



The Year in Review

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NATIONAL CAPITAL COMMISSION
2012-2013 ANNUAL REPORT

A political centre. A national symbol.
A place where heritage is preserved and
history continues to be made. Visitors
travel across the country and around the
world to experience it. Some 1.2 million
people call it home.

Welcome to Canada's Capital Region.

Our job is to build a capital that all
Canadians are proud of. To serve as its
steward and secure its sustainability.
To protect its natural spaces, uphold its
legacy, and plan for its future. It's a role
we are honoured to pursue — and did so
with passion in 2012–2013.

We are the National Capital Commission.

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Message From the Chair

Last year saw major changes at the National Capital Commission (NCC). Change such as this is usually a good thing, spurring fresh thinking and opening new possibilities.

Our former chief executive officer (CEO), Marie Lemay, moved on to a new opportunity last August. The NCC benefitted greatly from her vision, dedication and enthusiasm, and we on the Board were privileged to have worked with her. While the search for a successor proceeds, we are pleased to have Jean-François Trépanier serving as interim CEO. No one is more deeply committed to the NCC and its mandate.

Last year, we welcomed three new directors to our Board: Kay Stanley, Michael Poliwoda and François Paulhus. With the renewal of my term as chair, I look forward to working with each of them. I also thank their predecessors — Adel Ayad, Hélène Grand-Maitre and Kory Bobrow — for their contributions.

I must sadly say that we lost someone special who helped create the Capital Region that we all know today. Marcel Beaudry, NCC chair and CEO from 1992 to 2006, passed away in November 2012. Mr. Beaudry worked tirelessly to build a grand capital for all Canadians, and he will be missed.

The Capital itself continued to evolve in 2012–2013. We worked in collaboration to advance a number of important infrastructure projects, studies and plans with federal, provincial and municipal partners. From a study on a future interprovincial bridge, to the integration of municipal transit systems, these projects have identified possible long-term directions for Canada's Capital Region — to ensure that it is equipped to thrive in the future.

In these and all our undertakings, we remained committed to openness and transparency. In 2012–2013, the NCC held 16 public consultations on strategic plans, major projects and studies. Our Board met four times to discuss priorities and decide on key files. At our annual public meeting, the Board laid out the NCC's priorities for the coming year, and engaged in a question-and-answer session with audience members.

The NCC undertook several internal reviews last year. This included audits of our rental portfolio and Gatineau Park revenues, and others — pertaining to procurement practices and information technology (IT) security — will conclude in 2013–2014. These confirmed our sound management of the taxpayer resources entrusted to us. The NCC's new ombudsman, Ellen Fry, presented her first annual report, noting 178 contacts by members of the public with her office in 2012. The majority (158) were referred to NCC Client Services for resolution within the NCC; four complaints were investigated by the Ombudsman, all of which have been resolved.

The federal budget in March 2013 announced that responsibility for promoting the Capital will be transferred from the NCC to Canadian Heritage, along with the members of our immensely talented Capital Experience team. All of us are proud of the excellent work the NCC has carried out over the past 25 years to animate the Capital, and know that they will continue to deliver unique experiences for visitors and residents alike.

The change in mandate allows the NCC to focus on its original role as custodian, planner and steward of Canada's Capital Region, which has been our role for more than 50 years. There are abundant opportunities ahead — as well as challenges, of course. Fortunately, our work in recent years has prepared us for both, building a partnership approach that forges stronger ties with our stakeholders, and creates new ways of continuing to deliver services in a financially responsible way.

I look forward to what lies ahead for the NCC, as we focus on our planning and stewardship mandate, and look forward to reporting on our results at the end of 2013–2014.

Sincerely,

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

Russell Mills
Chair



Message From the CEO

It was an honour to be asked to serve as interim CEO, following the departure of Marie Lemay last August — and a fascinating time in the history of the Capital and the NCC to do so. I am pleased to say that, with much unfolding on many fronts, the NCC showed great resilience and stayed the course, holding its focus on delivering the best projects and services to the Capital's residents and visitors.

For example, after extensive public consultations in 2011, and close collaboration with partners and stakeholders last year, we are about to release the next 50-year plan for Canada's Capital. This plan, which sets out long-term strategies for the use of federal lands in Canada's Capital Region, will be published by the end of 2013. To support the vision presented in the Plan for Canada's Capital, the NCC continued its work to finalize two master plans for the Greenbelt and the Capital's urban lands.

Building relationships is at the heart of everything we do: to maintain a capital that speaks to all Canadians, it simply has to be. Together with the cities of Ottawa and Gatineau, we advanced the Capital Region's sustainable transportation agenda last year — completing a land-use agreement for the construction of Ottawa's new light rail transit system and presenting the final report on an integrated interprovincial transit strategy. Our partnerships also extended to the private sector on projects such as the four pilot projects that animated the shorelines of the Rideau Canal.

Like all public entities, we must be conscious of our financial responsibilities. This not only ensures the long-term financial health of the NCC, but also means that we can provide high-quality services for Canadians. Last year, we pursued the implementation of cost savings as part of the Deficit Reduction Action Plan to support the federal government's goal of balancing the budget by 2015. The NCC also initiated a corporate financial sustainability strategy to ensure that the NCC can continue to focus on its mandate within its appropriations.

The refocusing of our mandate in the 2013 federal budget will see the NCC remain responsible for the stewardship, management and conservation of lands and green spaces in the Capital, including Gatineau Park, the Greenbelt, the official residences, the Rideau Canal Skateway, the vast network of recreational pathways and an important portfolio of managed properties. We will continue to engage in heritage preservation work, such as the rehabilitation of the Mackenzie King Estate undertaken last year.

The promotion of the Capital will in the future be the responsibility of Canadian Heritage, with the mandate to bring a broad, national perspective to celebrations such as Canada Day and Winterlude. I thank and congratulate the Capital Experience team that is migrating from the NCC to Canadian Heritage as part of this transition. They have been inspiring colleagues, and I look forward to continuing to work with them as partners.

I must also thank the entire staff of the NCC for their dedication, focus and determination throughout the year. As we move forward with our planning and stewardship mandate, our collective efforts will ensure that Canada continues to enjoy a world-class capital region.

Sincerely,

Jean-François Trépanier, CPA, CA
Chief Executive Officer

Looking Back: The Year in Review

Two strategic directions guided the NCC's actions over the course of the year: to create a vibrant and sustainable capital region that inspires Canadians — and to communicate the Capital's importance to all Canadians.

In pursuing these goals, the NCC advanced a number of programs and services across three core areas of activity: Capital Planning, Capital Stewardship and Protection, and Capital Experience.

1



Planning for the Long Term

Capital Planning It takes clear vision and careful planning to ensure that Canada's Capital Region endures as a place of significance and inspiration from generation to generation. Last year, the NCC continued its work to foresee the needs of the Capital Region a half-century from now — what it will require to continue to be welcoming, sustainable and reflective of the values and aspirations of all Canadians.

Planning: Mandate 2012–2013 The NCC ensures that all federal lands, buildings and infrastructure in Canada's Capital Region continue to meet the needs of Canada's government — while inspiring Canadians and reflecting the role and significance of a national capital. Last year, this wide-ranging mandate extended from enhancing the Capital's shorelines to laying the foundation for sustainable transportation and finalizing the next long-term vision for the Capital.



A long horizon: The Plan for Canada's Capital

In 2012–2013, the NCC continued its work on “Horizon 2067,” the 50-year plan for Canada’s Capital. The renewed plan for Canada’s Capital — to be completed by the end of 2013 — will provide a strategic framework for how best to maintain and enhance the essential characteristics of Canada’s Capital as a seat of government, a national symbol and a national meeting place.

The NCC also moved forward with work on several other key planning documents last year. Consultations on the Greenbelt Master Plan were held, and work continued on the Capital Urban Lands Master Plan. The strategies of these master plans will be carefully coordinated with those of “Horizon 2067” to ensure that the Capital’s planning framework is cohesive and clear.

Enlivening the shorelines

The shorelines of the Ottawa River and Rideau Canal have been and will continue to be key to the future experience of the Capital Region, as places for people to meet and share new experiences. Four pilot projects were launched along the canal last summer, as part of an effort to bring more vitality to the shoreline. Selected from an abundance of worthy and practical proposals from local businesses and non-profits, the approved



To guide the NCC’s work in meeting the objectives set out in “Horizon 2067,” the NCC is also developing a 10-year action plan that identifies three priorities for the next decade: highlighting the Ottawa River as the heart of the Capital Region; extending and renewing Confederation Boulevard to expand its function as a ceremonial route to include a discovery itinerary; and building the foundations for an ecological network in Canada’s Capital Region.



Ninety-six percent of people said that the pilot projects installed along the Rideau Canal helped to make the Capital's core more vibrant, and over 90 percent said that they were satisfied with their overall experience. Over 80 percent of users agreed that these sites encourage people to visit the Rideau Canal more often and to stay longer.

projects included 8 Locks' Flat, a temporary beach and bistro inspired by the urban beach established along the Seine River in Paris; and pop-up patios, where visitors can enjoy gourmet food and craft beer. Survey findings indicated that approximately 96 percent of respondents said that the sites helped to make the Capital's core more vibrant, while over 90 percent were satisfied with their overall experience. Over 80 percent of users agreed that these sites encourage people to visit the Rideau Canal more often and to stay longer.

A visionary concept for the Ottawa River shoreline was also completed — a partnership project that includes the NCC's participation, and highlights recommendations for the rehabilitation of Nepean Point and the waterfront along Lady Grey Drive. The Ville de Gatineau continued with its plan for the Ottawa River shoreline on the Gatineau side, to upgrade the riverfront both visually and functionally. The NCC is collaborating with the Ville de Gatineau, as the NCC will be responsible for approving the land use and details of how federal lands can be programmed and maintained under this strategic initiative.

An exceptional place to live

As the largest landowner in Canada's Capital Region, the NCC partners with the cities of Ottawa and Gatineau to approve projects that require the use of federal land — including several that will have a direct impact on the lives of those who call the Capital home. Along with Parks Canada, the NCC is working with the City of Ottawa on the redevelopment of Lansdowne Park to ensure the integration of its landscape with adjacent federal lands along the Rideau Canal. The NCC also continues to facilitate, in collaboration with Public Works and Government Services Canada (PWGSC), the ongoing rehabilitation of the Parliamentary Precinct.

In 2013, the NCC gave federal approval for the preliminary designs of five transit stations to be located on federal land, and established a memorandum of understanding regarding access to the NCC properties involved during construction. The NCC is also assisting with the development of Ottawa's new light rail system, which will include a 2.4-kilometre transit tunnel through the downtown core — affecting several NCC properties. With the City of Ottawa and the Société de transport de l'Outaouais, in collaboration with the Ville de Gatineau, the final report on the Interprovincial Transit Strategy was unveiled. This strategy, which was prepared jointly, captures each partner's shared commitment to sustainable transportation. The NCC will continue to work with its partners toward better integration of the two cities' transit systems.

2



Caring for the Capital Region

Capital Stewardship and Protection From Gatineau Park to the Greenbelt, Canada's Capital Region includes over 400 square kilometres of forests, farms, parks and pathways. It is also home to unique cultural and heritage landscapes: buildings and structures created by previous generations that illuminate our country's stories and traditions. All of these require care and protection for the enjoyment of future generations of Canadians — a responsibility the NCC is proud to uphold.

Stewardship: Mandate 2012–2013 As steward of federal lands and assets, the NCC is responsible for rehabilitating, managing and safeguarding the Capital Region's most treasured cultural and heritage assets — while ensuring public access to these sites for current and future generations. The NCC is also responsible for promoting, protecting and maintaining the Capital Region's many urban parks and green spaces.

Protecting the Capital Region's natural spaces

Conserving federal lands and Canada's natural heritage is fundamental to the NCC's long-standing tradition of stewardship. In the core of the Capital, soil decontamination work continued at LeBreton Flats. Half of the identified sites have been remediated to date; the remainder will be completed by the end of 2013–2014. As a case study in sustainability, the NCC is reusing the soil removed from LeBreton Flats to correct issues at the former Ridge Road landfill site in the Greenbelt — an innovative approach that will save approximately \$8.8 million of parliamentary appropriations.

In 2012–2013, work continued on the Gatineau Park conservation plan, which sets clear priorities for protecting the diversity, integrity and sustainability of the park's ecosystems. Last year, the NCC started an ecological restoration project at one of many rock-climbing sites on the sensitive Eardley Escarpment to reduce erosion and restore habitat for several plant species at risk. Strategies for managing invasive species in Gatineau Park, on urban lands and in the Greenbelt were also completed this past year.

Revealing the importance of the Capital's natural assets to the people who live here, in winter 2013, after two massive storms, 127 dedicated volunteers gave more than 1,770 hours of their time to collect debris and prune damaged trees to ensure access to Gatineau Park's trails.

The NCC continued to enhance the biodiversity of the Greenbelt in 2012–2013, with the restoration of the Pinhey Sand Dune. By removing encroaching vegetation, this project will eventually open nearly half an acre of sandy habitat, facilitating the recovery of the dune ecosystem — including the survival of the regionally rare ghost tiger beetle.

Maintaining the Capital Region's heritage assets

The NCC's stewardship role encompasses a vast portfolio of real property assets, including the Capital Region's official residences, which represent some of the oldest and most valuable heritage architecture in the region. With a responsibility to maintain, rehabilitate and improve the health, safety and security of the accommodations for Canada's official leaders, the NCC advanced a number of projects throughout 2012–2013.

Redevelopment of the Mackenzie King Estate continued, with renovations to the Kingswood buildings nearly complete, and work having started on landscaping at both the Kingswood and Moorside properties. Various interpretation elements (including revamped indoor exhibits, signage and outdoor interpretation) are currently in development, to renew the overall visitor experience. The completion of these elements is to coincide with the 75th anniversary of Gatineau Park in 2013. The implementation of universal access to certain areas of the Estate will also be finished later this fiscal year.

Significant progress was made on the rehabilitation of the Mackenzie King Estate, with the Kingswood area set to reopen as part of Gatineau Park's 75th anniversary celebrations in 2013.



Volunteers gave 1,776 hours of their own time to help clean up Gatineau Park and reopen the trails, following a pair of damaging winter storms.

3

Celebration and Explorations

Capital Experience The Capital Region is a place to encounter history, experience culture, and connect with people from across the country and around the globe. It's where pride takes root, and a collective spirit brings us together as Canadians. From special events to commemorations and interpretive interactions, the Capital Region was animated and alive last year.

Capital Experience: Mandate 2012–2013 To foster pride and a sense of connection to the Capital among Canadians, the NCC has been responsible for the past 25 years for delivering major celebrations and events, such as Canada Day and Winterlude, as well as commemorative, interpretive and educational services that have helped Canadians become more knowledgeable about our country's heritage, people, geography and institutions. The NCC also encourages Canadians to experience the outdoors and explore the unique natural settings that the Capital has to offer.



Symbols of national significance

Commemorating important people and events was one way the NCC ensured that Canadian symbols and culture were represented throughout the Capital in 2012–2013. This included renaming the Ottawa River Parkway as the Sir John A. Macdonald Parkway, and commemorating events such as the War of 1812 and the Queen's Diamond Jubilee with banners along Confederation Boulevard. The NCC also once again asked students to design their own banners for the Capital. The 2012 "Raise Your Voices!" National Student Banner Contest brought in more than 1,100 submissions on themes such as Canadian landscapes, multiculturalism, peace and remembrance, and nature and the environment. Seven winning banners were produced and installed in Major's Hill Park.

Last year, the NCC worked with partners to produce four new monuments for the Capital as well: the Royal Canadian Navy Monument, the Canadian Firefighters Memorial, the Animals in War Dedication (which honours the countless animals that have worked alongside Canadian Forces) and the Monument to Fallen Diplomats (a piece of art donated by the Republic of Turkey that honours public servants who have died in foreign service).

Producing exceptional events

The emphasis on Canada's history and symbols was also on display during the flagship events coordinated by the NCC in 2012–2013. More than 350,000 people celebrated Canada Day in the Capital in 2012, with another 10.5 million taking in the festivities via television, radio and online broadcasts. The day's events highlighted milestones such as the bicentennial of the War of 1812, the 50th anniversary of the Canadian Coast Guard and the centennial of the Calgary Stampede.



The national design competition for the upcoming War of 1812 monument concluded in March 2013, with six artists asked to submit concepts for final selection. The monument will be unveiled at the conclusion of the War of 1812 bicentenary in 2014.

The 35th edition of Winterlude was similarly celebratory, highlighting the 100th anniversary of the Canadian Arctic Expedition, the 400th anniversary of Champlain's voyage, and Commander Chris Hadfield's mission to the International Space Station. Building on the success of 2012's partner-oriented business model, last year saw a total of 92 programming partners from the private, public and non-profit sectors join Winterlude to help celebrate Canada's winter traditions.

The third season of the award-winning summertime sound-and-light show, *Mosaïka, Canada Through the Eyes of Its People*, was seen by approximately 275,000 people — a 12 percent increase over 2011. Perhaps a better indicator of its success, however, is the fact that 86 percent of attendees said the show increased their sense of Canadian pride.



Through the development of new smartphone applications and the deployment of iPad-equipped interpreters in the Capital's core, the NCC was able to forge more direct connections with younger and more media-savvy visitors.

Using technology to connect with visitors

To further enrich the experience of the Capital, the NCC deployed new technologies and social media applications to connect directly with youth and more media-savvy visitors to Canada's Capital Region.

In June 2012, the NCC launched a new smartphone application that allows visitors to take customized, self-guided walking tours through the core of the Capital. This was complemented by the deployment of iPad-equipped NCC information officers along Confederation Boulevard and on Parliament Hill, providing visitors with immediate, on-site information about the Capital and its history. The NCC also implemented free Wi-Fi zones in high-traffic pedestrian areas — such as Parliament Hill, Major's Hill Park and Jacques-Cartier Park — allowing Canadians to connect to relevant online content at different landmarks and sites throughout the Capital.

Engaging outdoor experiences

The NCC actively encouraged Canadians to discover the distinctive natural settings and human-made features beyond the Capital's downtown core last year — from Gatineau Park and other green spaces, to venues such as the Rideau Canal Skateway and the area's many cycling paths and trails.

