type: none"> • 2007–2008 to 2010–2011, \$15 million (gross); and • 2011–2012, \$15.2 million (gross). 	Leasing revenues continue to provide the NCC with its single-largest source of ongoing operating income, aside from appropriations. Gross revenues over the past four years have been slowly increasing, due to the impact of inflation escalation clauses on commercial leases. However, the NCC is committed to improving the overall net financial return of its leased property portfolio, and undertook an independent review of its portfolio and practices. Recommendations will be incorporated into a request for proposals for the renewal of the leasing and property management services contract in 2008–2009.
By the end of 2007–2008, implement a rationalization of contracted maintenance services to focus on investments on core lands that directly support the NCC mandate.	
By the end of 2009–2010, revise the National Capital Commission Traffic and Property Regulations to improve the corporation's ability to govern property use.	
All public-use assets meet the quality standards specified in maintenance contracts and are open to the public.	
RESULTS	Inflation (particularly increases in the cost of labour and fuel) has seriously eroded the NCC's buying power for contracted maintenance services covering Gatineau Park, the Greenbelt and urban lands. Despite reducing the number of sites maintained and making other adjustments, overall costs have increased since 2003. In 2007–2008, the NCC successfully implemented a cost-recovery model with other federal organizations, and negotiations are continuing to extend the agreements into future years. The NCC continues to manage its maintenance operations through effective contracting practices, ensuring quality service delivery. During 2007–2008, the NCC was able to keep almost all of its public-use assets open, available and in safe condition.
Leasing Revenues — Target exceeded: \$16 million in gross leasing revenues were generated.	
Contracted Maintenance Services — Target met: The second phase of the rationalization of contracted maintenance services was completed.	
NCC Traffic and Property Regulations — Long-term target: Work has been deferred until the completion of the mandate review.	
Public-Use Assets — Target substantially met: 99 percent of public-use assets were available.	

DISPOSALS, DIVESTITURES AND DEVELOPMENT

TARGETS	COMMENTS
Generate land disposal revenues of \$6 million a year.	The NCC did not conclude any land disposal transactions in 2007–2008. Disposals planned to other levels of government have either been delayed or are still under negotiation.
Generate revenues of \$750,000 a year for easements and licences of occupation.	
RESULTS	Revenues from easements and licences of occupation exceeded the target.
Land Disposal Revenues — Target not met: No land disposals were completed during the year.	
Easement and Licence Revenues — Target exceeded: \$870,000 in revenues were generated in 2007–2008.	

ENVIRONMENTAL MANAGEMENT

TARGETS	COMMENTS
By the end of 2008–2009, complete preliminary assessments (Phase I) of remaining low-priority sites concurrently with assessments of on-site fuel storage tanks.	The NCC is subject to the <i>Canadian Environmental Assessment Act</i> , as well as following provincial legislation, regulations and guidelines. The NCC's Environmental Action Plan has directed the corporation's activities over past years, and priorities have been focused primarily on the assessment, clean-up and management of contaminated sites, including on-site fuel storage tanks. The NCC's long-term plan to undertake assessments on all of its sites is nearly complete. At the end of 2007–2008, 90 percent of NCC properties identified as having potentially high, medium or low risk had been evaluated with at least a Phase I environmental site assessment, and the assessment of all high-risk sites had previously been completed. A number of projects undertaken by the NCC are funded in partnership with the Federal Contaminated Sites Action Plan. The NCC received \$801,000 from that partnership for both assessment and remediation related to higher-risk contaminated sites. The NCC has committed to positioning itself as a leader in environmental practices, by building on current activities in all of its business areas. The development of a broader environmental strategy will be completed in 2008–2009.
RESULTS	
Low-Priority Sites — On target: 96 Phase I (preliminary) environmental site assessments completed. Assessments of the remaining low-priority sites are scheduled for completion concurrently with assessments of on-site fuel storage tanks by 2008–2009.	

NON-CORE AREA ASSET REHABILITATION

TARGETS	COMMENTS
During the planning period, prioritize and implement projects under the Multi-Year Capital Construction Program.	The NCC's Multi-Year Capital Construction Program implements projects to rehabilitate and improve a diverse range of public assets: from visitor facilities to parks, parkways and recreational pathways and leased properties. Although efforts are being focused on the core area, the NCC must address assets outside of the core as well. A total of \$6.2 million in capital design and construction works were completed on non-core area assets in 2007–2008. The NCC has also initiated a series of management improvements aimed at better assessing priorities in order to get the most out of available resources and ensure timely intervention in asset life cycles.
RESULTS	
Multi-Year Capital Construction Program — Target met: Major projects completed or under way included the rehabilitation of the Rockcliffe Parkway, the Mackenzie King Estate and O'Brien House in Gatineau Park.	

THE “GREEN CAPITAL”

TARGETS	COMMENTS
<p>During the planning period, implement the updated Gatineau Park Master Plan, and identify options to enhance the corporation's authority over all aspects of the park in order to provide for the long-term protection and integrity of the park's boundaries and ecosystems, through the following initiatives:</p> <ul style="list-style-type: none"> • by the end of 2008–2009, complete a conservation plan for park ecosystems; • by the end of 2009–2010, complete a green transportation plan, a recreational services plan and a heritage conservation plan; and • by 2010–2011, eliminate motorized off-road activities. 	<p>The NCC updated its Gatineau Park Master Plan in 2005 to take into account and address greater pressures on park resources. The 2005 plan emphasizes preservation of the ecosystems first and foremost. The implementation of the master plan includes a number of objectives that will be achieved over the coming years.</p>
<p>During the planning period, implement programs to protect species at risk and valued ecosystems in all green spaces (i.e. knowledge enrichment, rehabilitation and protection, and monitoring).</p>	<p>The NCC has placed priority on emphasizing the park's boundaries and pursuing ownership of the remaining private land (about 2 percent of the total park). It is currently working toward ensuring that entrances to the park are visible and appropriately marked. An updated technical description of the boundary was also completed.</p>
RESULTS	
<p>Gatineau Park Master Plan Implementation — On target:</p> <ul style="list-style-type: none"> • The scope of the conservation plan was established, in conjunction with the scientific community and a committee of experts external to the NCC. • An inventory of potential heritage elements within Gatineau Park was completed and will be used to develop a heritage conservation plan. • Planning was initiated for the development of a recreational plan and an agreement with the Mountain Climbing Coalition of Gatineau Park was renewed. • The renewal of the Gatineau Park Visitor Centre exhibit was initiated. 	<p>The NCC also acquired two private properties located at Lacharité Road, and was able to negotiate the acquisition of property located along Carman Road that was threatened with development. For the latter, the required acquisition approvals were obtained post-year-end.</p>
<p>Programs to Protect Species at Risk and Valued Ecosystems — Progress made:</p> <ul style="list-style-type: none"> • The NCC collaborated with federal and provincial committees aimed at restoring flora and fauna. Inventories were completed for nine plant species at risk. • The NCC completed a management plan for Mer Bleue, and submitted it to the Ramsar Secretariat. 	<p>Progress is being made in other aspects of the master plan, such as preparing the scope of the conservation plan in conjunction with the scientific community and an external committee of experts. Recreational use in the park is being managed in partnership with some user groups such as the Mountain Climbing Coalition of Gatineau Park.</p> <p>A focus for visitors to the park is the NCC's Gatineau Park Visitor Centre. In fact, during the fiscal year, more than 114,000 visitors were welcomed, and over 11,000 calls were received. In 2007–2008, a project for the renewal of exhibits was initiated to provide visitors with more of an orientation and an appreciation of the park in a graphic, interactive and interesting way.</p> <p>Significant snowfall received over the winter resulted in an excellent ski season. More than 150 skiing days were offered to some 5,500 pass-holders.</p> <p>Public outdoor recreational facilities form an integral part of the Capital and include the Rideau Canal Skateway and the extensive network of trails and pathways. These important assets continued to be provided and maintained by the NCC throughout the year.</p> <p>The results of the Skateway User Survey were positive:</p> <ul style="list-style-type: none"> • 75 percent of users indicated the importance of the Skateway in visiting Canada's Capital Region; • 98 percent were satisfied overall with the Skateway facilities; • 89 percent were satisfied with the overall maintenance of the ice; • 86 percent were satisfied with the overall experience.

3.3 OFFICIAL RESIDENCES

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

TARGETS	COMMENTS
<p>During the planning period, complete the following projects:</p> <ul style="list-style-type: none"> • address the most critical elements of the health and safety backlog and fundamental building and infrastructure issues: <ul style="list-style-type: none"> – Rideau Hall (\$22.8 million); – Other five official residences, with a focus on 24 Sussex (\$7.9 million); • acquire and maintain some 10,000 assets for general, non-property specific projects, and continue the existing level of services to the official residences (approximately \$5.7 million). 	<p>The NCC continued its long-term program to rehabilitate the official residences. Updated plans were prepared to address the remaining priority issues, based on the results of investigative studies and works completed to date. Observations and recommendations made by the Office of the Auditor General of Canada, in the May 2008 report to Parliament on the conservation of the federal official residences, supported the approach that the NCC has adopted. Most notable this year was the completion of the rehabilitation of Rideau Hall's front facade (Mappin Wing), which was a significant conservation achievement. Other works included investigations of the electrical system, building envelope, stucco and windows. Planning and design work were completed for the restoration of the Palmhouse, the Dome Building, the perimeter fence and the Tent Room. These are planned to begin in 2008-2009. The expenditure plan for Rideau Hall in 2007-2008 called for about \$5 million in capital works expenditures.</p>
<p>In 2009-2010, the NCC will evaluate progress to determine if all priority issues at the official residences have been resolved, including occupational health and safety, universal accessibility, important heritage and infrastructure aspects, and the provision of appropriate living conditions for Canada's highest public officials.</p>	
RESULTS	<p>At the other five residences, priority continued to be given to ensuring that a full program is ready to be implemented to address the rehabilitation requirements identified for 24 Sussex. The NCC has studied options to address universal accessibility issues for these residences, in order that solutions could be phased in over the next five years. The expenditure plan for the other five residences in 2007-2008 called for about \$3.5 million in capital works expenditures.</p>
<p>Rideau Hall — Progress made: In 2007-2008, \$4.5 million was invested at Rideau Hall, with the priority investment being toward completing the rehabilitation of the Rideau Hall's front facade. The cumulative investment since 2006-2007 totals \$9.8 million.</p>	
<p>Other Official Residences — Progress made: In 2007-2008, \$913,000 was invested to advance work plans; cumulative investment since 2006-2007 is \$2.7 million. Planning and design continued, as did the preparation toward future calls for tender for the rehabilitation of 24 Sussex.</p>	
<p>A total of \$1.1 million was expended on the acquisition and maintenance of assets and continuation of the existing level of services. The cumulative expenditure since 2006-2007 totals \$2.5 million.</p>	
<p>Evaluation of progress in terms of the resolution of priority issues — Long-term target.</p>	

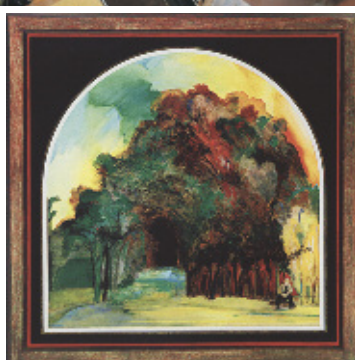
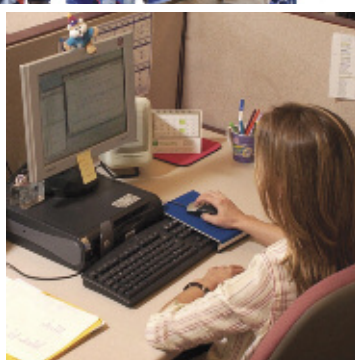
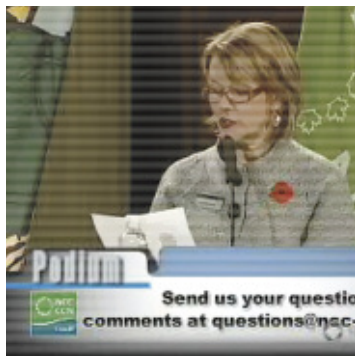
3.4 PAYMENTS IN LIEU OF TAXES

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

TARGETS	COMMENTS
Annually, by the taxation year due date, pay 100 percent of payments in lieu of taxes on NCC properties to taxing authorities, except for payments being challenged under the <i>National Capital Act</i> and the <i>Payments in Lieu of Taxes Act</i> .	Payments in lieu of municipal taxes totalled \$10.4 million in 2007–2008, and were all made in accordance with the taxation year due dates established by municipalities and school boards in Quebec, except where payments for NCC properties are being challenged under the <i>National Capital Act</i> and the <i>Payments in Lieu of Taxes Act</i> . The main tax payment challenges involve managed forests and conservation lands.
RESULTS Payment in Lieu of Municipal Taxes — Target met: 100 percent of payments paid on time, except for payments being challenged.	

Real Asset Management

Next Steps	– Complete a broad strategy to position the NCC as a leader in environmental practices and management.
	– Complete the LeBreton Flats property disposal, which will be sold to another government entity.
	– Develop the core area Canlands “A” site on Sparks Street.
	– Award a new property leasing and management contract.
	– Renew agreements for the partial recovery of maintenance costs.
	– Continue implementation of the Gatineau Park Master Plan, with a focus on consolidating the NCC’s ownership of key private lands.
	– Evaluate progress made to address priority issues at the official residences.



4. Corporate Services

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

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

Overview It was an important year of transition and renewal at the NCC. Significant support was required to ensure a successful leadership transition, and renewal in terms of Commission members. An additional focus was to ensure the delivery of the Commission's openness and transparency initiatives, such as holding open board meetings, defining the function of an external ombudsman, and assessing new ways to reach out and engage stakeholders and the public. It was also a year of assessment, with the Office of the Auditor General of Canada completing a special examination of the NCC, which had very positive results.

The NCC's Canadiana Fund received record donations in the current year, valued at \$578,687. These included important furnishings, paintings and *objets d'art* that reflect Canada's heritage, artistic traditions and historical associations, or that complement the architectural style of the official residences.

GOVERNANCE, CENTRAL SERVICES AND EXTERNAL RELATIONS

TARGETS	COMMENTS
In 2007–2008, revise and approve new corporate by-laws to reflect any changes to the NCC's mandate and governance structure.	The transition to a new governance structure required decisional and administrative changes to accommodate a new part-time chairperson position, in addition to the CEO. As well, nine new members were introduced to the Commission, which resulted in the need for several orientation sessions, training and changes to the membership of corporate committees. A governance review plan for the next two years was developed and presented to the Governance Committee for approval. This plan includes a complete revision of corporate by-laws and the development of a board charter. The process was deferred due to significant transition in terms of board membership.
In 2007–2008, develop and approve a board charter to set out, among other things, the specific roles and responsibilities of the board of directors, board committees, the chairperson and individual directors.	The development and implementation of a new code of ethics and a related awareness program will be completed in 2008–2009. This initiative has been delayed due to the leadership transition.
In 2007–2008, implement a new code of ethics for the NCC, including a policy for implementing disclosure protection legislation, and provide awareness sessions to all employees.	The NCC respected all legislative requirements. The Office of the Auditor General of Canada audited the NCC's financial statements and completed a special examination in 2007; both resulted in the identification of no significant deficiencies.
Respect all applicable legislative requirements, in particular those of the <i>Financial Administration Act</i> , the Government Contracts Regulations, the <i>Access to Information Act</i> and the <i>Privacy Act</i> .	With respect to access to information and privacy requests, 95 percent of requests were processed within the time frame allocated, and no complaints were received.
By the end of 2009–2010, develop and implement an enterprise risk management framework.	Extensive work has been undertaken in support of the NCC's openness and transparency initiatives, particularly to realize the open meetings of the Commission.
Over the next three years, improve public perception and awareness of NCC public consultations.	The NCC continues to maintain, upgrade and replace its information technology infrastructure to support the management of information.
RESULTS	
Corporate By-laws and Board Charter — Progress made: Revised by-laws and a board charter are being drafted concurrently as part of an overall governance review plan. Substantial completion is anticipated for 2008–2009, in order to allow full participation of the new board members.	The accessibility of NCC information systems was improved by installing TTY devices at key NCC sites, such as the contact centre, the Gatineau Park Visitor Centre and the Capital Infocentre.
Code of Ethics and Policy for Disclosure — Target not met: A code of ethics has been drafted and is under review. A policy for disclosure is being developed.	In public consultations, increased publications and promotional ads were issued this year. An annual survey of residents in the National Capital Region indicates stability in the NCC's performance in terms of consulting the public for planning and development activities, with more than half of those surveyed giving the NCC a passing grade. In terms of consulting the public, the majority of residents indicated that the NCC is performing as well as or better than municipal governments.
Legislative Requirements — Target met: All legislative requirements were met.	
Enterprise Risk Management Framework — Progress made: The project was initiated and a framework is under development.	
Public Consultations — Progress made: As in prior years, one third of residents indicate an awareness of NCC public consultations, and 3 percent have participated.	