The Gatineau Park Visitor Centre welcomed more than 121,000 visitors during 2012–2013. Visits to the Park's beaches and campgrounds increased over 2011, and more than 11,000 visitors took advantage of programs offered during Fall Rhapsody. Over 5,900 skiers bought season passes to the park for the winter, enjoying 112 days of great skiing conditions, which represents an increase over the previous year's 5,500 passes and 88 days of skiing. In the Capital's core, the 43rd season of the Rideau Canal Skateway featured 38 skating days, with approximately 22,000 visits per day — up from 17,000 the previous year.

Approximately 86 percent of users agree or strongly agree that the Rideau Canal Skateway contributes to the significance of the Capital, while 87 percent of visitors agree or strongly agree that skating on the Rideau Canal enriched their overall visit to the Capital.

Summer 2012 was also the second season of the BIXI bike-sharing program, which expanded to include 25 stations and 250 bikes — 15 more stations than in 2011. As a result, the number of BIXI trips taken increased to 44,335 in 2012, from 21,525 in 2011. The NCC intends to transition this program to the partners or private sector by the end of the 2015 cycling season, at the latest.



Rideau Canal Skateway



Animals in War Dedication



Canadian Firefighters Memorial



Gatineau Park



Sir John A. Macdonald Parkway



Royal Canadian Navy Monument

Looking Forward: What's Next for the Capital

A capital is the seat of government, a national landmark, a place to work and live. As our society and the wider world change, Canada's Capital Region must also evolve — while staying true to its history and preserving its heritage.

In the years to come, the NCC's role will continue to be one of maintaining a balance: realizing the vision for a modern, world-class capital region that is both in touch with tradition and ready for the future. The NCC did this throughout 2012–2013, with a focus on major infrastructure projects, sustainable transportation and long-term planning — concerns that will continue to become increasingly important as the Capital Region becomes more sustainable, more integrated and more driven by technology.

EMBRACING ITS MANDATE

The latest federal budget presents an opportunity for the NCC to concentrate on the activities that have been at its core since 1959: serving as planner and visionary for the Capital, and providing stewardship of the Capital's heritage, cultural and natural assets. And it occurs at an opportune time for the NCC, as the corporation is about to complete the Plan for Canada's Capital ("Horizon 2067"), which will be the roadmap for delivering this more focused mandate. The NCC's goal remains as it always has been: to create a vibrant and sustainable Capital Region that inspires all Canadians. In pursuit of this, the corporation will be guided by three main objectives going forward:

- Building a capital by ensuring that federal lands are used to their greatest potential in ways that contribute to the significance and heritage of the Capital.
- Connecting Capital sites, experiences and meeting places, with a particular focus on the downtown core and along the Ottawa River and Rideau Canal shorelines.
- Maintaining and safeguarding nationally significant natural environments and real property assets for current and future generations.

EFFECTING TRANSITION

As part of the more focused mandate set out for the NCC in the 2013 federal budget, activities under the Capital Experience umbrella — apart from those related to the outdoor experience of the Capital — will be transferred to Canadian Heritage over the coming months. This transition of responsibilities for organizing, sponsoring and promoting Capital events, celebrations and commemorations is a complex endeavour. To ensure success and seamlessness, the NCC will continue to deliver on these aspects until all Capital Experience programs, services and expertise have been migrated successfully to Canadian Heritage. This process is expected to be completed by September 30, 2013.

A LIVING VISION

The Capital Region as we experience it today is the direct result of past plans. Times have changed, the region has changed, and a new vision is needed to carry us forward. With the completion of "Horizon 2067" and other major planning documents, the NCC will articulate that vision in 2013 — one that sees the long-term enhancement of federal lands, and in which the Capital Region's shorelines come alive, transportation is more sustainable, natural spaces are protected and heritage sites are preserved.

Economic realities cannot be ignored in the pursuit of this vision. The NCC must continue to be conscious of its financial responsibilities, find new ways of doing business, establish new partnerships and streamline its processes. By making good use of technology and other equipment, efficiencies can be gained — and costs can be saved — while high-quality services continue to be delivered. The NCC must also continue to be a good, active partner on projects that have a direct impact on the Capital Region, recognizing the requirements and goals of the many levels of government and myriad stakeholders that have an interest in a thriving capital region.

Canada's Capital Region is undergoing many changes to respond to 21st century realities and needs. Going forward, the NCC will orient itself to its planning and stewardship mandate, establishing the structures and frameworks to best deliver, as a planner and a steward, for the benefit of all Canadians — and as the builder of a world-class capital to be enjoyed for generations to come.

Governance

ENABLING LEGISLATION

The *National Capital Act* (R.S.C., 1985, c. N-4) defines the mandate of the NCC and its powers. The Act also establishes the membership of the NCC's board of directors.

MISSION

Creating national pride through Canada's Capital Region.

MANDATE

The NCC is a federal Crown corporation, established pursuant to the *National Capital Act*. Its objects and purposes, as stated in the *National Capital Act*, are as follows:

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

The *National Capital Act* gives the NCC the authority to coordinate the Government of Canada's policies and programs for the organization, sponsorship or promotion of public activities and events related to the National Capital Region. The NCC also approves the design of buildings and land use, as well as any changes in use relating to federal lands in the National Capital Region, and manages and maintains real property assets and the official residences in the National Capital Region.

On March 21, 2013, the federal budget announced that the mandate to promote the National Capital Region would be transferred from the NCC to Canadian Heritage. The *Economic Action Plan 2013 Act, No. 1* amends the *National Capital Act* to transfer certain duties and functions to Canadian Heritage for organizing, sponsoring or promoting public activities and events in the National Capital Region. Pursuant to the coming into force of the Act, this transfer will take effect on September 30, 2013. The NCC's mandate remains to prepare plans for and assist in the development, conservation and improvement of the National Capital Region to ensure that the nature and character of the seat of the Government of Canada reflect its national significance.

PUBLIC ACCOUNTABILITY

As a Crown corporation, the NCC is subject to the accountability regime set out in Part X of the *Financial Administration Act*. It reports to Parliament through the Minister of Foreign Affairs, who is designated as the minister responsible for the *National Capital Act*.

ARM'S-LENGTH ASSESSMENT

The Office of the Auditor General of Canada conducts an independent financial audit of the NCC each year. In addition, the Auditor General conducts a special examination of the NCC every 10 years. The special examination, completed in 2007, identified no significant deficiencies in the NCC's systems. The Auditor General did make 10 recommendations. The key recommendation areas, most of which have been implemented, related to corporate planning, governance, strategic and risk management, and human resource planning. The NCC reports regularly on progress to its Audit Committee.

GUIDING PRINCIPLES

The following principles guide the NCC in its role as planner and steward of Canada's Capital Region.

ACCOUNTABILITY

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

CLARITY

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

INTEGRITY

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

OPENNESS AND TRANSPARENCY

The NCC's objective is to conduct its affairs openly, transparently, collaboratively and inclusively. As part of its efforts to be open and transparent, the NCC consults with stakeholders and the public, holds public board meetings, publishes quarterly financial reports, tables its corporate plan and annual report in Parliament through the Minister of Foreign Affairs, and is responsive in its business approach.

LEADERSHIP AND INNOVATION

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

ORGANIZATIONAL PILLARS

Central to everything the NCC does are ongoing initiatives related to its organizational pillars. Both are embedded in the culture of the NCC.

PUTTING PEOPLE FIRST

The health of an organization is firmly rooted in its workforce. The NCC is committed to creating a stimulating and engaging work environment for its employees, and to having a representative workforce. When dealing with the public, the NCC strives to be an open and transparent organization that achieves excellence in client service and public engagement.

BUILDING A GREENER CAPITAL

As a steward of federal lands in Canada's Capital Region, the NCC is committed to help build a greener capital through its corporate environmental strategy and by supporting sound environmental practices.

BOARD OF DIRECTORS

STRUCTURE

The NCC is led by a national board of directors made up of a chairperson, a chief executive officer (CEO), and 13 other members, five of which ordinarily reside in Canada's Capital Region. Of the five members from Canada's Capital Region, three must be from Ontario, with at least two from Ottawa, and two must be from Quebec, with at least one from Gatineau, west of the Gatineau River. The remaining eight members represent a geographical cross-section from other parts of Canada.

MEMBERSHIP

The chairperson and CEO are Governor-in-Council appointees, with their appointments coordinated by the Privy Council Office, on behalf of the Prime Minister's Office. The 13 other members are appointed by the minister responsible for the *National Capital Act* with the approval of the Governor-in-Council. The chairperson, on behalf of the NCC board, advises the minister responsible for the *National Capital Act*, as well as the director of appointments in the Prime Minister's Office, on the selection of board members. If a new board member is not appointed to take office on the expiration of the term of an incumbent member, the incumbent member continues in office until a successor is appointed.

ORIENTATION

All new board members receive a presentation on accountability, reporting structures and by-laws; learn about NCC programs; and meet with the executive management team to review current issues. They also receive copies of federal guidelines and related documents on corporate governance, and attend an information session on roles and responsibilities, ethics and conflict of interest.

RESPONSIBILITIES

The board is responsible for the following:

- providing broad strategic direction and oversight;
- safeguarding the effective and efficient use of corporate resources; and
- monitoring and reviewing corporate performance and risks.

MANAGEMENT RELATIONSHIP

The CEO reports on the NCC's performance and activities to the board of directors at the start of each board meeting through a report on activities, which highlights ongoing issues and new projects. The board of directors participates in strategic planning for the NCC, conducting its own annual strategic planning session with the executive management team, and providing direction for the future year's corporate plan. The board reviews performance against the corporate plan four times a year, is updated on the key risks facing the NCC, and approves the corporate plan and the year-end performance and financial reports — which inform the annual report — before being submitted to the minister responsible for the *National Capital Act*.

BY-LAWS AND CHARTERS

The *National Capital Act* allows the board to make by-laws for the conduct and management of its activities and for carrying out the purposes and provisions of the Act. The by-laws specify the powers of the board under the Act, specify meetings of the board, delegate powers to the CEO and corporate secretary, and contain other operating resolutions such as banking operations.

COMMUNICATIONS RESPONSIBILITIES

The board ensures effective communication with the government, stakeholders and the public. The board does this in many ways. For example, through the corporate plan and annual report, the NCC communicates to government and Canadians regarding its plans, achievements and challenges. In addition, the board holds public meetings throughout the year. The NCC's annual public meeting provides an opportunity for the public to learn about the NCC's latest accomplishments, upcoming projects and its most recent initiatives. At the meeting, members of the public are able to address their ideas and comments directly to board members. Public board meetings are accessible on live webcast. Meeting agendas, minutes, and documents such as the CEO's report on activities are also posted on the NCC website.

PERFORMANCE EVALUATION

In keeping with best practices for boards and governance, the Board of Directors conducted a self-evaluation in 2012, which covered day-to-day considerations such as the Board's access to the information it needs and the quality of its discussions. The results were very positive. At the Board's request, the NCC's executive management team also evaluated the Board, and found its performance to be strong as well.

INDEPENDENCE

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

ACCOMPLISHMENTS

The Board of Directors held four public meetings during the 2012–2013 fiscal year, as well as five in-camera meetings, five in-camera conference calls, one public conference call and 30 electronic votes (including federal land use and design approvals). The Board also held its fifth annual strategic planning session in September 2012.

Among its activities last year, the Board of Directors approved the NCC's annual report and financial statements, corporate plan and budgets, as well as design and land use proposals, and contractual agreements, including the following highlights:

- the approval of land disposals and easements from the NCC to the City of Ottawa for the Ottawa Light Rail Transit project;
- the approval of the preliminary designs for five stations to be built on federal lands as part of the Ottawa Light Rail Transit project;
- the selection of the Wesley Clover Foundation as the preferred proponent to take over the lease of the former Nepean National Equestrian Park;
- the approval of the site location for the commemoration to the War of 1812 on Parliament Hill; and
- the approval of the site plan and concept design for the construction of a new multi-use (pedestrian/cycling) crossing over the Rideau Canal between Pretoria Bridge and the Bank Street Bridge (at Fifth Avenue).



NCC BOARD OF DIRECTORS¹ AS AT MARCH 31, 2013



Russell Mills
Ottawa, Ontario
Chair
April 29, 2012
to April 29, 2017

A B C 1 2 3



Jean-François Trépanier
Gatineau, Quebec
Chief Executive Officer
September 25, 2012
until a new CEO
is appointed

A B C 1 2 3



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

C



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

B



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

3



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

2



Eric D. MacKenzie
Fredericton,
New Brunswick
March 5, 2007
to March 13, 2014

A 1



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

1 3



François Paulhus
Lac-Beauport, Quebec
November 1, 2012
to October 31, 2016

2



Michael Poliwoda
Gatineau, Quebec
November 1, 2012
to October 31, 2016

2



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

2



Jason M. Sordi
Richmond Hill, Ontario
April 30, 2007
to April 29, 2014

1 2 3



Kay Stanley
Ottawa, Ontario
June 21, 2012
to June 20, 2016

2



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

2 3



Robert Tennant
Ottawa, Ontario
March 5, 2007
to May 13, 2014

B 3

Corporate Committees

- 1 Executive Committee
- 2 Audit Committee
- 3 Governance Committee

Advisory Committees

- A Advisory Committee on Communications, Marketing and Programming
- B Advisory Committee on Planning, Design and Realty
- C Advisory Committee on the Official Residences of Canada

1. The following members also served on the board of directors in 2012–2013: Adel Ayad (until June 21, 2012), Hélène Grand-Maître (until November 1, 2012) and Korin Bobrow (until November 1, 2012). Marie Lemay served as chief executive officer until August 2012.

CHANGES IN BOARD MEMBERSHIP IN 2012–2013

In August 2012, Marie Lemay, the NCC's CEO since 2008, left the NCC to pursue another opportunity. Jean-François Trépanier, the NCC's executive vice-president of Operations, was appointed to serve as the NCC's CEO by interim. The NCC anticipates that a new CEO will be confirmed before the end of 2013.

Three new members joined the board of directors in 2012–2013: Kay Stanley, Michael Poliwoda and François Paulhus. These new board members replaced the following outgoing members who completed their terms during the past year: Adel Ayad, Hélène Grand-Maître and Korin Bobrow.

COMMITTEES

Three corporate committees support the board of directors, and five advisory or special committees provide advice to management.

The organizational chart on page 20 shows the reporting relationship between the board of directors and its committees. For a list of committee members, please see Appendix I.

Corporate Committees

The Executive Committee consists of the chairperson, CEO and three other members appointed by the board, at least one of whom is to be from the province of Quebec. While the board can delegate powers and functions to the Executive Committee, as a matter of practice such delegation has not occurred. The Executive Committee did not meet in 2012–2013.

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

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

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

Advisory and Special Committees

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

The following committees provide national perspective and professional breadth:

The Advisory Committee on Communications, Marketing and Programming advises on cultural programming, marketing, sponsorships, partnerships and communications.

The Advisory Committee on Planning, Design and Realty advises on long-range plans and policies for the use of public lands and properties in Canada's Capital Region, design proposals affecting these federal lands, and real property matters.

The Advisory Committee on the Official Residences of Canada advises on asset management and matters pertaining to the six official residences in Canada's Capital Region.

The Canadiana Fund solicits donations of heritage art, artifacts, furniture and funds for the enhancement of state rooms in the official residences.

The Advisory Committee on Universal Accessibility incorporates best universal access and design principles in NCC projects. This advisory committee includes experts from the community, as well as NCC staff members.

NCC OMBUDSMAN

Appointed by the board of directors, the NCC ombudsman provides members of the public with an independent, confidential, neutral, fair and equitable resource for resolving complaints when all other avenues of redress are exhausted. The ombudsman may intervene or investigate when there is reason to believe that the rights of an individual or a group of individuals have been — or are likely to be — adversely affected by an act, decision, recommendation or omission by an employee or representative of the NCC. The ombudsman submits a public annual report to the chair of the board of directors. The annual report for 2012 is available on the ombudsman's website.

BOARD OF DIRECTORS REMUNERATION

Earned from April 1, 2012 to March 31, 2013

Commission Members	Retainer ¹	Per Diems ^{1, 2, 4, 5}	For Travel ^{2, 3}	Total	Attendance						
	\$ (A)	\$ (B)	\$ (C)	\$ (A+B+C)	Board Meetings 34.83 days	Committee Meetings (Corporate and Advisory)					
						EC	AC	GC	ACPDR	ACCMAP	ACORC
						o days	2 days	3 days	5 days	2 days	2 days
Richard Aubry	4,000	6,719	94	10,813	30.82	n/a	n/a	n/a	n/a	n/a	2
Adel A. Ayad *	1,890	3,000	0	4,890	9.0	n/a	1.0	n/a	1.0	n/a	n/a
Korin Bobrow **	3,337	0	0	3,337	0	n/a	0	n/a	1.0	n/a	n/a
Peter Burgener	4,000	6,031	750	10,781	25.67	n/a	n/a	n/a	2.5	n/a	n/a
Hélène Grand-Maitre **	3,337	5,750	0	9,087	23.67	n/a	0.5	n/a	n/a	2.0	n/a
Jacquelin Holzman	4,000	6,531	0	10,531	32.17	n/a	n/a	3.0	n/a	n/a	n/a
Richard P. Jennings	3,000	7,438	0	10,438	29.5	n/a	1.5	n/a	n/a	n/a	n/a
Eric D. MacKenzie	4,000	7,281	1,125	12,406	34.33	0	n/a	n/a	n/a	1.0	n/a
Frieda Martselos	4,000	5,719	375	10,094	25.17	0	n/a	2.5	n/a	n/a	n/a
Russell Mills	9,400	43,438	0	52,838	33.5	0	2.0	3.0	3.5	1.5	1.0
François Paulhus †	663	938	0	1,601	5.33	n/a	n/a	n/a	n/a	n/a	n/a
Michael Poliwoda †	663	1,719	0	2,382	9.17	n/a	n/a	n/a	n/a	n/a	n/a
André Rioux	4,000	5,938	750	10,688	28.83	n/a	1.5	n/a	n/a	n/a	n/a
Jason M. Sordi	6,000	7,719	0	13,719	31.17	0	2.0	3.0	n/a	n/a	n/a
Kay Stanley ††	2,110	5,281	0	7,391	25.0	n/a	1.0	n/a	n/a	n/a	n/a
Brent Stefanson	4,000	5,250	500	9,750	20.33	n/a	0.5	1.5	n/a	n/a	n/a
Robert Tennant	4,000	6,500	0	10,500	29.67	n/a	n/a	3.0	2.5	n/a	n/a
Total	62,400	125,252	3,594	191,246							

REMUNERATION

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

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

Other board members are not remunerated for attending or participating in the regular board meetings. Board members are paid an annual retainer of between \$4,000 and \$4,700 and a \$375 per diem, each set by the Governor-in-Council, pursuant to the *Financial Administration Act*, for participating in committees and performing other special duties. The chair of the Audit Committee receives an additional retainer of \$2,000 per year. Per diems are paid for time spent performing NCC business according to the NCC Charter. Board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodation and meals, while performing their duties on behalf of the NCC. These expenses vary for each board member, depending on committee responsibilities and distance travelled to participate in board meetings.