HUMAN RESOURCES

TARGETS	COMMENTS
By 2008–2009, establish a new staffing policy and procedures following the NCC’s alignment of the merit definition and approach with the changes to the <i>Public Service Employment Act</i> .	The NCC is proceeding with the development and implementation of an integrated human resources plan, which focused this year on the identification of key positions, along with an action plan for succession in one branch. This planning process will be rolled out across the corporation in 2008–2009.
Complete the outstanding elements of the Integrated Human Resources Management Framework, including the following: <ul style="list-style-type: none"> the development of a pilot branch-level integrated human resources plan by the end of 2007–2008; and the development of comprehensive and integrated human resources plans across the NCC by the end of 2009–2010. 	Collective bargaining has been initiated as the NCC’s collective agreement expired on December 31, 2007. In accordance with the <i>Public Service Labour Relations Act</i> (section 107), terms and conditions of employment are frozen until a new collective agreement is entered into between the parties. Consequently, no new or revised human resource policies have been concluded during the year.
By the end of 2011–2012, reassess the NCC’s Employment Equity Plan and strategies, following the end of workforce reductions, to identify new targets for implementation over a five-year period.	The NCC remains committed to the integration of Canada’s official languages and promotion of linguistic dualities in the delivery of its mandate and everyday operations. The NCC received an overall rating of “A” for its 2007–2008 annual Official Languages Report Card from the Office of the Commissioner of Official Languages, making it one of only three Crown corporations to receive such a rating. The Office also commissioned a language of work survey at the NCC, conducted by Statistics Canada, and the results indicated that 85 percent of NCC employees are satisfied with the NCC language of work policy, and 92 percent feel free to use their language of choice in the workplace.
Promote and implement the NCC’s Duty to Accommodate Policy by the end of 2007–2008.	
RESULTS	
Alignment With the <i>Public Service Employment Act</i> — Long-term target: No human resource policy changes were made during the year.	
Integrated Human Resources Management Framework — Progress made: The first phase of the human resources plan pilot project was completed.	The NCC has a long-term plan to address employment equity. In 2007–2008, the workforce distribution was as follows: <ul style="list-style-type: none"> Women — 52 percent Aboriginal persons — 2 percent Visible minorities — 4 percent Persons with disabilities — 4 percent
Employment Equity Plan — Long-term target: Annual reporting on employment equity was completed.	
Duty to Accommodate Policy — Target met: The policy was approved and implemented.	In comparison with workforce availability in the National Capital Area, the NCC has strong results in two categories: women and persons with disabilities. However, the NCC workforce remains under-represented in the categories of visible minorities and Aboriginal persons.

Corporate Services

Next Steps	– Continue work to adapt various structures and processes to the new governance structure.
	– Complete the development and implementation of an enterprise risk management framework that will allow for a comprehensive evaluation of the risks across all activities of the corporation.
	– Explore opportunities for more public participation, identify new mechanisms for ongoing public engagement, experiment with innovative approaches to project-specific consultations and seek new ways to make better use of the Internet for public dialogue.
	– Work with the government and central agencies to modernize the legislative and regulatory constraints on real property transactions, and spending and contracting authorities, as well as to improve the transparency and efficiency of the corporation.
	– Examine options for the construction of a public viewing area in the boardroom at NCC headquarters.
	– Use informal and proactive disclosure of information wherever possible, as an alternative to formal access to information requests.

Financial Performance

COST OF OPERATIONS

As shown in the statement of operations and comprehensive income, and detailed by major classification in Note 12 to the financial statements (*see Chart 4*), the total cost of the NCC's operations for 2007-2008 increased by 3 percent to \$131.5 million, from \$127.7 million in the previous year. The \$3.8-million increase was the result of higher salaries and benefits (\$2.1 million), a loss on the disposal of capital assets in 2007-2008 (\$1 million), and an increased impairment loss on the net fair value of NCC assets (\$0.7 million).

In future years, the NCC will face greater cost pressures for its headquarters accommodation and the renewal of the property maintenance contracts, as each of these expenditure areas includes contracts with escalating inflation clauses.

CAPITAL EXPENDITURES

In 2007-2008, \$21.8 million in capital purchases and improvements were made (*see Chart 5*), compared with \$22 million in 2006-2007. The variation results from a \$1.4-million reduction in expenditures for the official residences and the completion of a commemoration project last year (\$0.5 million), net of increased spending of \$1.7 million in real property acquisitions.

Expenditures related to the LeBreton Flats redevelopment project were at the same level as last year (\$1.8 million). The timing of the remaining phases is being extended to better coordinate with municipal and private sector plans and changing market conditions.

A transfer of \$0.2 million was made from the Acquisition and Disposal Fund to help fund purchases, improvements and the rehabilitation of capital assets in 2007-2008 (versus \$3.7 million drawn out in 2006-2007).

CHART 4
EXPENSES BY MAJOR CLASSIFICATION,
2007-2008 AND 2006-2007 (in millions of dollars)

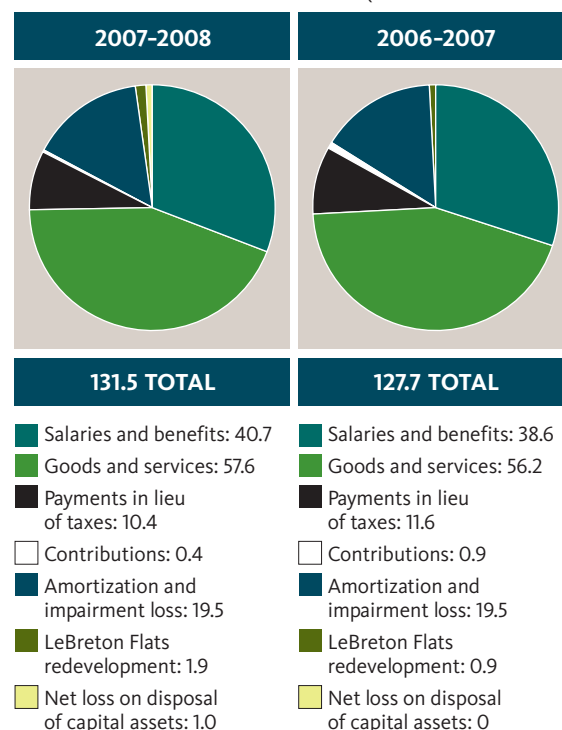
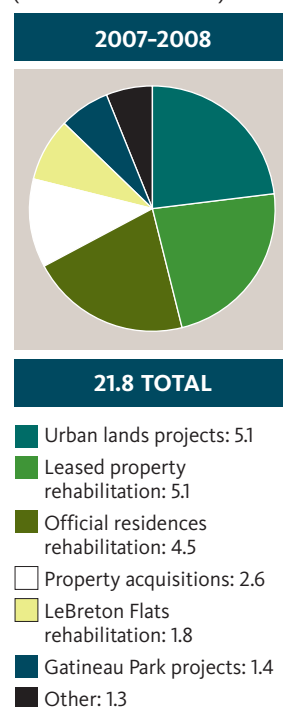


CHART 5
CAPITAL EXPENDITURES
(in millions of dollars)



BUDGETARY ANALYSIS

Table 2 provides the following comparisons in terms of operating results: (i) for 2007–2008, actual results versus the forecast presented in the 2007–2008 to 2011–2012 Summary of the Corporate Plan; and (ii) for 2006–2007, a similar comparison of actual results with the budget, based on the 2006–2007 to 2010–2011 Summary of the Corporate Plan. The table also provides the forecast of operating expenditures for 2008–2009, presented in the 2008–2009 to 2012–2013 Summary of the Corporate Plan.

The NCC exceeded its revenue budget in 2007–2008 by \$4.2 million, with higher than budget income from interest (\$3.6 million), contributions from partners for

events and programs (\$1.9 million), rental operations and easements (\$1.2 million), cost recoveries related to the provision of property maintenance services (\$1.1 million), and user access fees (\$0.6 million). These increases were partly offset by a lower than budget net gain on the disposal of capital assets (\$4.2 million).

The actual cost of operations was \$1.2 million higher than budget, mainly due to higher than budgeted expenditures for transportation studies (\$0.9 million), event programming (\$1.2 million) and an impairment loss on the net fair value of LeBreton Flats properties (\$1.9 million). These cost increases were partly offset by input tax credits of \$2.8 million, recorded in reduction of expenditures under corporate services, which are not accounted for in the budget.

TABLE 2
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME,
2006-2007 TO 2008-2009 (in thousands of dollars)

	2008-2009	2007-2008			2006-2007		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
Revenue							
Rental operations and easements	18,260	18,260	19,429	1,169	18,209	18,963	754
Net gain on disposal of capital assets	4,200	4,200	–	(4,200)	4,200	4,033	(167)
Interest	3,541	2,737	6,342	3,605	3,008	5,685	2,677
Sponsorship							
Cash	966	966	1,318	352	966	1,197	231
Goods and services	750	750	1,170	420	750	1,173	423
Headquarters sublease	1,799	1,787	1,779	(8)	1,881	1,764	(117)
User access fees	1,115	1,115	1,714	599	1,115	1,712	597
Other fees and recoveries	3,240	3,009	5,253	2,244	2,087	3,115	1,028
	33,871	32,824	37,005	4,181	32,216	37,642	5,426
Cost of Operations							
Animating and promoting the Capital	19,087	20,651	22,035	(1,384)	21,236	20,747	489
Planning, design and land use	3,229	2,550	3,624	(1,074)	2,568	2,145	423
Real asset management	77,096	78,670	80,545	(1,875)	80,361	79,737	624
Corporate services	29,256	28,367	25,251	3,116	27,313	25,037	2,276
	128,668	130,238	131,455	(1,217)	131,478	127,666	3,812
Net Comprehensive Loss Before Funding From the Government of Canada	(94,797)	(97,414)	(94,450)	2,964	(99,262)	(90,024)	9,238
Funding From the Government of Canada							
Parliamentary appropriations for operating expenditures	76,313	76,226	78,160	1,934	74,338	77,198	2,860
Amortization of deferred capital funding	–	–	17,103	17,103	–	18,085	18,085
Net Comprehensive Income¹	(18,484)	(21,188)	813	22,001	(24,924)	5,259	30,183

1. Actual net comprehensive income in 2006–2007 and 2007–2008 reflects a change in accounting treatment with respect to the presentation of capital appropriations in the financial statements. Forecast figures presented for 2006–2007 to 2008–2009 do not reflect this change. It will be effected in the Summary of the Corporate Plan starting next year.

Risk Management

Like many federal Crown corporations, the NCC faces a number of business risks. Some are perennial, and others are more specific.

Enterprise Risk Management

During the year, the NCC initiated an enterprise risk management project to integrate all existing and required risk measures into a comprehensive and systematic management approach. The enterprise risk management framework will be developed over the next year, and is expected to be integrated into the culture, structure and main management functions of the NCC by 2009–2010.

Enterprise risk management is intended to strengthen the Executive Management Committee and the Commission's oversight role in corporate-wide risk management. The framework will be developed with the following goals:

- confirm the significant risks faced by the corporation;
- provide a common means to classify and communicate risks;
- provide a structure to assess, report and monitor identified risks;
- integrate consideration of risk into operational planning and delivery;
- provide the means to identify ways to manage significant risks for the Commission.

The principal risks faced and managed by the NCC are outlined below.

INFLUENCE IN PLANNING AND DEVELOPMENT OF THE CAPITAL

The NCC's role is to champion a vision of the Capital and coordinate the appropriate development of the Capital. To implement its Capital planning framework, the NCC must review and approve the projects, plans, use and disposal of the lands owned or occupied by other federal organizations in the National Capital Region to ensure high-quality planning, design and stewardship of all federal lands. The NCC works as one player in a collective of provincial and municipal jurisdictions, as well as with other federal departments and agencies. Without the collaboration of these entities, the NCC risks being unable to influence the vision and development of the Capital.

GOVERNMENT DIRECTIONS AND PRIORITIES

In addition to its legislative framework, the NCC is subject to certain government regulations and policies, such as the Government Contract Regulations and, most recently, the terms of the new *Federal Accountability Act*. Also, government directions stemming from the mandate review may have an impact on the corporation's role and responsibilities, and have important financial implications. The implementation of the government's new strategic reviews of all federal organizations over a four-year cycle may also affect NCC operations.

FUNDING AND FINANCIAL RISKS

The NCC's operations are funded through operating and capital appropriations from Parliament and through the generation of revenue. Solutions identified in the past to address funding shortfalls, namely partnerships and the sale of surplus lands, are limited. As operating costs continue to escalate, the NCC increasingly risks the inability to deliver its mandate with existing funding. To manage this risk, the NCC has proactively adjusted budgets and programs as required and communicated its funding issues to central agencies and the government. These funding issues were identified by the mandate review panel in 2006–2007. The allocation of new on-going funding announced in the 2007 federal budget for the NCC would alleviate the risk.

HUMAN RESOURCES

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

The NCC's volunteers are valuable resources. A risk exists that, in the future, needed volunteers may not be as willing or able to donate their time and talents to the NCC. Without these valuable resources, there is a further risk of inability to deliver key NCC programs within the existing resource levels.

ASSET AND ENVIRONMENTAL MANAGEMENT

The NCC, as the single-largest landowner in Canada's Capital Region, is responsible for the stewardship of these lands. The asset base is complex and it is aging; it requires significant investment and monitoring. The primary risk in this area is the health and safety of the public utilizing these assets. The preservation of these national assets is also dependent on available funding for rehabilitation. To mitigate these risks, the NCC undertakes inspection plans and timely repairs based on life cycle management. Maintenance contracts are monitored by NCC staff to achieve good value, tendered in accordance with Treasury Board guidelines and adjusted where possible to increase competition. Further, a number of NCC lands are contaminated due to past uses. The NCC actively monitors the environmental health of its properties to ensure the safety of the public through programs for contaminated sites, groundwater testing, inspection programs and so on. Environmental management is addressed and monitored annually through the Environmental Action Plan.

ONGOING RISK MANAGEMENT

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

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

Looking to 2008–2009 and Beyond

Canada's Capital inspires Canadians with pride. The NCC will build upon past successes, and work to continue and strengthen these results. It will shape programming as a reflection of Canadian identity, values and culture. It will take advantage of national milestones to tell the Canadian story — our history, institutions and the role of national government. It will protect and enhance the natural and built heritage of the Capital — such as Gatineau Park, the Rideau Canal Waterway and the official residences — to communicate Canada to Canadians.

Land use planning provides a framework for building the capital of the future. The NCC will complete that framework with the Capital Urban Lands Master Plan. It will review and, where necessary, update the Greenbelt Master Plan and the Plan for Canada's Capital. It will consult nationally and, in recognition of new realities, will integrate sustainable development into its plans. It will play a key role in transportation planning and, working with municipal and provincial partners, it will find ways to accommodate urban growth, while preserving and enhancing quality of life for residents and visitors. It will review the National Interest Land Mass.

As steward of the Capital, the NCC will maintain real assets through life cycle management and the replication of best practices. It will intervene to rehabilitate assets as necessary, focusing on important built heritage, which it is committed to preserving for future generations. As for natural heritage, it will implement the Gatineau Park Master Plan, with its emphasis on ecosystem preservation. It will draw on user surveys and coordinate with local governments to improve recreational assets. In terms of the environment, it will adopt broader strategies to position itself as a leader in practice, policy and ethics.

The NCC, in order to develop as a model of good governance, will continue to move toward openness and transparency. It will implement initiatives already announced to transform the public into collaborators. It will reconnect with the local community and will earn respect as a valued and trusted partner.

2007-2008 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, has audited the financial statements and reports to the Minister of Transport, Infrastructure and Communities.

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



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



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

September 5, 2008



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

auditor's report

TO THE MINISTER OF TRANSPORT, INFRASTRUCTURE AND COMMUNITIES

I have audited the balance sheet of the National Capital Commission (NCC) as at March 31, 2008 and the statements of operations and comprehensive income, equity and cash flows for the year then ended. These financial statements are the responsibility of the NCC's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the NCC as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in Note 2.M to the financial statements, on a basis consistent with that of the preceding year.