1. Rates per Privy Council Order 2002-368, effective October 1, 2000, rounded to the nearest dollar.
2. Includes attendance at briefing sessions, strategic planning sessions, electronic votes and, for the Chair, includes per diems for executive duties approved by the Board.
3. Compensation for travel is based on the geographical location of the commission members, and does not cover travel expenses, which are reimbursed to members based on reasonable out-of-pocket expenses.
4. Includes attendance at public and in-camera meetings of the Board and the Board's strategic planning session.
5. Russell Mills is an ex-officio member on the advisory committees, and receives a per diem for attending meetings or meeting lunches.

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

* until June 21, 2012

** until November 1, 2012

† as of November 2, 2012

†† as of June 21, 2012

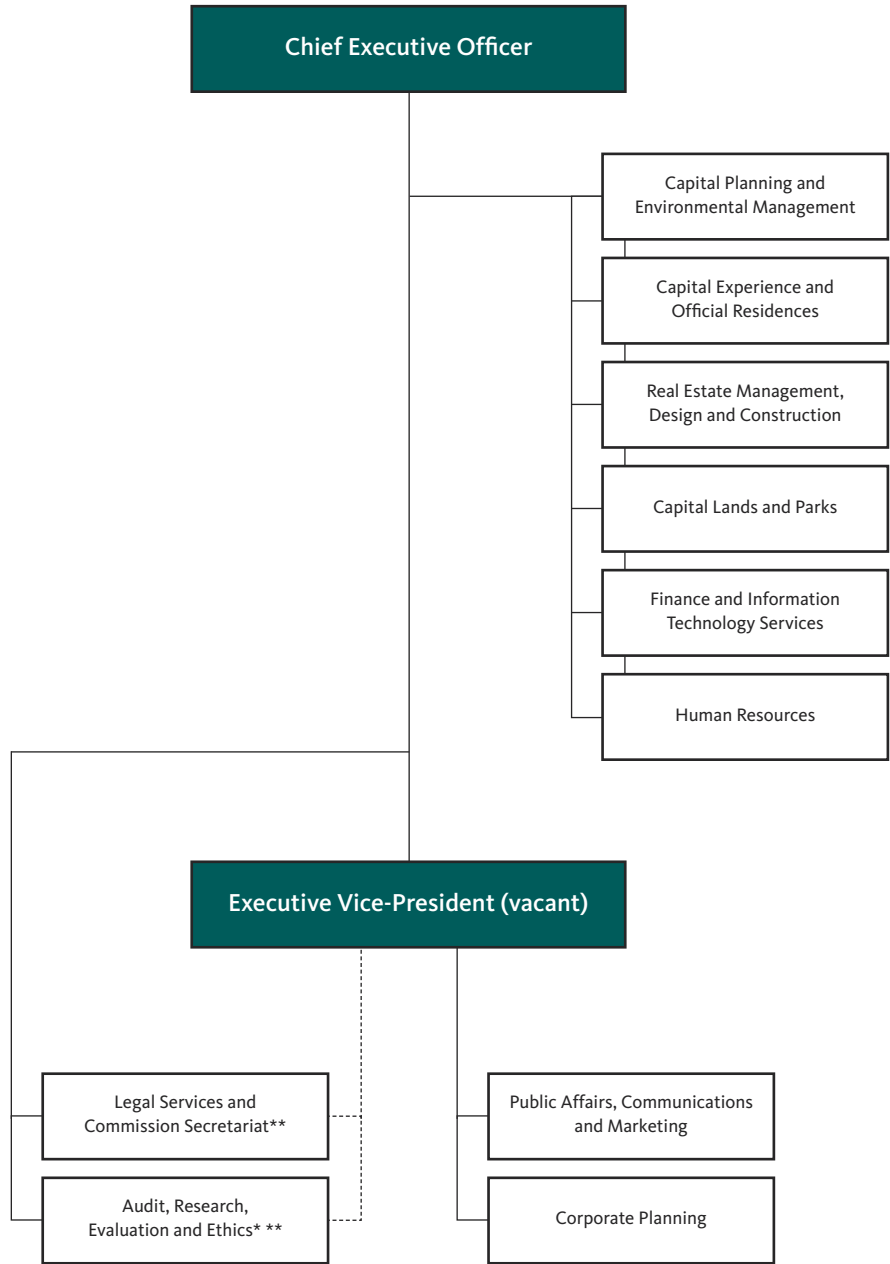
ORGANIZATIONAL STRUCTURE

Within the NCC’s organizational structure, the CEO is responsible for setting operational and management objectives, providing direction on implementation strategies and overseeing day-to-day operations. The CEO reports on the NCC’s performance and activities to the board of directors, and is supported by an executive management team that represents each of the NCC’s branches. The branch executives are responsible for ensuring that the corporation’s policies are implemented and well managed.

The CEO and executive management team meet bi-weekly as the Executive Management Committee (EMC) to review ongoing work and new projects.

The EMC participates in the annual strategic planning session with the board of directors, as well as holds its own planning session, where members discuss long-term directions, priorities and issues for the corporate plan.

Branches carry out their work as defined in a one-year memorandum of understanding with the CEO. The memorandum of understanding captures agreed-upon objectives and performance measures outlined in the corporate plan. Results against these objectives are monitored four times a year, and year-end performance is summarized in the annual report. In addition, the board of directors assesses the CEO’s accomplishments for the previous year, and establishes the CEO’s objectives for the coming year.



* The audit function reports directly to the Audit Committee. ** The General Counsel and audit function have direct access to the CEO when necessary.

NCC EXECUTIVE MANAGEMENT COMMITTEE¹
AS AT MARCH 31, 2013



Jean-François Trépanier
 Chief Executive Officer



Stephen Blight
 Vice-President,
 Capital Lands and Parks



Mark Dehler
 General Counsel and
 Commission Secretary



Pierre Désautels
 Senior Vice-President,
 Finance and Information
 Technology Services and
 Chief Financial Officer



Guy Laflamme
 Senior Vice-President,
 Capital Experience and
 Official Residences



François Lapointe
 Vice-President,
 Capital Planning
 and Environmental
 Management



Louise Mignault
 Director,
 Corporate Planning



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



Diane Plouffe-Reardon
 Vice-President,
 Public Affairs,
 Communications
 and Marketing



Manon Rochon
 Vice-President,
 Human Resources

1. Marie Lemay served as chief executive officer until August 2012. Jean-François Trépanier served as executive vice-president of Operations until August 2012. Diane Dupuis served as vice-president of Public Affairs, Communications and Marketing until December 2012, and as executive vice-president from January to February 2013. Michelle Comeau served as vice-president of Environment, Capital Lands and Parks Branch until October 2012.

Awards received in 2012–2013



Confederation Boulevard, 2012 International Events (IFEA)/Haas & Wilkerson Pinnacle Award (Gold) for Best Street Banners



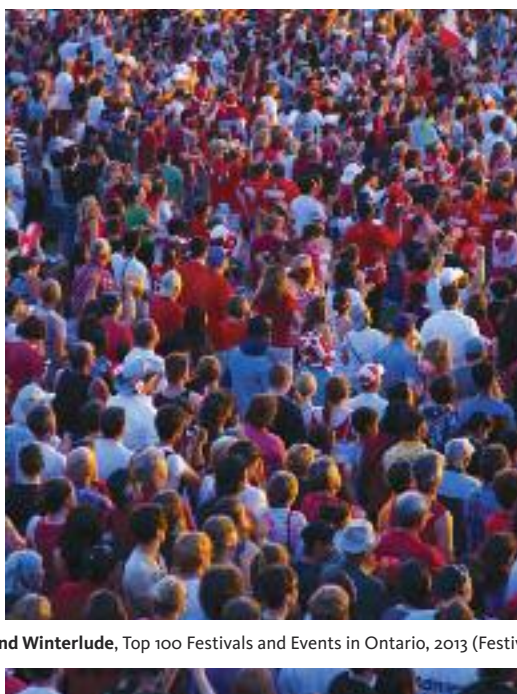
National Capital Region's Top Employers 2013, in recognition of Ottawa-area employers that lead their industries in offering exceptional places to work



Canada's Greenest Employers 2013, for reducing the organization's environmental footprint, developing unique environmental initiatives, involving employees in these initiatives and linking the employer's public identity to them



Mosaika, Canada Day and Winterlude, Top 100 Festivals and Events in Ontario, 2013 (Festival and Events Ontario)





2012 City of Ottawa Architectural Conservation Awards, Vincent Massey Park Buildings, Award of Merit, Adaptive Use



2012 City of Ottawa Architectural Conservation Awards, Hog's Back Park Buildings, Award of Merit, Restoration



Portage Bridge Structure Rehabilitation, Outstanding Infrastructure Project 2011, American Shotcrete Association



2012 City of Ottawa Architectural Conservation Awards, Rideau Hall Ceremonial Greenhouses Rehabilitation Project, Award of Excellence (other)



Winterlude, "Chill Factor," Tourism Partnership of the Year, 2012 (Ottawa Tourism)



Hydro Ottawa's 2013 Companies for Conservation, for outstanding energy conservation efforts

Management Discussion and Analysis

FIVE-YEAR KEY FINANCIAL HIGHLIGHTS

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

	2013	2012	2011	2010	2009
			(restated)		
Operating Funding					
Parliamentary appropriations for operating expenditures	81,576	84,290	83,467	85,387	78,703
Operating revenue	38,590	35,876	34,562	37,357	38,130
	120,166	120,166	118,029	122,744	116,833
Capital Funding					
Parliamentary appropriations for capital expenditures	27,258	23,196	74,848	19,533	25,134
Cost of Operations	143,879	142,603	142,087	138,003	148,781
Capital Assets					
Land	282,500	292,006	288,948	277,281	260,350
Buildings and infrastructure (net of amortization)	294,856	286,386	285,961	251,302	241,308
Investments in capital assets	35,608	25,075	65,442	38,890	23,548
Major Capital Projects					
LeBreton Flats redevelopment	3,117	738	44	2,233	986
Official residences	7,703	5,451	7,503	7,243	3,938
Real property acquisitions	305	910	2,449	5,835	3,301
Acquisition and Disposal Fund	37,616	37,330	38,018	40,149	43,280

FIVE-YEAR KEY OPERATING HIGHLIGHTS

For the years ended March 31

	2013	2012	2011	2010	2009
Number of Employees	490	487	492	490	472

OPERATING ENVIRONMENT

GENERAL EXTERNAL TRENDS

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

Canada's aging population, urbanization and population growth, primarily from immigration, are all important elements for the NCC in ensuring that Canada's Capital Region is representative of Canada's demographic diversity and meaningful to all Canadians. The increasing proportion of the population living in urban areas must be factored into NCC planning and decision making in terms of land use and real asset management. It also presents opportunities for creating meeting places along waterways and other high-potential areas in the core. Transportation infrastructure remains a high priority for the Capital Region. Social media and mobile data continue to evolve and reshape the way in which institutions communicate, operate, market and create value. The use of these technologies is a central platform of the NCC's visitor services model.

Interest rates, energy and commodity prices are expected to remain low. Consolidation measures remain the priority for the federal, provincial/territorial and municipal governments. The NCC continues to implement operational efficiencies and cost savings as part of the 2009 strategic review and the Deficit Reduction Action Plan. In addition, the NCC initiated a corporate financial sustainability strategy focused on finding budget efficiencies and new business and programming partnerships, optimizing how the NCC manages its real property asset portfolio, streamlining business processes, and using new technology and equipment.

GENERAL INTERNAL TRENDS

The 2009 Strategic Review

The NCC continues to implement its commitments under the 2009 strategic review, which called for NCC appropriations to decline by \$2.1 million in 2010–2011, \$4.4 million in 2011–2012, and 5 percent or \$5.5 million in 2012–2013 and future years. In 2012–2013, the NCC made progress toward its savings target by undertaking the following:

- applying a new business model for Winterlude;
- divesting itself of maintenance responsibilities for non-NCC lands (by negotiating an agreement with the City of Ottawa to transfer the responsibility for maintenance in exchange for a 46-year agreement for the use of Riverain Park, to begin in fall 2013, together with a short-term maintenance agreement with the Ministry of Transportation of Ontario); and
- demolishing structures that had gone beyond their life cycle expectancy so that lands may be returned to their natural state and conserved for future generations.

The NCC plans to complete the remaining elements by the end of 2013–2014.

Deficit Reduction Action Plan

The NCC is applying the measures contained in the Deficit Reduction Action Plan, which called for NCC appropriations to decline by \$0.6 million in 2012–2013, \$1 million in 2013–2014, and \$1.8 million in 2014–2015 and future years. The reduction target for 2012–2013 was achieved through the attrition of human resources and a decrease in Rideau Canal Skateway programming. The NCC will continue to achieve savings in future years by implementing internal efficiencies, leveraging new technologies and equipment, and through attrition.

STRATEGIC DIRECTIONS

Each year, the board of directors establishes the strategic directions for the NCC to deliver the corporation's mission of creating national pride through Canada's Capital Region. The strategic directions reflect the NCC's areas of focus for the upcoming year, and take into account government priorities and key trends occurring in the NCC's corporate environment. In 2012–2013, two strategic directions guided the NCC:

- Create a vibrant and sustainable Capital Region that inspires Canadians.
- Communicate the Capital's importance to all Canadians.

To achieve its strategic directions, the NCC pursues various strategies and sets objectives/expected results, performance indicators and targets in its corporate plan. Operating performance against the 2012–2013 to 2016–2017 Summary of the Corporate Plan can be found in the Program Performance section, starting at page 34.

CREATE A VIBRANT AND SUSTAINABLE CAPITAL REGION THAT INSPIRES CANADIANS

A vibrant and sustainable capital region is active, livable and serves as a place where people can experience Canada and its people. It is also a place where people can enjoy the beauty and heritage of one-of-a-kind natural landscapes. To achieve this strategic direction, priorities for the NCC in 2012–2013 were to focus on the core area of the Capital: on improving access to its shorelines; providing diversified and enhanced visitor experiences; continuing to finalize the renewal of the Plan for Canada's Capital; and making it easier and safer for bicycles and pedestrians, while not impeding traffic flows. Finally, efforts were made to continue to establish innovative partnership models, as a means to enrich program offerings, realize efficiencies and improve the overall Capital experience.

COMMUNICATE THE CAPITAL'S IMPORTANCE TO ALL CANADIANS

The Capital Region is a special place. It is the seat of Canada's government and a place where much of the country's history has unfolded. It has many landmarks and commemorations, and it serves as the home of national celebrations such as Canada Day. To achieve this strategic direction, priorities for the NCC in 2012–2013 were to renew the delivery model for flagship events like Canada Day and Winterlude, with a focus on strengthening partner and sponsor financial assistance and supporting national commemorations. New technologies were to be used to enrich the visitor experience and provide a better understanding of the country's history, heritage, diversity and geography. Finally, the NCC was to continue with its efforts to support significant national commemorations, including the establishment of monuments such as the Canadian Firefighters Memorial, the Royal Canadian Navy Monument, the Animals in War Dedication and the Monument to Fallen Diplomats, as well as planning for the 150th anniversary of Confederation in 2017.

CORE BUSINESS LINES

In delivering its mandate, the NCC focuses on ensuring that the Capital is a source of pride and national significance for Canadians. To achieve this, the NCC organizes its activities into three business lines.

CAPITAL PLANNING

The NCC guides, coordinates and approves the use of federal lands in order that they may inspire Canadians, meet the needs of government, and reflect the role and significance of the Capital. The NCC's approach is based on long-term planning which ensures that land use in Canada's Capital Region reflects and respects the significance, natural environment and heritage of the Capital. This business line's focus this past year was on updating pieces of the NCC's Capital planning framework, including the Plan for Canada's Capital and the Greenbelt Master Plan, and on developing the Capital Urban Lands Master Plan. The business line also focused on participating with partners in developing strategies for transportation and transit in Canada's Capital Region, and on identifying opportunities to encourage greater public access to shorelines in the core area. In 2012–2013, the cost of operations for this business line was \$4.9 million, accounting for just over 3.0 percent of the NCC's cost of operations.

CAPITAL STEWARDSHIP AND PROTECTION

Protecting and conserving lands and natural heritage in the Capital is part of the NCC's long-standing stewardship role. As a steward of the Capital, the NCC ensures that its extensive portfolio of assets (including land, real property, and other assets such as bridges and pathways) is managed, maintained, rehabilitated and protected. The NCC is also responsible for managing its real property and rental portfolio, as well as maintaining the grounds of high-profile sites in the core area, such as the Parliamentary Precinct, the Supreme Court of Canada and a number of commemorations. The business line's focus this past year was on maintenance, stewardship, and protection of NCC lands and properties. This included decontamination efforts at LeBreton Flats, promoting sustainable agriculture for Greenbelt farms, protecting biodiversity in Gatineau Park and the Greenbelt, and rehabilitation projects for the official residences and other heritage real property assets.

In 2012–2013, the cost of operations for this business line was \$73.1 million, accounting for almost 51 percent of the NCC's cost of operations. It also generated \$19 million in revenue from rental operations and easements.