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

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

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

Ottawa, Canada
September 5, 2008

**NATIONAL CAPITAL COMMISSION
BALANCE SHEET**

as at March 31 (thousands of dollars)

	2008	2007
		As restated (note 3)
ASSETS		
Current		
Cash and cash equivalents (note 4)	58,648	22,852
Short-term investments	—	31,111
Accounts receivable		
Federal government departments and agencies	2,785	2,610
Tenants and others	4,983	4,417
Prepaid expenses	2,906	2,801
	69,322	63,791
Deferred charges (note 5)	2,263	2,440
Restricted cash and cash equivalents and investments (note 4)	75,419	77,239
Capital assets (note 6)	520,556	517,417
	667,560	660,887
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,785	3,356
Others	15,929	12,540
Current portion of provision for environmental cleanup (note 15)	2,360	2,809
Current portion of unsettled expropriations of property and land exchanges	1,626	1,626
	21,700	20,331
Deferred capital funding (note 10)	232,798	233,658
Provision for environmental cleanup (note 15)	22,439	18,985
Employee future benefits (note 8)	6,036	5,955
Deferred rental revenue (note 9)	4,923	5,026
Deferred rent inducement	2,130	2,313
Other long-term liabilities	1,307	1,290
Unsettled expropriations of property and land exchanges	165	162
	291,498	287,720
Commitments and contingencies (notes 14 and 15)		
EQUITY	376,062	373,167
	667,560	660,887

The notes are an integral part of the financial statements.

Approved by the Board of Directors



 Russell Mills
Chair, Board of Directors



 Jason M. Sordi
Chair, Corporate Audit and Evaluation Committee

NATIONAL CAPITAL COMMISSION
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
For the year ended March 31 (thousands of dollars)

	2008	2007
		As restated (note 3)
Revenue		
Rental operations and easements	19,429	18,963
Net gain on disposal of capital assets	—	4,033
Interest	6,342	5,685
Sponsorship		
Cash	1,318	1,197
Goods and services (note 16)	1,170	1,173
Headquarters sublease	1,779	1,764
User access fees	1,714	1,712
Other fees and recoveries	5,253	3,115
	37,005	37,642
Cost of Operations (notes 11 and 12)		
Animating and promoting the Capital	22,035	19,894
Planning, design and land use	3,624	2,145
Real asset management	80,545	80,590
Corporate services	25,251	25,037
	131,455	127,666
Net comprehensive loss before funding from the Government of Canada	(94,450)	(90,024)
Funding from the Government of Canada		
Parliamentary appropriations for operating expenditures (note 13)	78,160	77,198
Amortization of deferred capital funding (note 10)	17,103	18,085
	95,263	95,283
Net Comprehensive Income	813	5,259

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION
STATEMENT OF EQUITY**

For the year ended March 31 (thousands of dollars)

	2008	2007
		As restated (note 3)
Retained Earnings (note 2.M.iii)		
Balance at beginning of year	373,167	600,206
Adjustment to balance at beginning of year		
Deferred capital funding (note 3)	—	(233,894)
Balance at beginning of year restated	373,167	366,312
Impact of initial adoption of financial instruments standards (note 2.M.i)	341	—
Reclassification of donations received by the Canadiana Fund (note 2.M.iii)	—	410
Net comprehensive income	813	5,259
Parliamentary appropriations to acquire and improve non-depreciable capital assets (note 13)	1,692	86
Transfer of capital assets from Government of Canada (note 17)	49	1,100
Balance at end of year	376,062	373,167

The notes are an integral part of the financial statements.

**NATIONAL CAPITAL COMMISSION
STATEMENT OF CASH FLOWS**

For the year ended March 31 (thousands of dollars)

Cash flows from operating activities

Cash receipts from parliamentary appropriations
for operating activities
Cash receipts from rental operations and easements
Cash receipts from other operations
Cash paid to suppliers and employees
Interest received

Cash flows from operating activities
Cash flows from investing activities

Purchases and improvements to capital assets
Proceeds from disposal of capital assets
Net change in short-term investments
Net change in restricted cash and cash equivalents
Net change in restricted short-term investments
Disbursements for restricted long-term investments
Cash receipts from restricted long-term investments
Disbursements for environmental cleanup

Cash flows from (used in) investing activities
Cash flows from financing activities

Cash receipts from parliamentary appropriations
to acquire and improve capital assets

Cash flows from financing activities
Increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of year

2008	2007
78,822	75,777
18,633	19,091
8,853	7,005
(104,354)	(101,036)
6,752	5,152
8,706	5,989
(21,827)	(21,952)
48	4,183
31,111	(4,944)
(8,098)	—
10,668	(8,030)
(670)	(1,402)
285	1,039
(2,362)	(1,058)
9,155	(32,164)
17,935	17,935
17,935	17,935
35,796	(8,240)
22,852	31,092
58,648	22,852

The notes are an integral part of the financial statements.

notes to financial statements

AS AT MARCH 31, 2008

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 to

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

As well as these objectives, in 1988, the Act gave the NCC an important additional power: to coordinate the policies and programs of the Government of Canada 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

Capital assets are generally recorded at cost. The NCC's capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An impairment loss is recognized when the carrying amount of a capital asset is not recoverable and exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount exceeds its fair value. Properties acquired for a nominal value or by donation are recorded as non-monetary transactions, at fair value at the time of acquisition or at the nominal value if the fair value cannot reasonably be determined. Antiques or works of art donated to the Canadiana Fund and the NCC are recorded as donated capital assets, and are recorded as a non-monetary transaction at fair value at time of donation. If the fair value cannot reasonably be determined, the transaction is recorded at nominal value. Gains resulting from these donations are recorded in the statement of operations and comprehensive income as other fees and recoveries if the transaction was concluded with a non-related party, if not they are recorded on the statement of equity as retained earnings. Improvements that extend the useful life of buildings and equipment are capitalized. 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:

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

D. CAPITAL ASSETS HELD FOR SALE

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

E. NON-MONETARY TRANSACTIONS

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

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

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.

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 respectively 13 years and 12 years for the years ended March 31, 2007, and 2008. 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 management and remediation of contaminated sites, and the cost can be reasonably estimated following a detailed environmental assessment. Remediation costs are capitalized if contamination occurred before acquisition and are charged to the cost of operations of the year if contamination occurred after acquisition. Management costs of contaminated sites are charged to the cost of operations of the year. If the likelihood of the obligation to incur these costs is not determinable, if the obligation to incur these costs is unlikely, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

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

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

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.

I. UNSETTLED EXPROPRIATIONS OF PROPERTY

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

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 expenses recoveries.

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

K. PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations for operating expenditures and for grants and contributions to other levels of government and other authorities are included on the statement of operations 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 on the statement of equity.

L. MEASUREMENT UNCERTAINTY

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

M. RECENT CHANGES TO ACCOUNTING POLICIES AND STANDARDS

On April 1, 2007, the NCC adopted new standards from the Canadian Institute of Chartered Accountants (CICA), which are Section 3855: Financial Instrument — Recognition and Measurement; Section 3861: Financial Instrument — Disclosure and Presentation; Section 3251: Equity; and Section 1530: Comprehensive Income.

i. Section 3855: Financial Instrument — Recognition and Measurement

This section establishes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, these financial instruments are measured on the basis of their classification.

The NCC has made the following classifications:

- Cash and cash equivalents, restricted cash and cash equivalents, and restricted long-term investments are classified as financial assets held for trading, and are measured at fair value. Gains and losses related to periodical revaluation are recorded in the statement of operations and comprehensive income with 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.
- Financial assets included in the accounts receivable are classified as loans and receivables and are measured at amortized cost using the effective interest rate method.
- Financial liabilities included in the accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized cost using the effective interest rate method.

In order to comply with Section 3855, the NCC reviewed 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 instrument vary in a way similar to a stand-alone derivative. 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.

The adoption of this section is done retroactively without restatement of the financial statements of prior periods. As at April 1, 2007, the impact of measuring the financial assets held for trading on the balance sheet resulted in an increase of \$340,844 in restricted cash and cash equivalents and investments, and an increase of the same amount of retained earnings at the beginning of the year.

ii. Section 3861: Financial Instrument — Disclosure and Presentation

This section establishes standards for the presentation of financial instruments and non-financial derivatives, and defines the information that should be disclosed. The NCC adopted these standards prospectively.

iii. Section 3251: Equity and Section 1530: Comprehensive Income

Section 3251 describes standards for the presentation of equity and changes in equity for a reporting period as a result of the application of Section 1530, which establishes standards for reporting and disclosure with respect to comprehensive income. Therefore, the NCC should present separately the components of the equity and the changes in equity for the period.