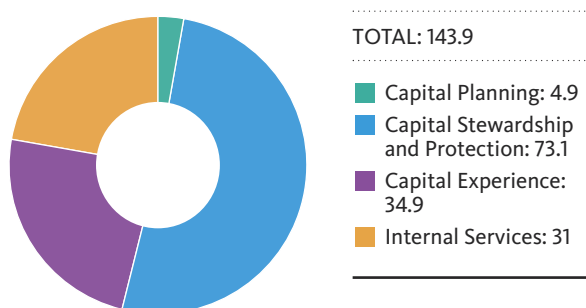
CAPITAL EXPERIENCE

To generate national pride and promote understanding of the role and significance of the Capital, the NCC presents events such as Canada Day and Winterlude, commemorations, interpretation, site animation, visitor orientation, and recreational services and programs. These activities enrich the Capital experience and help bring meaning to historical, political, natural and cultural sites in the Capital. This business line's focus this past year was on renewing delivery models for flagship events, implementing new models for visitor services and supporting commemoration activities.

In 2012–2013, the cost of operations for this business line was \$34.9 million, accounting for around 24 percent of the NCC's cost of operations. It also generated almost \$1.7 million in revenue from cash and in-kind sponsorships.

As a consequence of amendments to the *National Capital Act* in the *Economic Action Plan 2013 Act, No.1*, some activities that are part of the Capital Experience program will be transferred to Canadian Heritage. This transfer will take effect on September 30, 2013.

PROPORTION OF NCC EXPENSES
BY PROGRAM, 2012–2013 (in millions of dollars)



KEY PERFORMANCE DRIVERS

SHARED RESPONSIBILITY AND FOCUS

Building a great capital is a shared commitment, requiring the collaboration of sponsors, partners, volunteers, stakeholders, other federal partners, and provincial and municipal governments. The ability to establish strategic partnerships with others is necessary for the efficient and effective delivery of the NCC's mandate.

PUBLIC SUPPORT AND ENGAGEMENT

To ensure that Canadians have a strong sense of national pride in their capital, the NCC needs to ensure that it engages Canadians. A climate of openness and transparency contributes to an engaged and supportive public, which, in turn, builds good relationships and supportive partnerships between the NCC and local authorities, partners and sponsors, residents and stakeholders.

INNOVATION, ADAPTABILITY AND RESPONSIVENESS

The NCC needs to innovate to be able to adapt and respond to a constantly changing environment. The NCC continually reviews its ways of doing business to be more efficient and financially responsible; to align with current market trends; and to be responsive to the needs of its clients, partners and the Canadian public. Central to the NCC's approach is the use of new technologies and the streamlining of its processes to make them more efficient and effective.

CAPABILITY TO DELIVER RESULTS

NCC LANDS

The NCC owns approximately 473 square kilometres of land, which represents about 10 percent of land in Canada's Capital Region on both sides of the Ottawa River in Ontario and Quebec, and almost 20 percent of the lands within the core of the Capital. As the region's single-largest landowner, the NCC is the steward of a diverse real property portfolio. Among the NCC's holdings are Gatineau Park; the Greenbelt; parkway corridors; interprovincial bridges; 106 kilometres of parkways; 197 kilometres of NCC-owned recreational pathways; 2,500 hectares of urban green space; and 583 properties leased for residential, agricultural, institutional, recreational and commercial purposes. When leased and non-leased portfolios are combined, the number of properties managed by the NCC totals 1,487.

EMPLOYEES

The NCC's success can be attributed to the commitment and talent of its staff. Due to the scope of its mandate, NCC employees represent a wide range of professions, including architects, engineers, real estate professionals, urban planners, event organizers, graphic artists, horticulturists, biologists, grounds technicians and gardeners.

On average, NCC employees have 11.7 years of service at the NCC. A little more than half (51 percent) of employees have more than 10 years of service, with 9 percent having worked for the NCC for 25 years or more. The other half of employees (49 percent) have less than 10 years of service. Like many organizations, the NCC is taking action to address succession management, since a large number of employees will soon be eligible for retirement. To ensure that it has sufficient human resource capacity for the effective delivery of its mandate, the NCC is developing and putting in place succession plans for key positions, and employing systems to ensure that corporate memory is retained. In addition, to promote diversity and employment equity among its workforce, the NCC will continue with the implementation of its three-year employment equity action plan.

VOLUNTEERS

Volunteers are an important asset for the NCC to support the successful delivery of its Capital Experience activities, programs and services. Volunteers performed many different duties, including providing information to the public, patrolling the ski trails in Gatineau Park, providing first aid, helping find lost children, serving as guides and tending gardens. In 2012–2013, 1,406 individuals volunteered a total of 23,044 hours of service to the NCC.

PARTNERS AND SPONSORS

The NCC relies on the support of partners and sponsors for the successful delivery of many of its programs, event and activities. In 2012–2013, the NCC partnered with 192 organizations and 34 corporate sponsors. Total cash sponsorship revenue for 2012–2013 was \$1.5 million, while in-kind services were \$0.2 million. While the value of funding and in-kind services and products is an important contribution, the NCC also benefits from sponsors and partners in terms of access to their capacity and expertise. The NCC benefits as well through opportunities to participate in joint initiatives of mutual benefit.

PARTNERS AND SPONSORS

	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013
NCC Partners	77	68	92	149	192
NCC Corporate Sponsors	24	32	33	31	34
Total	101	100	125	180	226

NCC SPONSORSHIP REVENUE

(in thousands of dollars)

	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013
Cash	1,390	1,057	1,127	1,511	1,496
In-Kind ¹	949	224	234	213	174
Total	2,339	1,281	1,361	1,724	1,670

FINANCIAL CONTEXT

The NCC continues to establish measures to ensure fiscal responsibility which allow the corporation to ensure that it can offer high-quality services to support priority operations and partnerships. The NCC is carrying out cost-savings commitments as part of the 2009 strategic review exercise, the 2010 federal cost containment measures and the Deficit Reduction Action Plan. In total, the NCC is managing an ongoing annual reduction of \$9.5 million in its appropriations. Besides implementing the cost reductions mentioned above, the NCC also faces financial challenges resulting from increases in headquarters operating costs, increases in maintenance and property management contracts, as well as additional investment required for the upkeep of rental properties and to manage increases in its payments in lieu of municipal taxes. To respond to its financial situation, the NCC initiated a corporate financial sustainability strategy focused on finding budget efficiencies, new business and programming partnerships; optimizing how the corporation manages its real property asset portfolio; streamlining business processes; and using new technology and equipment.

CORPORATE SOCIAL RESPONSIBILITY

The NCC is dedicated to promoting the principles of corporate social responsibility in all that it does. For the NCC, this means using environmentally sound practices; conducting its business in an open and transparent way; protecting the heritage of the Capital; planning a universally accessible capital; fostering a diverse and culturally aware workforce; promoting ethical behaviour through a code of conduct for employees; and being a great place to work.

ACCOUNTING AND REPORTING CHANGES

PROGRAM ALIGNMENT ARCHITECTURE

To communicate to Parliament and Canadians, the NCC has formalized its business lines into program activities, consistent with the requirements of the federal government and its program alignment architecture. In August 2011, amendments to the NCC program alignment architecture were approved by the government and were used for the 2012–2013 to 2016–2017 Summary of the Corporate Plan. They also serve as the basis for reporting in the 2012–2013 annual report. A description of each program can be found in note 1 of the notes to the financial statements. Differences in the structure of the program alignment architecture used for the 2012–2013 affect the comparability of results with previous annual reports. The NCC plans to update its program alignment architecture for the 2014–2015 fiscal year to reflect the transfer of certain activities that are part of the Capital Experience program to Canadian Heritage, as a consequence of amendments to the *National Capital Act* in the *Economic Action Plan 2013 Act, No.1*.

1. The decline in in-kind revenue in 2009–2010 is due primarily to the loss of a major media partner.

NCC Strategic Outcome

The NCC's strategic outcome is the following: Canada's Capital Region is of national significance and a source of pride for Canadians.

PROGRAM PERFORMANCE

The operating performance of the NCC is measured through a series of expected results, performance indicators and targets. The following performance rating guide is used to evaluate achievement or progress on targets set out in the 2012–2013 to 2016–2017 Summary of the Corporate Plan.

PERFORMANCE RATING GUIDE

Target met

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

Target partially met

The branch achieved 75 percent to 95 percent of the target for the period in review.

Target on track

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

Target at risk

Used for short- or long-term projects for which issues or challenges have been identified during the year that will potentially affect the NCC's ability to deliver as per established deadlines, but for which more time needs to pass or more analysis must be completed.

Target not met

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

Target not evaluated

Used for long-term projects, where target achievement can be determined only upon completion.

N/A

Used in cases where targets are not applicable.

1.0 CAPITAL PLANNING

Expected Result	Results
Federal lands, buildings and infrastructure reflect the role and significance of the national capital.	<p>The NCC guides and coordinates the use of federal lands to ensure that they inspire Canadians, meet the needs of government, and reflect the role and significance of the Capital. The revised Plan for Canada's Capital ("Horizon 2067"), to be completed in 2013, will serve as the NCC's long-term roadmap in its role as a coordinator and partner in designing and building Canada's Capital Region.</p> <p>The NCC continued its efforts to create linkages to connect Capital sites, create new meeting places in the core area, and enhance the user experience. Four pilot projects were implemented along the Rideau Canal shorelines during the summer of 2012–2013. Survey findings indicated that approximately 96 percent of respondents said that the sites helped to make the Capital's core more vibrant, and over 90 percent were satisfied with their overall experience. Over 80 percent of users agreed that these sites encourage people to visit the Rideau Canal more often and to stay longer.</p>

1.1 LONG-TERM PLANNING, AND DESIGN AND LAND USE APPROVALS

Expected Result	Results
Federal lands and buildings reflect the needs of government, are in keeping with the role and significance of a capital, and are a source of inspiration for Canadians.	<p>The NCC continued to improve its federal land use, transaction and design approval process in 2012–2013, by implementing a service standard framework and enhancing its reporting tools. A total of 140 federal land use design approvals were granted last year. Of these, a number of important federal projects in the Parliamentary Precinct and in core locations were approved for continued preservation of heritage real property assets. In addition, the NCC approved the preliminary designs for five transit stations that will be situated on federal land, as part of the Ottawa light rail transit system. The NCC will continue to work collaboratively with the City of Ottawa to support the project, as the Ottawa light rail transit system is an important building block in the Capital.</p>

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Land Use Planning Framework		
Complete the update to the Plan for Canada's Capital	By the end of 2012–2013	Target partially met
Complete the update to the 1996 Greenbelt Master Plan	By the end of 2012–2013	Target partially met
Complete the Capital Urban Lands Master Plan	By the end of 2013–2014	Target on track
Complete the NILM review and non-NILM action plan	By the end of 2014–2015	Target not evaluated
Federal Land Use, Design and Transaction Approval		
Achieve a level of stakeholder satisfaction of 80 percent relative to the revised federal land use and design approval process	By the end of 2012–2013	Target met
Implement a service standard framework	By the end of 2012–2013	Target met
Ottawa River and Rideau Canal		
Complete the Rideau Canal to Rideau Falls concept master plan	By the end of 2012–2013	Target met
Implement a minimum of one pilot project along the Rideau Canal	By summer 2012	Target met

Analysis of Results

A draft version of the revised Plan for Canada's Capital ("Horizon 2067"), including a 10-year action plan, was completed in 2012–2013. A sub-committee comprising members of the NCC Board of Directors and the Advisory Committee on Planning, Design and Realty was formed during the year to support the final stages of the plan's development. Targeted federal and municipal consultations to occur in 2013–2014 were incorporated into the approval process. In late 2012–2013, the Board of Directors approved the final step of the update to the Greenbelt Master Plan, which included land designations, sector plans and policies. The results of the Greenbelt cumulative transportation effects study will be integrated in the final update to the plan, scheduled for 2013–2014. The NCC also continued its work on the Capital Urban Lands Master Plan. An emerging planning concept was discussed with federal and municipal stakeholders, and an overall planning direction was

completed. Ongoing research and analysis to establish criteria that define the National Interest Land Mass (NILM) was conducted in parallel with the development of the NCC's core master plans, with the first review phase to begin in 2013–2014.

A visionary concept plan was completed for the Ottawa River shoreline between the Rideau Canal and Rideau Falls — a partnership project that includes the NCC's participation. The completed plan highlights recommendations for Nepean Point and the waterfront along Lady Grey Drive. Rehabilitation efforts will be initiated in 2013–2014.

Four private-sector-led pilot projects were launched along the Rideau Canal, exceeding the planned target to launch one project with the private sector. These projects include the Capital Reading Garden south of the Corktown Bridge, pop-up patios across from the Ottawa Convention Centre, ice cream carts set up between Laurier Avenue and Dows Lake, and the Rideau Beach

and 8 Locks' Flat Café north of the Corktown Bridge.

Significant progress was made to improve and streamline the NCC's federal land use, design and transaction approval process. These improvements are being introduced to increase process efficiency, accountability and measurability. A new reporting dashboard was launched to enhance the NCC's performance measurement, and an approval database was updated to feature project-specific timelines. Survey findings showed high satisfaction among external stakeholders, with the target satisfaction rate of 80 percent achieved. The NCC also began the revision of its policies and guidelines to reflect the revised process. New elements of the NCC's federal land use, design and transaction approval process are scheduled to be implemented in 2013–2014.

1.2 TRANSPORTATION PLANNING

Expected Result

Sustainable mobility facilitates the movement of people and goods. It also contributes to the functioning and experience of the Capital in a sustainable manner, and reflects the Capital's unique features and purpose.

Results

In spring 2013, the NCC, along with the Ministry of Transportation of Ontario and the Ministère des Transports du Québec, announced the results of a study to determine the technically recommended corridor for a future interprovincial bridge. The study used a rigorous evaluation process, supported by a fairness auditor. On June 17, 2013, the Ministry of Transportation of Ontario announced that it would not support a bridge at the proposed Kettle Island location. The NCC and the Ministère des Transports du Québec then determined that there was no point in finishing the study, as it requires all three partners. Given these circumstances, it was decided that the completion of the technical work would not be pursued, but rather that the work accomplished to date would be used in the planning of Canada's Capital Region.

The final report for the Interprovincial Transit Strategy was completed in 2012–2013, in partnership with the City of Ottawa and the Société de transport de l'Outaouais, and in collaboration with the Ville de Gatineau. The study proposes a vision to achieve sustainable, seamless and interconnected transit in the Ottawa and Gatineau downtown cores. The NCC will continue to work in collaboration with the City of Ottawa and the Société de transport de l'Outaouais toward the integration of transit systems for improved user experience.

A report on the Gatineau Park Sustainable Transportation Plan was completed in 2012–2013. The NCC is currently finalizing its action plan outlining time frames and priorities for implementation.

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Complete Phase II of the environmental assessment of future interprovincial crossings, and obtain approval	By the start of 2014–2015	N/A
Complete sustainable mobility strategy	By the end of 2012–2013	Target not met

Analysis of Results

In June 2012, the second round of public consultations was held for the selection of a preferred corridor for a future interprovincial crossing. This consultation focused on the preferred alignments within three evaluated corridors. In spring 2013, the NCC, along with the Ministry of Transportation of Ontario and the Ministère des Transports du Québec, announced the technically

recommended corridor, at Kettle Island. On June 17, 2013, the Ministry of Transportation of Ontario announced that it would not support a bridge at the proposed Kettle Island location. The NCC and the Ministère des Transports du Québec then determined that there was no point in finishing the study, as it requires all three partners. Given these circumstances, it was decided that the completion of the

technical work would not be pursued, but rather that the work accomplished to date would be used in the planning of Canada's Capital Region.

A draft version of the NCC's sustainable mobility strategy was prepared in 2012–2013. Stakeholder consultations will resume in spring 2013, with study completion set for the end of 2013–2014.

2.0 CAPITAL STEWARDSHIP AND PROTECTION

Expected Result	Results
Capital assets are protected for current and future generations of Canadians.	<p>The NCC has taken important steps in the redevelopment of LeBreton Flats, with an emphasis on rehabilitation of the area. The NCC has opted for an innovative decontamination initiative, which allows the reuse of soil as fill at another site. As a result of this approach, savings of approximately \$8.8 million were attained in 2012–2013. By the end of 2012–2013, approximately 50 percent of the site had been remediated; the remainder will be completed by the end of 2013–2014.</p> <p>The Gatineau Park and Greenbelt are one-of-a-kind natural landscapes in the Capital Region. The NCC continued to promote, conserve and manage these natural assets by undertaking conservation efforts, implementing elements of the Gatineau Park conservation plan, and promoting sustainable agriculture on Greenbelt farms.</p>

2.1 LAND AND PROPERTY STEWARDSHIP

Expected Result	Results
Capital assets are maintained, managed, rehabilitated and protected in a sustainable manner, reflecting their unique features and purpose.	<p>The NCC is committed to promoting and enhancing sustainable agriculture in the Greenbelt. As part of its sustainable agriculture strategy, the NCC identified eight tenants for its agricultural leasing program. Three leases were successfully executed in 2012–2013, and five more are in the review and negotiation stage. These farms are expected to be involved in a wide range of agricultural activities, including small-scale food processing, community gardens, sheep farming and soap making from goat's milk. The NCC also continued to work toward completing its asset management plans, and continued with the demolition of structures at the end of their life cycle, helping to return land in Gatineau Park and the Greenbelt to its natural state.</p>

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Multi-year capital program reporting		
Report on the number of planned capital projects and budgets versus projects initiated, worked on and/or completed, including actual expenditures	Annually	Target partially met
Leased properties		
Complete 100 percent of asset management plans	By 2016–2017	Target on track
Track the number of new or renewed leases that form part of the sustainable agriculture strategy	By the end of 2012–2013	Target met
Track the number of property demolitions completed to meet the targeted reduction in capital expenditures	Annually	Target met
Implement the Gatineau Park cultural heritage plan		
Develop a study on indigenous heritage associated with the park	By 2013–2014	N/A
Develop statements of significance and conservation plans for priority heritage resources	By 2013–2014	N/A
Transfer of interprovincial bridges		
Obtain the approval of the Board of Directors regarding the transfer of interprovincial bridges	By the end of 2012–2013	Target met
Major Revitalization Projects		
Complete the Canlands “A” redevelopment	By the end of 2013–2014	Target at risk; deferred to 2014–2015

Analysis of Results

A new approach was adopted for the management of the multi-year capital program, whereby a management committee oversees the initiation and progress of all NCC capital projects. This committee will continue to oversee the delivery of capital projects in the future, and will ensure that the prioritization and progression of targets align with organizational and government priorities. Of the updated \$28.8 million capital budget, approximately \$24.9 million (or 87 percent) was spent in 2012–2013, while funds amounting to \$1.9 million were carried over to 2013–2014.

Nineteen percent of the NCC’s asset management plans were completed in 2012–2013. The NCC will continue to monitor progress during 2013–2014, and aims to have 100 percent of its asset management plans completed by the end of 2014–2015. Thirty structures at the end of their life cycle were demolished in Gatineau Park and the Greenbelt, to return lands to their natural state, in order that they may be conserved for future generations. As part of its sustainable agriculture strategy, the NCC identified eight tenants for its agricultural leasing program. Three leases were successfully executed, and five more are in review and negotiation.

A draft Gatineau Park cultural heritage plan was completed. The NCC will evaluate options regarding how to move forward with the plan.

Following a thorough analysis of the impact of transferring ownership of some interprovincial bridges from PWGSC to the NCC, a decision not to pursue the initiative was made and supported by the NCC Board of Directors. Work on the Canlands “A” revitalization project for a mixed-use redevelopment project on Sparks Street encountered delays, and project completion has been deferred to 2014–2015.

2.2 ENVIRONMENTAL PROTECTION AND CONSERVATION

Expected Result

The Capital's natural areas are safeguarded for current and future generations of Canadians.

Results

Studies were completed to provide an assessment of ecological conditions in Gatineau Park, as well as recommendations for the conservation and restoration of its habitats and ecosystems. The NCC is developing a restoration and management plan to address these recommendations, and has taken steps toward reducing the impact of invasive species on all NCC-owned lands. The NCC continued to work on enhancing the biodiversity of the Greenbelt. Among efforts undertaken, were the restoration of the Pinhey Sand Dune, trail rehabilitation and tree-planting initiatives.

The NCC was selected as one of Canada's Greenest Employers in 2013. Best practices that helped the NCC win this award include introducing a number of energy-saving features at properties around the Capital, such as the use of LED light bulbs; establishing a composting program and exceeding priority waste reduction objectives by 1.1 tonnes during Canada Day 2012.

In 2012–2013, the NCC adapted its environmental services by developing an interim environmental effects analysis process to ensure compliance with sections 67 and 68 of the *Canadian Environmental Assessment Act, 2012* (CEAA 2012). An environmental effects analysis process was developed to ensure compliance when determining if projects are likely to cause significant adverse environmental effects. The process classifies projects based on their complexity and level of environmental risk. For the 2012–2013 fiscal year reporting period — which started on July 6, 2012, when CEAA 2012 was enacted — the NCC identified 89 projects on federal lands that are not likely to cause significant adverse environmental effects. As of March 31, 2013, no projects required any determinations from the Governor-in-Council for decision; therefore, no projects were referred.

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Carbon Neutral Events / Waste Reduction and Urban Forest		
Ensure that six NCC programming activities (Canada Day, Winterlude, Fall Rhapsody, Christmas Light Across Canada, Sunday Bikedays and Rideau Canal Skateway) are carbon neutral	By the end of 2013–2014	Target on track
Reduce 50 percent of the waste going to landfill associated with Canada Day, the Rideau Canal Skateway and Winterlude	By the end of 2013–2014	Target on track
Implement a three-year plan to minimize the impact of the emerald ash borer on the urban forest	Complete the implementation by the end of 2014–2015	Target not evaluated
In the Greenbelt		
Complete the management plan for invasive plant species	By the end of 2013–2014	Target met
Develop a plan for restoration of high-value ecosystems and habitats	By the end of 2013–2014	Target met
Complete hydrological studies	By the end of 2014–2015	Target not evaluated
Complete ecological corridor study	By the end of 2015–2016	Target not evaluated
Implement phase 1 of the strategy to restore forest plantations to natural site conditions	By the end of 2015–2016	Target not evaluated

continued ▼

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Gatineau Park		
Complete the strategy to manage invasive species	By the end of 2013–2014	Target on track
Implement the ecological corridor study	By 2013–2014	Target at risk
Complete the implementation of the rehabilitation plan for the Eardley Escarpment	By the end of 2015–2016	Target not evaluated
Implement measures for the restoration of recreational lakes	By the end of 2015–2016	Target not evaluated
Develop a plan for the restoration of high-value ecosystems and habitats	By the end of 2013–2014	Target on track
LeBreton Flats		
Complete decontamination work on the north property (of the open aqueduct)	By 2013–2014	Target on track; approximately 50 percent remediated
Obtain a record of site condition	By 2015–2016	Target not evaluated

Analysis of Results

Five of the NCC's six flagship events and programs were carbon neutral in 2012–2013, namely Canada Day, Winterlude, Christmas Lights Across Canada, Fall Rhapsody and the Rideau Canal Skateway. The NCC decided that, from 2013–2014 onward, it would focus only on waste reduction targets for these events, as part of the priorities stated in its environmental strategy. The NCC also made progress toward meeting its waste reduction target for its flagship events.

As part of its conservation efforts for Gatineau Park and the Greenbelt, the NCC completed a management

plan for invasive plant species, developed restoration plans for high-value ecosystems, and issued various reports for the continued preservation of ecosystems and ecological corridors in Gatineau Park. To minimize the impact of the emerald ash borer on the urban forest, the NCC planted 211 trees, injected 125 trees with biological insecticide and proceeded with approximately 400 priority removals. The NCC will continue to work in partnership with Tree Canada to address the impact of the emerald ash borer on NCC lands.

As part of the LeBreton Flats decontamination project, all site assessment

work — including environmental, geotechnical, hydrological and ecological studies — has been completed. Additional studies on the impact of decontamination were completed. An environmental assessment report was updated to reflect that the new remediation method (which would reuse decontaminated soil to correct issues at the former Ridge Road landfill site) would not have adverse effects on the environment or on human health. A remediation contract totalling \$4.9 million was awarded, and project completion is set for December 2013.

2.3 OFFICIAL RESIDENCES

Expected Result

Accommodations for Canada's official leaders are appropriate and safe, and serve as inspiring settings for state events and ceremonies.

Results

The NCC continued to maintain, rehabilitate and improve the health, safety and security of the six official residences in Canada's Capital Region. During 2012–2013, initiatives under the Rideau Hall sustainability strategy were implemented. These include the upgrade of over 650 light bulbs to LED lighting, through Hydro Ottawa's retrofit incentive program. The NCC has been an active participant in Hydro Ottawa's saveONenergy initiative, and was recognized as one of Hydro Ottawa's 2013 Companies for Conservation, for its outstanding energy conservation efforts.

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Implement rehabilitation plans for 24 Sussex Drive, with due consideration given to security, health and safety.	High-priority and urgent health, safety and security issues identified for 24 Sussex Drive in 2012–2013 addressed.	Target met
Continue with the rehabilitation of Rideau Hall, Harrington Lake, Stornoway and 7 Rideau Gate	Address high-priority and urgent requirements by the end of 2012–2013	Target partially met
Create a vision and identify key priorities for a Rideau Hall sustainability plan	By 2012–2013	Target met
Establish and implement acquisition priorities for the Crown Collection in collaboration with the Canadiana Fund	Annually	Target met
Implement a policy for the prime minister's forfeited gifts	By the end of 2012	Target met

Analysis of Results

Upgrades to emergency power systems at 7 Rideau Gate were successfully completed and verified. Phase 2 of the exterior envelope for Rideau Hall was postponed, pending the results of the Phase 1 investigation. Preliminary findings were obtained which will be tested throughout 2013–2014 to ensure the sound integration and integrity of results. Work on the ground source mechanical room continued, with unforeseen delays incurred due to the necessary removal of contaminated soil. Upgrades to the caretakers' residence at Harrington Lake progressed as scheduled, and

should be completed in early 2013–2014. Preparatory work on the main cottage at Harrington Lake and design work for window rehabilitation at Stornoway, along with research and design for universal accessibility upgrades have been postponed. Capital funding of \$6.6 million for the official residences lapsed during 2012–2013, and was returned to the Consolidated Revenue Fund. Funds carried over to 2013–2014 amount to \$1 million.

Health and safety issues at 24 Sussex Drive were addressed in 2012–2013. The NCC completed stabilization of the northeast section of the escarpment and the removal of designated

substances from the main residence. The Rideau Hall sustainability strategy, including a five-year action plan was completed, and is currently under review by NCC staff and the Advisory Committee on the Official Residences of Canada.

Priorities for Crown Collection acquisitions were established, and presented to the Canadiana Fund, with identified targets based on provincial and regional requirements. The policy for managing the prime minister's forfeited gifts was completed in early 2012–2013, and related procedures were implemented throughout the year.

3.0 CAPITAL EXPERIENCE

Expected Result	Results
Canadians have a strong sense of connection to the Capital, and recognize its national significance.	In 2012–2013, Canadians and visitors reported increased awareness of the Capital's national significance, as well as a stronger sense of connection to the Capital. A research study conducted for <i>Mosaïka</i> found that 86 percent of Canadians felt an increased sense of national pride, and 75 percent of out-of-town visitors expressed a more enriching experience of the Capital. The impact of the NCC's flagship events, in terms of reach, has been significant. In 2012 alone, over 275,000 spectators attended <i>Mosaïka</i> , while Canada Day and Winterlude combined receive up to 950,000 spectators annually.

3.1 CELEBRATIONS AND EVENTS

Expected Result	Results
The Capital showcases Canadian culture, values and achievements.	<p>An improved delivery model was used for the noon and evening shows on Canada Day 2012, with activities offered on Parliament Hill and in Major's Hill Park in Ottawa, as well as in Jacques-Cartier Park in Gatineau. An estimated 350,000 people attended the Canada Day festivities in 2012, approximately 35 percent of whom were visitors from outside Canada's Capital Region. The NCC reached a national audience of 10.5 million through television and radio broadcasting with CBC, Radio-Canada, Astral and TV5. An estimated 4 million Canadians were able to access Canada Day programming via broadcasts on multiple platforms.</p> <p>The 35th edition of Winterlude was held in February 2013. On average, Winterlude attracts 600,000 visitors, 30 percent of whom are from outside the Capital Region. A range of activities were showcased — on the themes of arts, culture, science and technology. The activities also included significant commemorations: the 100th anniversary of the first Canadian Arctic Expedition, the 400th anniversary of Samuel de Champlain's passage through the region, the 300th anniversary of Louisburg, the 60th anniversary of the Korean War armistice and the 50th anniversary of diplomatic relations with the Republic of Korea (South Korea).</p> <p>A 12 percent increase in annual attendance over the previous year for the NCC's Sound and Light Show, <i>Mosaïka</i>, was recorded in 2012–2013. Fifty-six shows were presented, with the highest per night attendance average to date, recorded at 4,900. Since its launch in July 2010, <i>Mosaïka</i> has been seen by over 733,000 spectators, and has garnered 13 awards, including being named as one of the Top 100 Festivals and Events in Ontario.</p>

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Increase the number of programming partnerships for Winterlude from the 2011 baseline of 20 to 75	Over the planning period	Target met; 92 programming partnerships
Establish a new vision for Christmas Lights Across Canada	By the end of 2012–2013	Target not met
Develop a strategy and approach for the 150th anniversary of Confederation in the Capital	By the end of 2012–2013	Target partially met

Analysis of Results

In its second year of implementation, the new Winterlude business model demonstrated its sustainability, with an increase in partnerships and continued sponsorship support. In 2012–2013, the NCC managed 92 programming partnerships for Winterlude, 37 of which were newly established partnerships

with the private sector, non-profit organizations, and federal and municipal organizations. The NCC focused largely on its coordination role in preparation for the 150th anniversary of Confederation, and made significant progress in establishing priority projects for the Capital Region. The NCC also participated in the planning

of commemorations, in alignment with government priorities for the Road to 2017 initiative. The elaboration of options and cost analyses to establish a new vision for Christmas Light Across Canada was deferred to future years.

3.2 OUTREACH AND COMMEMORATION

Expected Result

Canadians recognize the significance of the Capital and are more knowledgeable about Canada's heritage, people, geography, symbols, culture, values and significant institutions.

Results

An overall 3.9 percent increase in contacts was achieved in 2012–2013, representing over 590,000 visitors in Canada's Capital Region. Full implementation of the mobile visitor services strategy enhanced the quality of visitors' experience in the Capital. Information officers equipped with iPad technology and deployed to commemorative sites in the Capital's core represented the greatest contribution, with a 34 percent increase in the number of visitors reached.

The NCC unveiled four new monuments in 2012–2013: the Royal Canadian Navy Monument, the Canadian Firefighters Memorial, the Monument to Fallen Diplomats and the Animals in War Dedication. The NCC will continue to be involved in approving sites for future monuments on federal lands, and will own and maintain these symbols of national significance once they are installed.

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Deliver the War of 1812 monument	By the end of 2014	Target on track
Deliver the National Holocaust Monument	By the end of fall 2015	Target on track
Deliver interpretation pilot projects on three Parliament Hill monuments	By the end of September 2012	Target partially met
Display new banners on Confederation Boulevard that commemorate		
– the War of 1812	2012–2013 and 2013–2014	Target met; banners displayed in 2012 and 2013
– the Queen's Diamond Jubilee	2012–2013	Target met; banners displayed in 2012
– the 100th anniversary of the Canadian Arctic Expedition	2013–2014	Target met; banners to be displayed in 2013
Achieve a cumulative reach of 500,000 youth across Canada through NCC youth programs (based on 2011–2012 fiscal year baseline)	By the end of 2013–2014	Target met; over 5 million youth reached through various programs
Renew the visitor experience and public program at the Mackenzie King Estate	By the end of 2013–2014	Target on track
Complete the interpretation plan for the Greenbelt	By the end of 2013–2014	Target at risk
Deliver more contemporary services, including	By the end of 2012–2013	Target met
– an outdoor wireless (Wi-Fi) network		
– new mobile applications for Parliament Hill and Confederation Boulevard		

Analysis of Results

The national design competition for the War of 1812 monument concluded in 2012–2013. Six artists among 34 proceeded to submit their concept proposals for the final selection. The development of the artwork and landscaping plan will commence in early 2013–2014, and the monument will be unveiled at the conclusion of the War of 1812 bicentenary in the fall of 2014. The NCC also supported the process for the delivery of the National Holocaust Monument. The federal government selected a national development council, and funding to launch a design competition has been confirmed. The future National Holocaust Monument will be located at

LeBreton Flats. Interpretation panels for three monuments on Parliament Hill — Sir John A. Macdonald, Her Majesty Queen Elizabeth II, and Robert Baldwin and Sir Louis-Hippolyte Lafontaine — were installed in 2012–2013. Final project approval is set for June 2013, at which time the post-pilot phase will begin. In 2012–2013, banners were displayed along Confederation Boulevard commemorating the bicentennial of the War of 1812 and the Queen's Diamond Jubilee. Banners to commemorate the 100th anniversary of first Canadian Arctic Expedition were displayed in spring 2013.

Significant elements of the Mackenzie King Estate renewal initiative have been implemented. Renovations of

the Kingswood buildings were, for the most part, completed in 2012–2013, with the landscaping portion remaining in spring 2013. Various interpretation elements are currently in development, and are set for completion by the end of summer 2013.

Three outdoor wireless network zones were deployed within the Capital's core, on Parliament Hill, at Major Hill's Park and at Jacques-Cartier Park. The NCC also launched a mobile application that includes guided tours on Parliament Hill and Confederation Boulevard. Additional tours will be added in early 2013–2014, including the Voices of the Capital online exhibit.

3.3 OUTDOOR EXPERIENCE

Expected Result

Canadians actively experience and appreciate the natural areas of the Capital.

Results

An almost 8 percent usage increase was recorded in Gatineau Park among campers and beach users during the summer months. Trails and main sites in the park also received a large number of visitors. More than 750 overnight stays have been booked for the upcoming summer period, which represents an increase of approximately 15 percent over the previous year. During the Fall Rhapsody program in 2012, more than 11,000 guests visited Gatineau Park. Despite the December 2012 winter storm, more than 5,900 skiers bought season passes, representing an increase of 7.3 percent over the previous year. Accommodation in four-season tents was also launched during winter 2013. This proved to be highly successful, with 172 nights in overnight accommodations sold for four-season tents alone. Year-round camping services will be provided to Gatineau Park users as of 2013–2014.

The 43rd skating season of the Rideau Canal Skateway took place from January 18 to February 28, 2013, lasting a total of 42 days. There were 38 skating days this year, compared with 28 days the previous year. A 29 percent increase in the average daily number of visits was reached compared with the previous year (22,000 versus 17,000), with more than 835,000 total visits in 2012–2013. Survey findings indicated that approximately 86 percent of users agree or strongly agree that the Rideau Canal Skateway contributes to the significance of the Capital, while 87 percent of visitors agree or strongly agree that skating on the Rideau Canal enriched their overall visit to the Capital.

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Begin the implementation of a five-year regional cycling plan that looks at capital investments and program initiatives	By the end of 2012–2013	Target partially met
Expand the bike share program, with additional stations in the core areas of Ottawa and Gatineau	By the end of 2012–2013	Target met
Welcome 120,000 visits to the Gatineau Park Visitor Centre, and offer outdoor recreational activities, generating revenues in the amount of \$1.3 million	By the end of 2012–2013	Target met
Complete the Gatineau Park interpretation plan	By the end of 2012–2013	Target not met
Implement the first phase of the Gatineau Park trail system	By the end of 2015–2016	Target not evaluated

Analysis of Results

In 2012–2013, the NCC developed a tripartite pathway and cycling plan in collaboration with the City of Ottawa and Ville de Gatineau. Approval in principle from the two working committees was also achieved. Given the operational commitments required to obtain joint city council approvals, the NCC, City of Ottawa and Ville de Gatineau will move forward with the implementation of the five-year regional cycling plan within their respective capital budgets and according to priorities.

The Capital BIXI bike share program was expanded as planned in 2012–2013. Fifteen new Capital BIXI stations

were installed in Gatineau and Ottawa, connecting sites on both sides of the river, and representing a total increase from 10 to 25 stations. While an increase in sales and sponsorship revenues was achieved in 2012–2013, total revenues for the bike share program were \$113,000 lower than originally projected. The NCC intends to transition this program to the partners or the private sector by the end of the 2015 cycling season, at the latest.