The adoption of these new standards led to the presentation of retained earnings as a new component of the equity. As a result, the opening balance of \$600.2 million of the equity as at April 1, 2006, is now presented as retained earnings. The retained earnings consist of the accumulated income arising from operations and contributions made by and to the Government of Canada.

In accordance with the recommendations set out in sections 3251 and 1530, donations subject to externally imposed stipulations should be recorded in other comprehensive income. If not, gains resulting from these donations are recognized in the statement of operations and comprehensive income with other fees and recoveries. These new requirements led to a change in the accounting policy used to record donations of capital assets from non-related parties. Previously, gains resulting from these donations were recorded directly in equity. Based on the new standards, as they are not subject to externally imposed stipulations, donations received by the Canadiana Fund during the year ended March 31, 2007, were reclassified as the retained earnings in equity, increasing it by \$409,350.

N. FUTURE CHANGES TO ACCOUNTING STANDARDS

i. Section 1535: Capital Disclosures

This section, coming into effect on April 1, 2008, establishes standards for disclosing qualitative and quantitative information about an entity's capital and how it is managed to enable users to evaluate the objectives, policies and processes for managing capital. The NCC will analyze the impacts of these standards on its financial statements.

ii. Sections 3862 and 3863, Financial Instruments — Disclosures

These sections replace CICA Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The NCC is currently analyzing the impacts of these standards on its financial statements.

iii. International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board adopted a strategic plan that will result in the evolution of Canadian generally accepted accounting principles, as used by publicly accountable entities, and their convergence with International Financial Reporting Standards over a transitional period, which will be complete by 2011. The NCC will be required to report using the converged standards effective for annual financial statements relating to fiscal years that begin on or after April 1, 2011.

As the International Accounting Standards Board currently, and expectedly, has projects under way that should result in new pronouncements which continue to evolve and, as this Canadian convergence initiative is in an early stage, it is premature to currently assess the impact of the Canadian initiative on the NCC. However, the NCC will convert to these new standards according to the set timetable, and will closely monitor changes arising from this convergence.

3. Prior Period Adjustment

The NCC has effected restatements of its financial statements for the year ended March 31, 2007, in order to change the accounting treatment with respect to the parliamentary appropriations received from the Government of Canada for the acquisition and improvement of capital assets. Prior to the application of this accounting treatment, parliamentary appropriations were recorded as equity on the statement of equity. Under the new accounting treatment, 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. Parliamentary appropriations to acquire and improve non-depreciable capital assets are recorded as retained earnings on the statement of equity.

Following this change of accounting treatment, the retained earnings balance at beginning of year for the year ended March 31, 2007, was restated by \$233.9 million. As explained in notes 2.8, 10 and 13, an amount of \$233.7 million was recorded as deferred capital funding on the balance sheet as at March 31, 2007, while an amount of \$18.1 million was recorded under funding from the Government of Canada as amortization of deferred capital funding. Therefore, the net comprehensive income was increased by the same amount. As well, on the statement of equity, an amount of \$85,751 was recorded as retained earnings to reflect the parliamentary appropriations to acquire and improve non-depreciable capital assets, instead of the \$17.9 million previously recorded as parliamentary appropriations to acquire and improve capital assets.

4. Cash and Cash Equivalents and Restricted Cash and Cash Equivalents and Investments

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

A. CASH AND CASH EQUIVALENTS

As at March 31, 2008, in addition to the \$6.8 million (\$2.2 million in 2007) in cash, cash and cash equivalents include bankers' acceptances and bearer deposit notes, which amounted to \$51.8 million (\$20.6 million in 2007) at a weighted average interest rate of 3.8 percent (4.3 percent in 2007).

B. RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

	(thousands of dollars)	
	2008	2007
Restricted cash and cash equivalents	8,106	8
Restricted short-term investments	60,584	71,252
Restricted long-term investments	6,729	5,979
	75,419	77,239

As at March 31, 2008, restricted cash and cash equivalents include bankers' acceptances and bearer deposit notes, which amounted to \$8.1 million (\$0 in 2007) at a weighted average interest rate of 3.5 percent.

As at March 31, 2008, restricted short-term investments include bankers' acceptances and bearer deposit notes, which amounted to \$60.6 million (\$71.2 million in 2007) at a weighted average interest rate of 4.2 percent (4.3 percent in 2007) and have an average term-to-maturity of six months (eight months in 2007).

As at March 31, 2008, restricted long-term investments include bonds of the Government of Canada and of provincial governments, which amounted to \$6.7 million (\$6.0 million in 2007) at a weighted average interest rate of 5.3 percent (5.4 percent in 2007).

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

- i. cash donations received for the Canadiana Fund in the amount of \$8,920 (\$8,467 in 2007);
- ii. funds of \$3.2 million (\$3.4 million in 2007) for the revitalization of Sparks Street in Ottawa;
- iii. funds of \$2.1 million (\$0.9 million in 2007) for the rehabilitation of the official residences;
- iv. funds of \$14.9 million (\$16.7 million in 2007) for the redevelopment of LeBreton Flats;
- v. funds of \$2.3 million (\$2.2 million in 2007) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vi. funds of \$10.0 million (\$10.0 million in 2007) for improvements to the shoreline area of Jacques-Cartier Street in Gatineau; and
- vii. funds of \$42.9 million (\$44.0 million in 2007) to acquire real property or to support other major programs, as may be authorized by Treasury Board of Canada and the Governor-in-Council. During the year, proceeds on disposal and interest revenues amounted to \$1.8 million (\$5.4 million in 2007), whereas acquisitions and disposal expenses were \$2.9 million (\$5.1 million in 2007).

5. Deferred Charges

As part of a non-monetary transaction carried out during 2001–2002, the NCC gave up properties and is committed to render services to the former City of Hull. In exchange, the City also gave up properties and is committed until 2022 to maintain parks and roads that belong to the NCC. As of March 31, 2008, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$2.3 million (\$2.4 million in 2007). These deferred charges are amortized on a straight line basis, and the expense of \$177,000 is included under goods and services in note 12. An impairment loss is recognized when the carrying amount of deferred charges is not recoverable and exceeds their fair value. During the year, no impairment loss was recognized.

6. Capital Assets

(thousands of dollars)

	2008						2007
	Land	Buildings, Works and Infrastructure	Equipment	Total Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and Buildings, Works and Infrastructure¹							
Greenbelt	27,611	33,422	—	61,033	26,967	34,066	34,633
Gatineau Park	19,755	18,404	—	38,159	13,145	25,014	25,233
Parkways	34,025	120,637	—	154,662	75,764	78,898	81,354
Parks	22,916	72,383	—	95,299	37,401	57,898	56,407
Bridges and approaches	263	76,554	—	76,817	34,687	42,130	44,368
Historical properties	126	77,433	—	77,559	43,845	33,714	32,180
Recreational facilities	19,641	23,559	—	43,200	17,050	26,150	26,885
Rental properties	82,470	81,739	—	164,209	43,258	120,951	115,200
Development properties	46,973	26,433	—	73,406	6,831	66,575	65,336
Unsettled expropriations and land exchanges	1,791	—	—	1,791	—	1,791	1,788
Administrative and service buildings	6,654	19,771	—	26,425	12,898	13,527	13,474
	262,225	550,335	—	812,560	311,846	500,714	496,858
Leasehold Improvements	—	15,505	—	15,505	8,451	7,054	7,772
Equipment							
Machinery and equipment	—	—	5,144	5,144	3,797	1,347	1,820
Office furniture and equipment	—	—	2,858	2,858	2,822	36	26
Vehicles	—	—	1,785	1,785	1,339	446	407
Computer and communications equipment, and software	—	—	4,905	4,905	4,207	698	877
Antiques and works of art	—	—	—	—	—	—	—
Canadiana Fund	—	—	7,037	7,037	—	7,037	6,460
Other	—	—	3,224	3,224	—	3,224	3,197
	—	—	24,953	24,953	12,165	12,788	12,787
Total	262,225	565,840	24,953	853,018	332,462	520,556	517,417

1. The total cost of land and buildings, works and infrastructure includes \$14.5 million (\$17.1 million in 2007) of construction in progress. When completed, the cost of these projects will be amortized on the basis of their estimated useful life.

7. Capital Assets Held for Sale

Among its surplus capital assets, the NCC has identified the capital assets that it intends to sell. As of March 31, 2008, these capital assets have a net carrying value of \$25.5 million (\$27.7 million in 2007) and none of them meet the criteria of capital assets held for sale.