The NCC met its visitation target, and exceeded its revenue target for Gatineau Park by 11 percent. The Gatineau Park Visitor Centre welcomed over 121,000 guests, while park revenues generated from skiing, camping,

overnight accommodations, beach usage, the Mackenzie King Estate and additional services amounted to approximately \$1.44 million (this excludes the NCC's shared revenue portion with partner, Services récréatifs Demsis Inc.). Progress was made in developing an interpretation plan for Gatineau Park in 2012–2013. The NCC will continue further development of the plan, in alignment with an overarching communication plan that will promote the delivery of streamlined concepts and messages about the park's heritage and natural value.

4.0 INTERNAL SERVICES

4.1 GOVERNANCE MANAGEMENT AND OVERSIGHT SERVICES

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Implement a client relationship management approach and system	Full implementation by the end of 2012–2013	Target met
Establish an ongoing Public Advisory Committee for the Greenbelt Master Plan	By the end of 2013–2014	Target on track
Establish a strategy and plan to deal with anticipated <i>National Capital Act</i> amendments and implementation, including revised NCC Traffic and Property Regulations	By the end of 2012–2013	N/A
Implement a new NCC performance measurement framework	Phased-in implementation by end of 2012–2013	Target not met

Analysis of Results

An upgrade for the NCC's client relationship management approach and system was completed, followed by required client services training. The NCC's Public Advisory Committee was consulted on the Greenbelt Master Plan throughout the year, and terms of reference for membership in public forums were finalized.

While the NCC does not have an indication of when new legislation to amend the *National Capital Act*, might be introduced, it continues to monitor any new developments. A new approach for developing and implementing a performance measurement framework was proposed. However, work was postponed due to the change in

the NCC's mandate announced in the 2013 federal budget. Work is scheduled to resume once the NCC reviews its program alignment architecture in light of its revised mandate.

4.2 RESOURCE MANAGEMENT SERVICES

KEY EXPECTED OUTPUTS	2012–2013 TARGET	2012–2013 ACTUAL
Implement new business and financial processes to better support decision making	By the end of 2012–2013	Target met
Review and update human resource tools, including job profiles and performance agreements to better support corporate objectives	By the end of 2013–2014	Target on track
Ensure compliance with the obligations of the Policy on Government Security	By June 2012	Target not met
Develop and commence rollout of Enterprise Content Management, a new document management application throughout the NCC	Phased-in implementation by the end of 2012–2013	Target partially met
Develop a comprehensive strategy and plan for NCC accommodations and work arrangements	By the end of 2012–2013	Target not met

Analysis of Results

Findings related to the priority-setting exercise were addressed by the NCC, through its planning and reporting process in early 2012–2013. The NCC developed a corporate financial sustainability strategy to improve operational efficiencies and generate cost savings. A new three-year collective agreement between the NCC and the Public Service Alliance of Canada (PSAC) was signed on February 4, 2013. A comprehensive review of various human resource tools was developed. In April 2012, the new Values and Ethics Code for the Public Sector came into effect. The new code has a broadened scope which applies

to all federal institutions, separate employers and Crown corporations such as the NCC. Accordingly, the NCC revised its Code of Conduct and combined it with the public sector code into a single Code of Conduct for the NCC.

The implementation of the risk management approach and action plan for compliance with the Management of Information Technology Security Standard and the Policy on Government Security progressed. Substantial compliance with requirements is anticipated by June 2013. As part of its efforts to upgrade its records management

system, the NCC launched the Enterprise Content Management system in June 2012, followed by employee training sessions.

The NCC elaborated office standards for integration in a request for proposal to seek a new headquarters location, and is in the process of relocating employees from satellite offices to its current headquarters to save operating costs. The development of a comprehensive accommodations strategy was deferred to 2013–2014, given the human resource impacts resulting from the transfer of program responsibilities to Canadian Heritage.

FINANCIAL PERFORMANCE

The Government of Canada announced in Budget 2013 that the mandate to promote the National Capital Region will be transferred from the NCC to Canadian Heritage. The transfer will have an impact primarily on activities reported under the Capital Experience program, as well as on the NCC's appropriations, sponsorship revenues and recoveries. An in-depth review is currently taking place to identify the resources related to the transferred activities. The following section analyzes results and projections without taking into consideration the said transfer.

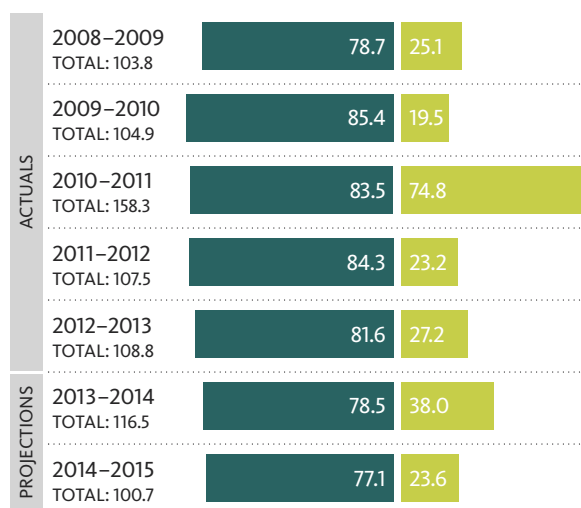
Parliamentary Appropriations

In 2012–2013, the NCC was granted \$108.8 million in parliamentary appropriations for both operating and capital expenditures. This represents a \$1.3-million increase from 2011–2012 appropriations, which totalled \$107.5 million (*see Chart 1 and Table 1*).

The increase is primarily due to lapsed capital funds in 2011–2012 (\$6.0 million) and one-time appropriations received in 2012–2013 for the rehabilitation of the Garden of the Provinces and Territories (\$0.5 million). These increases are partly offset by decreased funding for the Official Residences program (\$2.2 million), higher reductions from the 2009 strategic review and the Deficit Reduction Action Plan (\$1.7 million), and one-time appropriations received in 2011–2012 for infrastructure investments (\$1.5 million) as part of the Economic Action Plan.

Total appropriations are expected to increase by \$7.7 million to \$116.5 million in 2013–2014, mainly as a result of increased funding under the Federal Contaminated Sites Action Plan (\$9.4 million), which is partly compensated by one-time funding received in 2012–2013 for increased salaries and employee benefits (\$1.9 million).

CHART 1 — PARLIAMENTARY APPROPRIATIONS, 2008–2009 TO 2014–2015 (in millions of dollars)



■ Operating
■ Capital

TABLE 1 — PARLIAMENTARY APPROPRIATIONS, 2011–2012 TO 2014–2015 (in thousands of dollars)

	ACTUALS			PROJECTIONS	
	2011–2012	2012–2013	Variance	2013–2014	2014–2015
Operating	78,399	92,331	13,932	78,511	77,130
Supplementary operating	5,891	(10,755)	(16,646)	–	–
Subtotal	84,290	81,576	(2,714)	78,511	77,130
Capital	28,473	32,540	4,067	37,947	23,613
Supplementary capital	(5,277)	(5,282)	(5)	–	–
Subtotal	23,196	27,258	4,062	37,947	23,613
Total appropriations	107,486	108,834	1,348	116,458	100,743

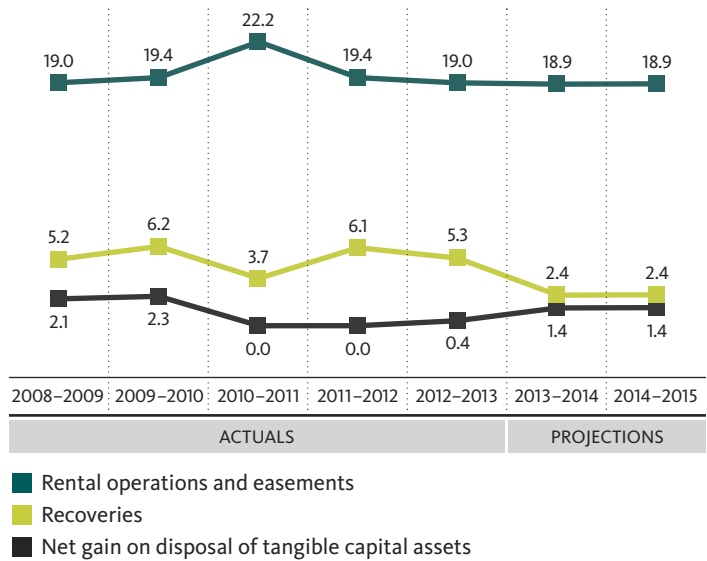
Operating Revenue

As shown in the Statement of Operations and Accumulated Surplus (*see Table 2 on page 50*), the NCC generated \$38.6 million in operating revenue in 2012–2013, a \$2.7-million increase over the 2011–2012 level of \$35.9 million. The variation is mainly attributable to the transfer of the Canadian Firefighters Memorial (non-monetary revenue of \$4.0 million), which is partly offset by reduced recoveries from partners for Canada Day celebrations (\$1.0 million).

Rental operations and easements provided the largest source of operating revenue in 2012–2013, representing 50 percent (compared with 54 percent in 2011–2012) of total operating revenue, excluding the net gain on the disposal of tangible capital assets (*see Chart 2*). The variance from last year results essentially from the non-monetary revenue recorded in 2012–2013 for the Canadian Firefighters Memorial. All sources of operating revenue are expected to remain relatively stable in future years, with the exception of recoveries and other revenues, which depend on partnerships and donations, and variations in the net gain on the disposal of tangible capital assets.

Total funding for operations (appropriations plus operating revenue) for 2012–2013 was comparable to that of 2011–2012 (*see Chart 3*). Starting in 2012–2013, appropriations show a gradual decline as a result of the implementation of the 2009 strategic review reductions, the government-wide cost containment measures and incremental reductions from the Deficit Reduction Action Plan. Operating revenue is also expected to decrease, particularly recoveries and other revenues, which depend on partnerships and donations.

**CHART 2 — MAIN SOURCES OF OPERATING REVENUE
2008–2009 TO 2014–2015 (in millions of dollars)**



**CHART 3 — TOTAL OPERATING FUNDING,
2008–2009 TO 2014–2015 (in millions of dollars)**



COST OF OPERATIONS

As shown in the Statement of Operations and Accumulated Surplus, and detailed by major classification in note 10 to the financial statements (*see Chart 4*), the total cost of the NCC's operations for 2012–2013 increased by less than 1 percent to \$143.9 million, from \$142.6 million in the previous year. The \$1.3-million increase relates essentially to higher employee benefits.

In future years, the NCC will face greater cost pressures for its headquarters accommodation and the renewal of property maintenance contracts, as each of these expenditure areas includes contracts with escalating inflation clauses. Property management and life cycle management costs, including materials and labour, will also increase. The NCC is pursuing the implementation of measures to meet the full extent of reductions from the 2009 strategic review. The NCC also started contributing toward the federal government's Deficit Reduction Action Plan (\$0.6 million in 2012–2013, increasing to \$1.8 million in 2014–2015 and future years). In response to government-wide cost containment measures announced in Budget 2010, the corporation identified operational efficiencies as part of a five-year corporate financial sustainability strategy, in order to fund ongoing increases in employee salaries and benefits for 2011, 2012 and 2013.

CAPITAL EXPENDITURES

In 2012–2013, \$35.6 million in capital investments were made, compared with \$25.1 million in 2011–2012. Capital investments increased in all categories, with the exception of property acquisitions (\$0.6-million reduction). Capital investments for the LeBreton Flats redevelopment project (\$2.4 million), urban land projects, the rehabilitation of official residences and leased properties (\$2.3 million each) were the most notable increases in 2012–2013.

CHART 4 — EXPENSES BY MAJOR CLASSIFICATION, 2011–2012 AND 2012–2013 (in millions of dollars)



NCC CAPITAL EXPENDITURES, 2012–2013 (in millions of dollars)

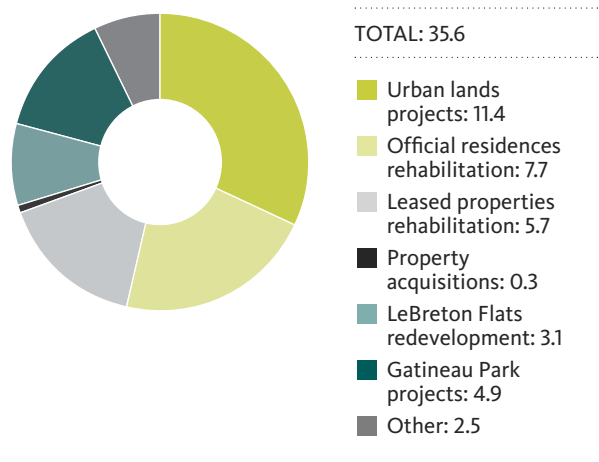


TABLE 2 — STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

	2013–2014	2012–2013			2011–2012		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
Revenues							
Rental operations and easements	18,927	19,085	18,988	(97)	19,100	19,363	263
Interest	2,115	2,120	2,464	344	2,388	2,447	59
Net gain on disposal of tangible capital assets	1,400	1,400	433	(967)	1,400	—	(1,400)
Sponsorship							
Monetary	991	991	1,496	505	966	1,511	545
Goods and services	240	240	174	(66)	240	213	(27)
Headquarters sublease	2,051	2,024	2,104	80	1,851	2,065	214
User access fees	1,350	1,310	2,462	1,152	1,310	2,220	910
Recoveries	2,444	5,060	5,284	224	5,256	6,099	843
Other revenues	534	1,056	5,185	4,129	995	1,958	963
	30,052	33,286	38,590	5,304	33,506	35,876	2,370
Expenses							
Capital Experience	27,433	29,526	34,876	(5,350)	20,373	24,340	(3,967)
Capital Planning	2,840	6,227	4,861	1,366	8,481	5,828	2,653
Capital Stewardship and Protection	72,139	81,639	73,162	8,477	90,749	81,290	9,459
Internal Services	30,123	30,442	30,980	(538)	32,157	31,145	1,012
	132,535	147,834	143,879	3,955	151,760	142,603	9,157
Deficit before Government of Canada funding	(102,483)	(114,548)	(105,289)	9,259	(118,254)	(106,727)	11,527
Parliamentary appropriations for operating expenditures	78,511	92,331	81,576	(10,755)	78,399	84,290	5,891
Parliamentary appropriations for tangible capital assets	37,947	32,540	27,258	(5,282)	21,268	23,196	1,928
	116,458	124,871	108,834	(16,037)	99,667	107,486	7,819
Surplus (deficit) for the year	13,975	10,323	3,545	(6,778)	(18,587)	759	19,346
Accumulated surplus at beginning of the year	647,966	644,421	644,421			643,662	
Accumulated surplus at end of the year	661,941	654,744	647,966			644,421	

BUDGETARY ANALYSIS

Table 2 provides the following comparisons in terms of operating results: for 2012–2013, actual results versus the budget presented in the 2012–2013 to 2016–2017 Summary of the Corporate Plan and a similar comparison for 2011–2012, based on the 2011–2012 to 2015–2016 Summary of the Corporate Plan. The table also provides operating results budgeted for 2013–2014, as presented in the 2012–2013 to 2016–2017 Summary of the Corporate Plan, as this is the most recent approved corporate plan for the NCC.

The NCC exceeded its revenue budget in 2012–2013 by \$5.3 million, mainly as a result of higher-than-budgeted user access fees and other revenues (\$1.2 million and \$4.1 million, respectively, with the latter relating to the transfer of the Canadian Firefighters Memorial). In other sources of revenues, increases were offset by an equivalent amount of decreases.

The actual cost of operations was \$4.0 million lower than budget, primarily as a result of the delay in the Jacques-Cartier Street initiative managed by the Ville de Gatineau (\$10.0 million). Delays in planning initiatives (\$1.4 million) also resulted in a positive variance. The donation of the Canadian Firefighters Memorial (\$4.0 million), increased costs related to environmental initiatives (\$1.0 million), as well as maintenance and operations (\$0.8 million), Gatineau Park revenue sharing (\$0.6 million), and commemorative monuments (\$0.5 million) contributed to higher expenditures.

ENTERPRISE RISK MANAGEMENT

The Treasury Board of Canada Secretariat considers enterprise risk management to be an essential component of modern management in the federal public service. It helps members of departments and agencies to think more strategically, improves their decision making, and allows them to benefit more from opportunities, as they arise. For employees, risk management strengthens their ability to anticipate, assess and deal with risk.

At the NCC, risk management is integrated into all business activities in a number of ways. For example, as part of its oversight function, the board of directors monitors and discusses key corporate risks as part of its quarterly performance reporting. The executive management team and senior managers address risk through an annual corporate risk profile exercise to identify which risks could have a significant impact on the NCC. As well, the NCC has an enterprise risk management framework in place, which formalizes the corporation's approach to managing risks. The framework is applied throughout the NCC for decision making, project management and planning. To facilitate understanding of how to use the framework, in-person and online training is available to employees. To date, 70 percent of employees have taken risk training.

The key corporate risks identified for 2012–2013 were capacity, influence and reputation. The nature of these risks and mitigation measures are described below.

CAPACITY

An organization's capacity includes its financial and human resources. The NCC must manage capacity risks in order for the corporation to continue to provide its services, meet quality standards, follow through on commitments and embrace opportunities in the delivery of its mandate.

The mitigation measures for this risk are to re-examine financial management strategies, implement a corporate financial sustainability strategy, monitor human resources, and evaluate and measure the performance and relevance of programs.

INFLUENCE

Influence is about getting people and organizations to join one in achieving one's goals. Not being sufficiently influential affects the NCC's capacity to deliver key initiatives of its mandate.

A potential loss of influence can be mitigated by better leveraging of partnerships to obtain the desired effect, adopting a comprehensive corporate communications strategy, and managing external expectations.

REPUTATION

It is necessary for the NCC to have a positive reputation in order for the corporation to be able to effectively deliver its mandate. The NCC works toward being an open and transparent organization with a good reputation.

Mitigation measures for reputation risks include reviewing quality control mechanisms for service delivery, implementing the renewed and streamlined federal land use, design and transaction approval process, and establishing reputational indicators once the NCC's performance measurement framework is developed. In its effort to enhance how it manages this risk, the NCC will report to the board of directors on the corporation's performance in these areas.