8. Employee Future Benefits

A. PENSION BENEFITS

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

	(thousands of dollars)	
	2008	2007
NCC's contributions	4,412	3,943
Employees' contributions	2,175	1,800

B. OTHER BENEFIT PLANS

The NCC provides severance benefits to its employees, based on years of service and final salary. The NCC also provides workers' compensation benefits, based on benefits determined by the Workplace Safety and Insurance Board of Ontario. The accrued benefit obligation for these plans amounts to \$7.1 million (\$6.9 million in 2007) and is included in the table below.

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

	(thousands of dollars)	
	2008	2007
Accrued benefit liability, beginning of year	6,917	6,791
Cost for the year	745	530
Interest cost	303	323
Amortization of net actuarial loss	74	—
Benefits paid during the year	(864)	(727)
Accrued benefits liability, end of year	7,175	6,917
Current portion (included in accounts payable and accrued liabilities)	1,139	962
Long-term portion	6,036	5,955
	7,175	6,917

The severance benefits obligation and the expense for the year are determined by the NCC's actuary, using management's best estimates. The significant actuarial assumptions used to measure the NCC's obligation concern the discount rate (4.25 percent in 2008 and 5.8 percent in 2007), the future salary level and the workforce composition. The demographic assumptions, such as retirement rates and mortality rates, were taken from the actuarial valuation of the Public Service Pension Plan as at March 31, 2005.

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

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

9. Deferred Rental Revenue

The deferred rental revenue represents the present value of the minimum future lease payments the NCC has collected under land lease agreements. The present value was established using interest rates of 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates, with the latest ending in 2068. During the year, \$0.1 million (\$0.1 million in 2007) of deferred rental revenue was recognized in income.

10. Deferred Capital Funding

	(thousands of dollars)	
	2008	2007
		As restated (note 3)
Deferred balance at beginning of year	233,658	233,894
Parliamentary appropriations to acquire and improve depreciable capital assets (note 13)	16,243	17,849
Amortization of deferred capital funding	(17,103)	(18,085)
Deferred balance at end of year	232,798	233,658
Distributed as follows:		
Used deferred capital funding	212,587	212,658
Unused deferred capital funding	20,211	21,000
	232,798	233,658

11. 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 through national marketing and communications campaigns.

Planning, Design and Land Use This program activity guides the planning and development of federal lands to ensure that their role and significance are appropriate for the Capital, as well as respectful of heritage and the natural environment. This activity involves preparing long-term visionary plans to guide the uses and development of the Capital's lands, identifying the National Interest Land Mass to be held in trust for future generations, as well as addressing interprovincial transportation and urban transit issues with provincial and municipal partners in Canada's Capital Region. The NCC also exercises its authority in reviewing and granting approvals for design, land use and transactions on federal property in Canada's Capital Region.

Real Asset Management The objective of this program activity is to manage and protect physical assets owned by the NCC through a life cycle management program to enhance the rich cultural heritage and natural environment of Canada's Capital, to optimize the contribution of these assets in support of corporate programs, and to ensure that NCC assets are appropriately accessible to the public. Activities also include lease management, grounds maintenance for many federal organizations in Canada's Capital Region, the acquisition of properties of national interest, the disposal of surplus properties and the implementation of land development projects to enhance the Capital for future generations.

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

12. Cost of Operations

	(thousands of dollars)	
	2008	2007
Summary of expenses by major classification		
Salaries and employee benefits	40,696	38,540
Goods and services	56,427	54,975
Goods and services in kind (note 14)	1,170	1,173
Payments in lieu of municipal taxes	10,445	11,606
Contributions ¹	351	899
Amortization	19,320	19,131
Redevelopment of LeBreton Flats ²	1,873	949
Capital asset impairment loss	137	393
Net loss on disposal of capital asset	1,036	—
	131,455	127,666

1. Included in the contributions totalling \$0.4 million, the NCC has paid a contribution of \$0.1 million (\$0.7 million in 2007) to the City of Gatineau for the redevelopment of Maisonneuve and Saint-Laurent boulevards in the Hull sector.

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

13. Parliamentary Appropriations

	(thousands of dollars)	
	2008	2007
Parliamentary appropriations for operating expenditures		As restated (note 3)
Amount received during the year	77,401	75,777
Receivable at end of year	759	1,421
Amount recorded on the statement of operations and comprehensive income	78,160	77,198
Parliamentary appropriations to acquire and improve capital assets		
Amount received for depreciable capital assets recorded on the balance sheet (note 10)	16,243	17,849
Amount received for non-depreciable capital assets recorded on the statement of equity	1,692	86
	17,935	17,935
Parliamentary appropriations approved during the year	96,095	95,133

14. Commitments

- i. The NCC has entered into agreements for services that amount to \$64.5 million (\$70.3 million in 2007) and office accommodation leases that amount to \$123.3 million (\$120.3 million in 2007). These agreements which amount to \$187.8 million (\$190.6 million) have different termination dates, with the latest ending in 2044. As part of these agreements, contracts for the management and maintenance of a portion of its lands and properties amount to \$62.0 million (\$67.0 million in 2007).

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

(thousands of dollars)			
	Leases	Services	Total
2008-2009	8,753	18,058	26,811
2009-2010	9,068	11,923	20,991
2010-2011	9,653	11,944	21,597
2011-2012	9,636	8,782	18,418
2012-2013	9,759	1,813	11,572

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

- ii. The NCC has entered into contracts for capital expenditures of approximately \$7.1 million (\$5.7 million in 2007). Payments under these contracts are expected to be made within the next fiscal year.

15. Contingencies

A. CLAIMS

Claims have been made against the NCC totalling approximately a net amount of \$16.1 million (\$9.9 million in 2007), excluding interest and other costs, for alleged damages and other matters. The final outcome of these claims is not determinable and, accordingly, these items are not recorded in the accounts. In the opinion of management, the position of the NCC is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determinable. Finally, the NCC filed claims in the amount of \$6.9 million (\$9.1 million in 2007) to hold third parties responsible for environmental cleanup on some of its properties.

B. ENVIRONMENTAL PROTECTION

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,437 property assets that qualify for environmental assessment. Following a preliminary assessment of 1,343 of these property assets, more detailed studies were conducted on a number of the properties to determine the degree of remediation required. Based on the detailed studies conducted thus far, the NCC recorded a liability for environmental cleanup of \$24.8 million (\$21.8 million in 2007) of which \$2.4 million (\$2.8 million in 2007) represents the short-term amount owed. In addition, the NCC assesses at \$439.1 million (\$341.0 million in 2007) 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.

16. 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 \$1.2 million (\$1.2 million in 2007), which represents the fair value of the goods and services received.

B. NON-MONETARY NON-RECIPROCAL TRANSFERS

During the year and in addition to the non-monetary transactions with related parties disclosed in note 17, the NCC entered into the following non-monetary non-reciprocal transfers.

- i. The NCC transferred to the City of Ottawa parcels of land at a nominal value of \$1 to be used for the widening of Albert Street. This transaction, as it lacked commercial substance, was measured at \$0.7 million, representing the carrying amount of these parcels transferred, and resulted in a net loss on disposal of capital assets.
- ii. The Canadiana Fund received donations of antiques and works of art, which were measured and recorded at the fair value since these transactions had commercial substance. The value of these donations of \$0.6 million (\$0.4 million in 2007) was recorded as capital assets in note 6 under the heading "Antiques and works of art, Canadiana Fund" with an equal amount in the statement of operations and comprehensive income under other fees and recoveries. Also, a monument transferred to the NCC was measured and recorded at its fair value of \$29,700 and was recorded as capital assets under the heading "Antiques and works of art, Other" in note 6 with an equal amount in the statement of operations and comprehensive income under other fees and recoveries.

17. 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 \$9.1 million (\$7.4 million in 2007) for utilities, rental of space, capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$9.9 million (\$10.6 million in 2007) from services rendered, rental operations and sales of capital assets. Furthermore, the prepaid expenses include \$0.1 million (\$0.1 million in 2007) associated with related parties.

During the year, the Government of Canada transferred a property to the NCC for which no compensation was given. This transfer was valued at the carrying amount of the property in the amount of \$49,000 and is recorded as a capital asset in note 6, and as retained earnings on the statement of equity. In 2007, the Government of Canada transferred the ownership of a monument to the NCC, and this transfer was valued at the carrying amount of the monument: \$1.1 million.