Financial Statements

STATEMENT OF MANAGEMENT RESPONSIBILITY

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 public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and, where appropriate, they include amounts that have been estimated according to management's best judgment. Financial information presented elsewhere in this annual report is consistent with that shown in the financial statements.

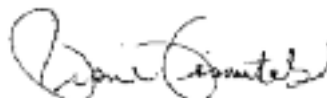
Management has developed and maintains books of accounts, financial and management controls and information systems. These are designed to provide reasonable assurance that the NCC's assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate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

The NCC's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister of Foreign Affairs.

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



Jean-François Trépanier, CPA, CA
Chief Executive Officer



Pierre Désautels, CMA
Senior Vice-President, Finance and
Information Technology Services
and Chief Financial Officer

Ottawa, Canada
June 28, 2013



INDEPENDENT AUDITOR'S REPORT

To the Minister of Foreign Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the National Capital Commission, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

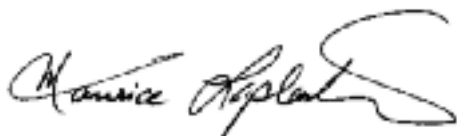
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Capital Commission as at 31 March 2013, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

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

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



Maurice Laplante, CA
Assistant Auditor General
for the Auditor General of Canada

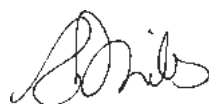
28 June 2013
Ottawa, Canada

NATIONAL CAPITAL COMMISSION
STATEMENT OF FINANCIAL POSITION
March 31 (in thousands of dollars)

	2013	2012
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	80,890	76,758
Cash and cash equivalents restricted to light rail transit (note 4)	73,663	—
Accounts receivable		
Federal government departments and agencies	3,221	2,892
Tenants and others	2,707	3,813
Investments (note 3)	45,095	49,195
	205,576	132,658
LIABILITIES		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,716	1,585
Others	22,802	15,191
Light rail transit (note 4)	73,663	—
Provision for environmental cleanup (note 13)	27,643	42,500
Employee future benefits (note 5)	10,124	8,603
Deferred rental revenue (note 6)	4,512	4,615
Other liabilities (note 7)	4,652	4,581
	145,112	77,075
NET FINANCIAL ASSETS	60,464	55,583
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	583,177	583,839
Prepaid expenses	2,772	3,269
Other non-financial assets (note 9)	1,553	1,730
	587,502	588,838
ACCUMULATED SURPLUS	647,966	644,421

Contractual obligations and contingent liabilities (notes 12 and 13)
The notes are an integral part of the financial statements.

Approved by the Board of Directors



Russell Mills
Chair, Board of Directors



Jason M. Sordi
Chair, Audit Committee

NATIONAL CAPITAL COMMISSION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended March 31 (in thousands of dollars)

	2013	2013	2012
	Budget	Actual	Actual
	(note 2)		
REVENUES			
Rental operations and easements	19,085	18,988	19,363
Interest	2,120	2,464	2,447
Sponsorship			
Monetary	991	1,496	1,511
Goods and services	240	174	213
Headquarters sublease	2,024	2,104	2,065
User access fees	1,310	2,462	2,220
Recoveries	5,060	5,284	6,099
Donations of antiques, works of art and monuments	—	4,277	10
Other revenues	2,456	1,341	1,948
	33,286	38,590	35,876
EXPENSES (notes 1 and 10)			
Capital Planning	6,227	4,861	5,627
Capital Stewardship and Protection	81,639	73,162	72,893
Capital Experience	29,526	34,876	33,353
Internal Services	30,442	30,980	30,730
	147,834	143,879	142,603
Deficit before funding from the Government of Canada	(114,548)	(105,289)	(106,727)
Funding from the Government of Canada			
Parliamentary appropriations for operating expenditures (note 11)	92,331	81,576	84,290
Parliamentary appropriations for tangible capital assets (note 11)	32,540	27,258	23,196
	124,871	108,834	107,486
Surplus for the year	10,323	3,545	759
Accumulated surplus at beginning of the year	644,421	644,421	643,662
Accumulated surplus at end of the year	654,744	647,966	644,421

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended March 31 (in thousands of dollars)

	2013	2013	2012
	Budget	Actual	Actual
	(note 2)		
Surplus for the year	10,323	3,545	759
Acquisition and improvements of tangible capital assets (note 8)	(40,133)	(33,070)	(25,831)
Adjustment of tangible capital assets following a downward adjustment of the provision for the environmental cleanup of LeBreton Flats (note 8)	—	11,896	—
Amortization of tangible capital assets (note 8)	22,979	21,095	21,557
Net (gain)/loss on disposal of tangible capital assets	(1,400)	(433)	189
Proceeds from disposal of tangible capital assets	2,000	926	28
Writedowns of tangible capital assets	—	248	—
	(16,554)	662	(4,057)
Change in prepaid expenses	—	497	(312)
Change in other non-financial assets	177	177	177
	177	674	(135)
Increase (decrease) in net financial assets	(6,054)	4,881	(3,433)
Net financial assets at beginning of the year	55,583	55,583	59,016
Net financial assets at end of the year	49,529	60,464	55,583

The notes are an integral part of the financial statements.

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

	2013	2012
OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations for operating expenditures	81,470	84,008
Cash receipts from rental operations and easements	19,393	19,629
Cash receipts from other operations	12,743	15,231
Cash paid to suppliers	(63,565)	(76,108)
Cash paid to employees	(48,138)	(50,566)
Interest received	2,823	2,867
Disbursements for contaminated sites	(690)	(868)
Cash flows provided (used) by operating activities	4,036	(5,807)
CAPITAL ACTIVITIES		
Cash receipts from light rail transit project	73,663	—
Cash receipts from parliamentary appropriations for tangible capital assets	27,258	23,196
Acquisition and improvements of tangible capital assets	(28,752)	(36,395)
Proceeds from disposal of tangible capital assets	926	28
Disbursements for environmental cleanup	(3,066)	(816)
Cash flows used by capital activities	70,029	(13,987)
INVESTING ACTIVITIES		
Disbursements for investments purchased	(18,870)	(41,445)
Cash receipts from investments sold	22,600	93,253
Cash flows provided by investing activities	3,730	51,808
Increase in cash and cash equivalents	77,795	32,014
Cash and cash equivalents at beginning of the year	76,758	44,744
Cash and cash equivalents at end of the year	154,553	76,758
Represented by:		
Cash and cash equivalents	80,890	76,758
Cash and cash equivalents restricted to light rail transit	73,663	—
	154,553	76,758

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

1. AUTHORITY AND OBJECTIVES

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

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

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

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

Program Definitions and Objectives

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

Capital Planning Through the Capital Planning program, the NCC guides and coordinates the use of federal lands to ensure that they inspire Canadians, meet the needs of government and reflect the role and significance of the Capital. Through long-term plans, the identification of a National Interest Land Mass (NILM), and review and approval processes, the NCC is able to ensure that land use in Canada's Capital Region reflects and respects the significance, natural environment, and heritage of the Capital. The organization also collaborates with federal, provincial and municipal governments on transportation issues.

Capital Stewardship and Protection Through Capital Stewardship and Protection, the NCC aims to protect assets of national significance in Canada's Capital Region and to continue to enhance the Capital for current and future generations of Canadians. As steward of federal lands and assets in the region, the organization rehabilitates, manages, develops maintains and safeguards the Capital's most treasured cultural, natural and heritage assets, while ensuring that safe, respectful and appropriate public access is maintained. The NCC also promotes and regulates public activities on federal lands and conserves natural resources through sound environmental management. Through its involvement in land development projects such as LeBreton Flats, its acquisition of national interest properties and its disposal of surplus properties, the NCC is further able to ensure that its vision for the Capital is reflected in Canada's Capital Region.

Capital Experience The objective of the Capital Experience program is to generate pride through programming and other services in the Capital. This program produces a series of flagship events (e.g. Canada Day and Winterlude), commemorations, interpretation, educational programs, and visitor and recreational services and programs. In addition, through outreach activities that bring the Capital to Canadians across the country, along with national messaging, the NCC works toward increasing awareness of Canada's Capital Region as a place where Canadian heritage, culture and achievements can be experienced.

Internal Services Internal Services works closely with all program areas in order to support the delivery of projects, offer professional expertise, and liaise with key external federal departments and central agencies.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements are prepared in accordance with the Canadian public sector accounting standards (PSAS) established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and reflect the policies below.

Both financial and non-financial assets are reported on the statement of financial position. Non-financial assets are normally employed to provide future services, and are charged to expense through amortization or upon utilization. Non-financial assets are not taken into consideration when determining the net financial assets, but rather are added to the net financial assets to determine the accumulated surplus.

No intangibles are recognized in the financial statements.

Measurement Uncertainty The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and non-financial assets at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Provision for environmental cleanup, employee future benefits, unsettled land exchanges, estimated useful lives of tangible capital assets, writedown of capital assets and contingent liabilities are the most significant items for which estimates are used. Actual results could materially differ from those estimates.

Budget Figures The 2012–2013 budget is reflected in the statement of operations and accumulated surplus, and the statement of change in net financial assets. Budget data presented in these financial statements is based upon the 2012–2013 projections and estimates used to establish the financial tables presented in the *2012–2013 to 2016–2017 Corporate Plan*.

B. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments. These investments purchased three months or less from maturity are recorded at cost.

C. Investments

Included in investments are short-term portfolio investments with a maturity of less than 365 days, as well as long-term portfolio investments with a maturity of more than 365 days. Short-term investments are composed of money market instruments, such as bankers' acceptances and bearer deposit notes, where long-term investments are composed of bonds of the Government of Canada and of provincial governments. Investments are recorded at amortized cost using the effective interest rate method. Transaction costs are added to the carrying value of investments when they are initially recognized. At each financial statement date, the NCC assesses the investments to determine if there is any objective evidence of impairment and is other than a temporary decline, the impairment loss would be reported in the statement of operations and accumulated surplus.

D. Assets held for sale

The NCC recognizes an asset held for sale when all of the following criteria are met: prior to the date of the financial statements, the sale of the asset is approved, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place for selling the asset and it is reasonably anticipated that the sale to a purchaser external to the NCC reporting entity will be completed within one year of the financial statement date. The asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell.

E. Provision for environmental cleanup

The NCC records a provision for environmental cleanup in situations where it is obligated or is likely to be obligated to incur costs related to the management and remediation of contaminated sites, and the cost can be reasonably estimated following a detailed environmental assessment. Remediation costs are capitalized, if contamination occurred before acquisition, and are charged to the cost of operations for the year, if contamination occurred after acquisition. Management costs of contaminated sites are charged to the cost of operations for the year. If the likelihood of the obligation to incur these costs is high, but the amount of the loss cannot be reasonably estimated, or the likelihood of the obligation to incur these costs is not determinable, the contingent liability 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 obligations, or to meet standards set out in an act or regulation of a government in Canada. The NCC is likely to be obligated to incur such costs when elements, in particular public documents, as well as Treasury Board decisions, demonstrate a duty or responsibility to others that obligates the NCC, leaving it little or no discretion to avoid incurring these costs.

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

F. Employee future benefits

i. Pension Benefits

Substantially all employees of the NCC are covered by the Public Service Pension Plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the NCC to cover current service cost. Pursuant to legislation currently in place, the NCC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service, and represent the total NCC pension obligation.

ii. Other Benefit Plans

Severance benefits, workers’ compensation benefits, as well as maternity or parental leave benefits represent the obligations of the NCC that entail settlement by future payments.

Severance Benefits Until February 2013, employees were entitled to severance benefits, as provided for under collective agreements and the terms of employment. The cost of these benefits was accrued as employees rendered the services necessary to earn them. The cost of the benefits earned by employees was actuarially determined, using the projected benefit method, prorated on services. The valuation of the liability was based upon a current market-related discount rate and salary projections, as well as demographic assumptions. This represented management’s best long-term estimates. Actuarial losses arise from changes in actuarial assumptions used to determine the accrued benefit obligation, and were amortized on the expected average remaining service period of active employees covered by this plan, which is 13 years for the year ended March 31, 2012.

In February 2013, a new collective agreement was signed, and the accumulation of the severance benefits ceased. Based on this collective agreement, all indeterminate employees are entitled to a severance payment equal to one week’s pay for each complete year of continuous employment and, in cases of a partial year of continuous employment, one week’s pay multiplied by the number of days of continuous employment divided by 365, to a maximum of 30 weeks. All term employees are entitled to a severance payment equal to one week’s pay for each complete year of continuous employment, to a maximum of 30 weeks. Employees affected by these changes have the option of collecting, in 2013, the full or partial amount of the severance benefit accrued up to the collective agreement signing date, or of collecting, at the time of termination of employment at the NCC, the full or remaining amount of the accumulated weeks of severance. Since employees have until August 2, 2013, to exercise their choice, management used the employee’s salary at the date of the collective agreement to calculate the valuation of the obligation for the severance benefit.

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.

Maternity or Parental Leave Benefits Maternity or parental leave benefits represent for the NCC an obligation that entails settlement in the next year. The benefits are event-driven and are paid when an employee is absent for maternity or parental leave.

G. Deferred rent inducement

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

H. Tangible capital assets

Tangible capital assets are recorded at cost. When conditions indicate that a tangible capital asset no longer contributes to the NCC’s ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset’s value. The net writedown is then accounted for as expense in the statement of operations and accumulated surplus.

Improvements that extend the useful life of buildings, infrastructure and equipment are capitalized and amortized according to their respective asset class. Land improvements and development costs are also capitalized.

Construction in progress represents assets that are not yet available for use and therefore are not subject to amortization.

Antiques and works of art of the NCC are not recorded as tangible capital assets in the financial statements, but instead as an expense, and are disclosed in note 10. Antiques and works of art consist mainly of monuments, paintings, furniture and sculptures.

The cost of tangible capital assets in use is amortized on a straight line basis over the estimated useful life, as follows.

Tangible Capital Assets	
Buildings	20 and 40 years (20 years in 2012)
Parkways and roadways	25 years
Bridges	25 and 45 years (25 years in 2012)
Park landscaping and improvement	20 and 25 years
Leasehold improvements	The shorter of either the term of the lease or the estimated useful life of the asset
Office equipment, machinery and equipment	5 and 10 years
Vehicles	5 years
Computers and software	3 years

During the year, the NCC has conducted a review of the estimated useful life of the tangible capital assets. Following this review, the useful life of some buildings and bridges were changed in February and March 2013 in order to reflect the useful life of comparable goods. This upward revision of the estimated useful life of these tangible capital assets resulted in a decrease of the depreciation expense of \$0.7 million for the current year. The NCC estimates that the future annual depreciation expense will be reduced by approximately \$4.7 million.

I. 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. Gains resulting from non-monetary non-reciprocal transfers are recognized in the statement of operations and accumulated surplus as “Other revenues.”

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.

Finally, the NCC may receive without charge services provided by some government agencies. These services are not recognized in the NCC’s statement of operations and accumulated surplus.

J. Revenue recognition

Revenue arises from rental operations and easements, net gain on disposal of tangible capital assets, interest, sponsorship, headquarters sublease, user access fees, recoveries and other revenues, such as merchandising and advertising sales, concession revenue, contributions, gains resulting from non-related party donations not subject to externally imposed stipulations.

The NCC recognizes revenue when the transactions or events giving rise to the revenues occur. Normally, revenues are recognized when persuasive evidence of an arrangement exists, services have been provided or goods have been delivered, the amount is fixed and determinable, and collection is reasonably assured. The NCC also recognizes deferred revenue when payments are received in advance.

K. Parliamentary appropriations

The NCC obtains an important part of its funding through parliamentary appropriations. The NCC receives parliamentary appropriations for operating expenditures and parliamentary appropriations for tangible capital assets. These parliamentary appropriations are free of any stipulations limiting their use, and are recorded as funding from the Government of Canada in the statement of operations and accumulated surplus up to the authorized amount, where eligibility criteria have been met.

L. Financial instruments

The NCC identifies, assesses and manages financial risks in order to minimize their impact on the NCC's results and financial position. The NCC manages its financial risks in accordance with specific criteria, as disclosed in note 14, and does not engage in speculative transactions or use derivative financial instruments.

Financial assets and financial liabilities are measured at amortized cost. Financial assets consist of cash and cash equivalents, cash and cash equivalents restricted to light rail transit, accounts receivable, and investments, while financial liabilities consist of accounts payable and accrued liabilities, light rail transit, and unsettled expropriation of property.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

A. Cash and cash equivalents

As at March 31, 2013, the cash and cash equivalents include \$80.9 million (\$76.8 million in 2012) in cash.

B. Investments

As at March 31, 2013, short-term portfolio investments include bearer deposit notes, which amounted to \$17.3 million (\$21.5 million in 2012) at a weighted average interest rate of 1.4 percent (1.5 percent in 2012) and have an average term-to-maturity of 12 months (12 months in 2012).

As at March 31, 2013, long-term portfolio investments include bonds of the Government of Canada and of provincial governments, which amounted to \$27.8 million (\$27.7 million in 2012) at a weighted average interest rate of 3.7 percent (3.9 percent in 2012).

(in thousands of dollars)

	2013		2012	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Federal government	940	946	1,121	1,137
Provincial governments	26,742	28,483	26,583	28,041
Bankers' acceptances and bearer deposit notes	17,263	17,272	21,488	21,497
Other	150	150	3	3
	45,095	46,851	49,195	50,678

C. Designated funds

As at March 31, 2013, included in the cash and cash equivalents, short-term and long-term investments mentioned above, \$38.8 million (\$36.5 million in 2012), \$17.3 million (\$21.5 million in 2012) and \$8.2 million (\$7.9 million in 2012), respectively, are designated. These investments include funds whose use is designated or limited to the sole purpose for which they have been segregated. The following funds are segregated:

- i. cash donations received for the Canadiana Fund in the amount of \$9,417 (\$9,319 in 2012);
- ii. funds of \$0.8 million (\$0.9 million in 2012) for the revitalization of Sparks Street in Ottawa;
- iii. funds of \$1.0 million (\$4.7 million in 2012) for the rehabilitation of the official residences;
- iv. funds of \$11.0 million (\$10.6 million in 2012) for the redevelopment of LeBreton Flats;
- v. funds of \$1.4 million (nil in 2012) for the Federal Contaminated Sites Action Plan;
- vi. funds of \$2.5 million (\$2.4 million in 2012) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vii. funds of \$10.0 million (\$10.0 million in 2012) for improvements to the shoreline area of Jacques-Cartier Street in Gatineau; and
- viii. funds of \$37.6 million (\$37.3 million in 2012) to acquire real property or to support other major programs, as may be authorized by Treasury Board of Canada Secretariat and the Governor-in-Council. During the period, proceeds on disposal and interest revenues amounted to \$1.5 million (\$0.5 million in 2012), whereas acquisitions and disposal expenses were \$1.2 million (\$1.2 million in 2012).