18. Financial Instruments

A. CREDIT RISK

The NCC is exposed to credit risk, since it has investments and extends credit to its customers in the normal course of business. The NCC minimized its credit risk associated with its cash and cash equivalents, short-term investments, and restricted cash and cash equivalents and investments by ensuring that these financial assets are placed with governments or well-established financial institutions which are also members of the Canadian Payments Association. 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, and the amounts receivable presented are net of a provision for doubtful accounts.

B. INTEREST RATE RISK

The NCC is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the fair value or future cash flows of its cash and cash equivalents, short-term investments, and restricted cash and cash equivalents and investments. The NCC does not currently hold any financial instruments that mitigate this risk, and management does not believe that the impact of interest rate fluctuations will be significant.

C. FAIR VALUES

The carrying value of cash and cash equivalents, accounts receivable and accounts payables and accrued liabilities approximates their fair values due to the immediate or short-term maturity of these financial instruments. The following table shows the fair value and book value of the other financial instruments as at March 31, 2008.

(thousands of dollars)						
	2008				2007	
			Book value	Fair value	Book value	Fair value
	Held for trading	Held to maturity	Total			
Financial assets						
Restricted cash and cash equivalents	8,106	—	8,106	8,106	8	8
Restricted short-term investments	—	60,584	60,584	60,670	71,252	71,252
Restricted long-term investments	6,729	—	6,729	6,729	5,979	6,320
	14,835	60,584	75,419	75,505	77,239	77,580

The fair value is determined essentially by quoted market prices. 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.

During the year, the fair value of restricted long-term investments classified as held for trading increased by \$27,063, and the unrealized net gain was recorded in the statement of operations and comprehensive income with interest revenue.

19. Canadiana Foundation

The Canadiana Foundation (the “Foundation”) was incorporated under the *Canada Corporations Act* in January 2004 and is a registered charity. The Foundation was established to obtain funds to acquire items of historical and outstanding significance for the Crown Collection of the official residences of Canada. The Foundation is a separate legal entity from the NCC and the Canadiana Fund (the “Fund”). The financial statements of the Foundation have not been consolidated in the financial statements of the NCC. The financial position of the Foundation as at March 31, 2008, and the results of operations for the year then ended are as follows.

	(thousands of dollars)	
	2008	2007
Financial position		
Assets	16	19
Liabilities	—	—
Net assets	16	19
Results of operations		
Revenues	18	73
Expenses	12	27
Distributions to the NCC	9	66
Deficiency of revenues over distributions and expenses	(3)	(20)

20. Comparative Figures

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

APPENDIX I

committees of the board and advisory and special committees

EXECUTIVE COMMITTEE

Chairperson

Russell Mills

Members

Marie Lemay
Frieda Martselos
Eric D. MacKenzie

CORPORATE AUDIT AND EVALUATION COMMITTEE

Chairperson

Jason M. Sordi

Members

Adel A. Ayad
Anne Fry
Kory Bobrow
Richard P. Jennings

Ex-Officio Member

Russell Mills

GOVERNANCE COMMITTEE

Chairperson

Frieda Martselos

Members

Jacquelin Holzman
Jagtar Bains
Robert Tennant
Jason M. Sordi

Ex-Officio Member

Russell Mills

ADVISORY COMMITTEE ON COMMUNICATIONS, MARKETING AND PROGRAMMING

Chairperson

Duncan McKie, Toronto, Ontario

Members

Pauline Rafferty, Victoria, British Columbia
Kevin Shea, Toronto, Ontario
Graham Carr, Montréal, Quebec
Katherine Holmes, Toronto, Ontario
Donna Nixon, Ottawa, Ontario
Greg Klassen, Vancouver, British Columbia
Sandra White, North Vancouver, British Columbia

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 Bedford, Toronto, Ontario
Marc Letellier, Québec, Quebec
Eha Naylor, Toronto, Ontario
Lawrence R. Paterson, Okotoks, Alberta
Donald Schmitt, Toronto, Ontario
David Witty, Winnipeg, Manitoba

Board Member

James Yamashita

ADVISORY COMMITTEE ON THE OFFICIAL RESIDENCES OF CANADA

Chairperson

Daniel Brisset, Montréal, Quebec

Vice-Chairperson

Patrick J. Murray, Ottawa, Ontario

Members

Edna Hall, St. John's, Newfoundland and Labrador
J. André Perrier, Gatineau, Quebec
Christina Cameron, Ottawa, Ontario

Board Members

Anne Fry
Jagtar Bains

CANADIANA FUND

Chairperson

Paul LaBarge, Ottawa, Ontario

Vice-Chairpersons

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

Members

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

The NCC wishes to thank the following advisory committee members, who departed in 2007-2008, for their service.

Advisory Committee on
Planning, Design and Realty

Peter Busby
June 2007

Advisory Committee on
the Official Residences of Canada

Jean-François Sauvé
October 2007

Advisory Committee on
Communications, Marketing and Programming

Jean-Pierre Arvisais
November 2007

Raj Nigam
April 2007

Henry Storgaard
March 2007

APPENDIX II

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 2007-2008.

NCC PARTNERS

1956 Hungarian Monument Committee
Bank of Canada
Boy Scouts of Canada
Bytown Museum
ByWard Market Business Improvement Association (BIA)
Canada Aviation Museum
Canada Science and Technology Museum
Canadian Agriculture Museum
Canadian Broadcasting Corporation
Canadian Fallen Firefighters Foundation
Canadian Heritage
Canadian Museum of Civilization
Canadian Museum of Contemporary Photography
Canadian Museum of Nature
Canadian Paralympic Committee
Canadian Ski Marathon
Canadian Space Agency
Canadian Tulip Festival
Canadian War Museum
CHIN International Radio TV
City of Gatineau
City of Ottawa
Commission de la capitale nationale du Québec
Communities in Bloom
Currency Museum of the Bank of Canada
Democracy 250
Encounters with Canada HISTOR!CA
Festival de montgolfières de Gatineau
Gatineau Loppet
Gatineau Police Service
Girl Guides of Canada
Government of Yukon
Hong-Kong Veterans Commemorative Association
House of Commons
Indian and Northern Affairs Canada
International Polar Year

Kiwanis Club of Ottawa
Library and Archives Canada
Library of Parliament
Ministère des ressources naturelles et de la faune du Québec
National Arts Centre
National Defence and the Canadian Forces
National Film Board of Canada
National Gallery of Canada
Natural Resources Canada
Northern Lights 2008 Trade Show and Conference
OC Transpo
Office of the Secretary to the Governor General
Ottawa Curling Club
Ottawa Emergency and Protective Services
Ottawa Fire Services
Ottawa-Hull Ice Carvers Society (OHICS)
Ottawa Police Service
Ottawa Tourism and Convention Authority (OTCA)
Parks Canada
Public Safety Canada
Public Works and Government Services Canada
Rotary Club of Ottawa
Royal Canadian Legion
Royal Canadian Mint
Royal Canadian Mounted Police
Senate of Canada
Scouts Canada
Société de transport de l'Outaouais
Société du 400^e anniversaire de Québec
St. John Ambulance Canada Federal District Council
St. John Ambulance
Tourisme Outaouais
Turtle Island Tourism Company
University of Ottawa
Veterans Affairs Canada
Zone3sports

NCC CORPORATE SPONSORS

Alcatel Inc.
Amex Canada Inc. / Amex Bank of Canada / American Express Philanthropic Program
Chicken Farmers of Canada
Consumer Impact Marketing Ltd.
Dairy Farmers of Canada
Enbridge Consumer Gas
Fairmont Château Laurier
First Air
Giant Tiger Stores Limited
Hilton Lac-Leamy
Home Hardware Stores Limited
Hudson's Bay Company
Honda Canada Inc.
Insurance Bureau of Canada
Loblaw Companies Limited
Lord Elgin Hotel
Passage Events
Pepsi Bottling Group Inc.
Pierce Promotions
Pizza Pizza
Rideau Centre
Rogers Communications Inc.
Sheraton Ottawa Hotel
Société des casinos du Québec
Sun Life Assurance Company of Canada
TELETOON Canada Inc.
The Westin Ottawa
VIA Rail Canada
WestJet

The NCC wishes to extend a special thank-you to other corporate sponsors, hotels and restaurants not mentioned above that have supported NCC events and activities throughout the year.

APPENDIX III

glossary of terms

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

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

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

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

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

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

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

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

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

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

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

National Capital Region Refer to Canada's Capital Region.

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

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

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

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

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