4. LIGHT RAIL TRANSIT

The City of Ottawa is proposing to convert the existing bus rapid transit system to a light rail transit system. This system will affect several NCC properties, which are subject to change according to the finalization of the alignment. Thus, on October 9, 2012, the NCC and the City of Ottawa (the City) signed a memorandum of understanding through which the NCC granted the City a short-term licence of occupation over the affected NCC properties in order to access them. Also, the NCC and the City will enter into a transfer agreement for the conveyance, from the NCC to the City, of property rights and easements by December 31, 2019.

According to the memorandum of understanding, the City delivered to the NCC a security deposit of \$49.0 million. This amount, received on January 30, 2013, is held in a separate interest-bearing account, and is representing the estimated market value of all NCC properties required by the City, subject to further adjustment. The NCC also received a performance deposit of \$24.5 million in support of the City's obligations. This amount is also held in a separate interest-bearing account.

These amounts and the interest are segregated in the statement of financial position, given the external restrictions attached to them. The NCC and the City expect these amounts to be adjusted on an ongoing basis during the project's execution, as the final property identification, evaluation and conveyance are completed. Any amount kept by the NCC or returned to the City following any adjustments will include the interest earned on the amount.

The following table presents in detail the amounts received and the related interest that are included in the financial assets under "Cash and cash equivalent restricted to light rail transit" and in the liability under "Light rail transit," as of March 31, 2013.

(in thousands of dollars)

	Amount received	Interest	Total
Security deposit	49,000	109	49,109
Performance deposit	24,500	54	24,554
Total	73,500	163	73,663

5. EMPLOYEE FUTURE BENEFIT

A. Pension benefits

Substantially all of the employees of the NCC are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the NCC. The President of the Treasury Board of Canada sets the required employer contributions, based on a multiple of the employees' required contribution. The general contribution rate effective at year-end was 1.64 (1.74 in 2012). The NCC's and employees' contributions to the Plan for the year were as follows.

(in thousands of dollars)

	2013	2012
NCC's contributions	5,317	5,351
Employees' contributions	3,386	2,818

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Quebec Pension Plan benefits, and they are indexed to inflation.

B. Severance, workers' compensation benefits, and maternity or parental benefits

The NCC provided severance benefits to its employees, based on years of service and final salary. The severance benefits will no longer accrue as per the new collective agreement signed in February 2013.

The NCC also provides workers' compensation benefits, based on benefits determined by the Workplace Safety and Insurance Board of Ontario. The value of the accrued obligation for workers' compensation is determined using data from the Workplace Safety and Insurance Board of Ontario.

Finally, the NCC provides maternity or parental benefits in accordance with the conditions of employment for the different groups of employees. The maternity or parental benefits represent for the NCC an obligation that entails settlement in the next year.

The accrued benefit obligation for these plans amounts to \$10.1 million (\$8.6 million in 2012) and is disclosed 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 statement of financial position date, is as follows.

(in thousands of dollars)

	2013	2012
Accrued benefit obligation, beginning of year	8,603	8,395
Cost for the year	1,087	739
Adjustment due to plan change	1,873	—
Interest cost	—	333
Amortization of net actuarial gain	—	(7)
Benefits paid during the year	(1,439)	(857)
Accrued benefit obligation, end of year	10,124	8,603

6. DEFERRED RENTAL REVENUE

The deferred rental revenue represents the present value of the minimum future lease payments the NCC has collected under land lease agreements. The present value was established using discount rates of 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates, with the latest ending in 2068. During the year, \$0.1 million (\$0.1 million in 2012) of deferred rental revenue was recognized in income.

7. OTHER LIABILITIES

Other liabilities comprise the following.

(in thousands of dollars)

	2013	2012
Deferred rent inducement	1,217	1,400
Unsettled land exchanges ¹	2,626	2,626
Unsettled expropriation ²	179	176
Other liabilities	630	379
	4,652	4,581

1. The unsettled land exchanges will be completed when the third parties involved in the exchanges are ready to receive the goods and/or services under the agreements.
2. The unsettled expropriation is payable on demand.

8. TANGIBLE CAPITAL ASSETS (in thousands of dollars)

	COST				ACCUMULATED AMORTIZATION				
	Opening Balance	Acquisitions	Disposals/ Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals/ Adjustments	Closing Balance	March 31, 2013 Net Book Value
Land ^{1,2}	292,006	2,402	11,908	282,500	—	—	—	—	282,500
Buildings and infrastructure ³									
Greenbelt	34,867	1,433	925	35,375	27,984	725	859	27,850	7,525
Gatineau Park	22,817	946	—	23,763	15,046	482	—	15,528	8,235
Parkways, bridges and roadways	230,902	9,748	150	240,500	135,843	6,275	—	142,118	98,382
Parks	90,354	2,649	—	93,003	46,007	2,612	—	48,619	44,384
Historical properties	98,204	7,363	—	105,567	52,645	3,162	—	55,807	49,760
Recreational properties	30,676	309	—	30,985	19,956	812	—	20,768	10,217
Rental properties	102,472	4,274	624	106,122	56,006	3,093	369	58,730	47,392
Development properties	23,056	162	—	23,218	9,945	965	—	10,910	12,308
Administrative and service buildings	27,069	1,629	2,169	26,529	15,357	779	1,914	14,222	12,307
Leasehold improvements	11,747	145	—	11,892	6,989	557	—	7,546	4,346
Equipment									
Office equipment, machinery and equipment	11,425	1,088	120	12,393	8,026	847	120	8,753	3,640
Vehicles	1,794	167	73	1,888	1,506	133	73	1,566	322
Computers and software	6,217	755	144	6,828	4,457	653	141	4,969	1,859
	983,606	33,070	16,113	1,000,563	399,767	21,095	3,476	417,386	583,177
									583,839

1. The land cost includes \$1.8 million in 2012) of unsettled expropriation and land exchanges.

2. An adjustment of \$11.9 million was recorded for the period ending March 31, 2013, following a downward adjustment of the provision for the environmental cleanup of LeBreton Flats.

3. The total cost of land, buildings and infrastructure includes \$25.6 million (\$21.4 million in 2012) of construction in progress. When completed, the cost of these projects will be amortized on the basis of their estimated useful life.

9. OTHER NON-FINANCIAL ASSETS

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, 2013, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$1.5 million (\$1.7 million in 2012). This non-financial asset is recognized on a straight line basis, and the expense of \$177,000 is included under goods and services in note 10.

10. EXPENSES BY OBJECT

Summary of expenses by object:

(in thousands of dollars)

	2013	2012
Salaries and employee benefits	51,331	49,943
Goods and services	56,125	59,689
Goods and services in-kind (note 15)	4,452	223
Payments in lieu of municipal taxes	10,628	11,002
Amortization	21,095	21,557
Net loss on disposal of tangible capital assets	—	189
Writedowns of tangible capital assets	248	—
	143,879	142,603

Antiques, works of art and monuments acquired or built by the NCC and those donated to the Canadiana Fund are not recorded as tangible capital assets. Assets acquired or built by the NCC are recorded as expenses and are included under “Goods and services” in the table above, whereas those donated to the Canadiana Fund or to the NCC are recorded as expenses, and are included under “Goods and services in-kind.” For the period ended March 31, 2013, antiques, works of art and monuments amounted to \$4.3 million (\$0.8 million in 2012).

For the period ended March 31, 2013, sponsorship expenses in goods and services, included under “Goods and services in-kind,” amounted to \$0.2 million (\$0.2 million in 2012).

11. PARLIAMENTARY APPROPRIATIONS

(in thousands of dollars)

	2013	2012
Parliamentary appropriations for operating expenditures		
Amount received during the year	80,866	83,686
Amount receivable at the end of the year	710	604
	81,576	84,290
Parliamentary appropriations received during the year for tangible capital assets	27,258	23,196
Parliamentary appropriations approved and recorded during the year	108,834	107,486

12. CONTRACTUAL OBLIGATIONS

- i. The NCC has entered into agreements for services that amount to \$53.1 million (\$61.5 million in 2012) and office accommodation leases that amount to \$71.4 million (\$80.5 million in 2012). These agreements, which amount to \$124.5 million (\$142.0 million in 2012), have different termination dates, with the latest ending in 2047. As part of these agreements, contracts for the management and maintenance of a portion of the NCC's lands and properties amount to \$49.1 million (\$56.7 million in 2012).

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

(in thousands of dollars)

	Leases	Services	Total
2013–2014	9,208	16,097	25,305
2014–2015	9,583	11,785	21,368
2015–2016	10,267	8,261	18,528
2016–2017	10,393	5,526	15,919
2017–2018	10,522	1,751	12,273
2018 and thereafter	21,448	9,642	31,090

In addition to the previous agreements, the NCC is committed to contribute an additional amount of \$10 million to the Ville de Gatineau for a joint initiative for the improvement of 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 by December 31, 2014.

- ii. The NCC has entered into contracts for capital expenditures of approximately \$10.3 million (\$11.2 million in 2012). Payments under these contracts are expected to be made within the next fiscal year.

13. CONTINGENT LIABILITIES

A. Claims

Claims have been made against the NCC, totalling a net amount of approximately \$5.3 million (\$6.8 million in 2012), excluding interest and other costs, for alleged damages and other matters. The final outcome of these claims is not determinable and, accordingly, these items are not recorded in the accounts. In the opinion of management, the position of the NCC is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for in the year in which the liability is determinable.

B. Environmental protection

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,488 property assets that have, to this day, had a preliminary environmental assessment. More detailed studies were conducted on a number of the properties to determine the degree of remediation required. Based on the detailed studies conducted thus far, the NCC recorded a liability for environmental cleanup of \$27.6 million (\$42.5 million in 2012). In addition, the NCC assesses at \$471.2 million (\$465 million in 2012) the contingent liability not recorded in the financial statement. The contingent liability reflects the suspected costs and potential additional costs associated with situations where it is uncertain if the NCC is obligated, or it is unlikely that the NCC will incur full remediation costs.

14. FINANCIAL INSTRUMENTS

A. Credit risk

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

The maximum exposure of the NCC to credit risk at March 31, 2013, is as follows.

(in thousands of dollars)

	2013	2012
Cash and cash equivalents	80,890	76,758
Cash and cash equivalents restricted to light rail transit	73,663	—
Accounts receivable		
Federal departments and agencies	3,221	2,892
Tenants and others	2,707	3,813
Investments	45,095	49,195
	205,576	132,658

The credit risk associated with cash and cash equivalents, cash and cash equivalents restricted to light rail transit, and short-term investments is minimized substantially by ensuring that cash surpluses are invested in highly liquid investments. The NCC's policy is to invest cash surpluses with well-established financial institutions in the following types of investments: guaranteed investment certificates, bankers' acceptances, guaranteed notes, term deposits, and securities of federal and provincial governments. At March 31, 2013, these financial assets are invested in bearer deposit notes (note 3). Management believes the risk of loss is remote.

The credit risk associated with long-term investments is minimized substantially by ensuring that assets are invested in bonds of federal and provincial governments (note 3).

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

Management believes concentrations of credit risk with respect to accounts receivable are limited due to the credit quality of the parties' extended credit, as well as the large number of federal, provincial, municipal and smaller customers. At March 31, 2013, accounts receivable from federal, provincial or municipal entities comprised 64 percent (58 percent in 2012) of the total amounts due.

The following table presents an analysis of the age of accounts receivable not impaired for as at March 31, 2013.

(in thousands of dollars)

	2013	2012
Accounts receivable net of allowance for doubtful accounts:		
Less than 30 days past billing date	1,939	2,244
30–60 days past billing date	453	562
61–90 days past billing date	69	93
Greater than 90 days past billing date	323	436
	2,784	3,335
Allowance for doubtful accounts	(311)	(244)
Other receivables	3,455	3,614
	5,928	6,705

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

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

(in thousands of dollars)

	2013	2012
Allowance for doubtful accounts		
Balance at beginning of year	244	355
Bad debt expense	67	4
Amounts written off and recoveries	—	(115)
Balance at end of year	311	244

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

B. Liquidity risk

Liquidity risk is the risk that the NCC will not be able to meet a demand for cash or fund its obligations associated with its financial liabilities as they come due. Liquidity risk also includes the risk of the NCC not being able to liquidate assets in a timely manner at a reasonable price. The NCC finances its operating expenditures, and the acquisitions and improvements of tangible capital assets, through a combination of cash flows from operations, parliamentary appropriations and proceeds on disposal of surplus capital assets. The NCC meets its liquidity requirements by preparing and monitoring detailed funding and expenditure plans, and holding financial assets that can be readily converted in cash. Finally, the NCC, management believes that there is no liquidity risk for the light rail transit liability, since the related financial asset represents cash held in a separate bank account.

The following table presents an analysis of the estimated maturities of the financial liabilities as at March 31, 2013.

(in thousands of dollars)

	2013	2012
Accounts payable and accrued liabilities		
Less than 90 days	19,086	11,559
90–365 days	4,043	2,782
	23,129	14,341
Unsettled expropriation		
More than 365 days	179	176
	23,308	14,517

C. Market risk

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

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

Here is an overview of the NCC's interest rate exposure as at March 31, 2013.

(in thousands of dollars)

	2013	2012
Cash and Cash Equivalents and Portfolio Investments		
Cash and cash equivalents — Market interest rate	80,890	76,758
Cash and cash equivalents restricted to light rail transit — Market interest rate	73,663	—
Investments less than 365 days — Fixed interest rate	17,263	21,488
Investments more than 365 days — Fixed interest rate	27,832	27,707
	199,648	125,953

The interest rate exposure of the NCC arises from its interest-bearing financial assets. Cash and cash equivalents earn interest at market rate. Investments include short-term portfolio investments with a maturity of less than 365 days and highly liquid with financial institutions that earn interest at a fixed rate. The objective of the NCC is to manage its exposure to the interest rate risk of its cash and cash equivalents and short-term investments by maximizing the interest income earned on excess of funds, while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market interest rate could have an effect on the NCC's interest revenue derived from cash and cash equivalents and short-term investments. If interest rates for the year ended March 31, 2013, had been 50 basis points lower or higher, with all other variables held constant, interest revenue for the same period would have been \$529,565 (\$546,391 in 2012) higher or lower.

Cash and cash equivalents restricted to light rail transit earn interest at market rate. The objective of the NCC is to manage its exposure to the interest rate risk of its cash and cash equivalents restricted to light rail transit by maximizing the interest income earned and allocated to this restricted fund, while maintaining the minimum liquidity necessary to meet its obligations. Fluctuations in market

interest rate could have an effect on the interest earned and allocated to this restricted fund. If interest rates for the year ended March 31, 2013, had been 50 basis points lower or higher, with all other variables held constant, interest earned and allocated to the cash and cash equivalents restricted to light rail transit for the same period would have been \$61,284 higher or lower.

Investments also include bonds of the Government of Canada and the provincial governments at a fixed interest rate with an average term to maturity of 5.0 years (5.6 years in 2012). These investments are indirectly affected by fluctuations of fair value due to fluctuations of the market interest rate. However, fluctuations of the market interest rate would have no impact on interest revenue that the NCC derives from long-term investments.

15. NON-MONETARY TRANSACTIONS

A. Sponsorship in goods and services

During the year, the NCC entered into sponsorship agreements through which it received various goods or services. In exchange, the sponsors received various benefits, including exclusive marketing rights and visibility. These non-monetary transactions with unrelated parties were recorded equally in revenues and cost of operations. They were measured to \$0.2 million (\$0.2 million in 2012), which represents the fair value of the goods and services received.

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

The goods and services in-kind indicated in note 10 include among others the following non-monetary non-reciprocal transfer.

The Canadian Fallen Firefighters Foundation transferred the ownership of the Canadian Firefighters Memorial to the NCC. This transfer, for which no consideration was paid by the NCC, was measured and recorded at the fair value, since this transaction had a commercial substance. The value of this donation, which totals \$4.0 million, was expensed and is included under “Goods and services in-kind” in note 10, with the corresponding amount in the statement of operations and accumulated surplus as “Donations of antiques, works of art and monuments.”

16. RELATED PARTY TRANSACTIONS

The NCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations, and is financed primarily 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 \$10.2 million (\$9.4 million in 2012) for utilities, rental of space, tangible capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$7.6 million (\$7.9 million in 2012) from services rendered, rental operations and sales of tangible capital assets.

During the year, the NCC received audit services which were obtained without charge from the Office of the Auditor General of Canada. These services were not recorded in the NCC’s statements of operations and accumulated surplus.

17. CHANGE TO THE OBJECTS OF THE NCC

The Government of Canada announced on March 21, 2013, that the mandate to promote Canada's Capital Region will be transferred from the NCC to Canadian Heritage. Bill C-60, to implement certain provisions of the budget, states that the organization, sponsorship and promotion of public activities and events that 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 in Canada (activity and event mandate) will be transferred from the NCC to Canadian Heritage. The bill received a first reading on April 29, 2013, and it also specifies the transitional provisions to follow. These dispositions, which will come into force on the last day of the third month after the day on which this bill receives royal assent, are as follows:

- i. Every employee of the ...[NCC] whose functions relate to the activity and event mandate is deemed, on the day on which the transitional provisions come into force, to be a person appointed to a position in the Department of Canadian Heritage under the *Public Service Employment Act* and to be an employee as defined in subsection 2(1) of that Act.
- ii. Any money that is appropriated by an Act of Parliament for the fiscal year in which the transitional provisions come into force to defray any expenditures of the ...[NCC] related to the activity and event mandate and that is unexpended is deemed to have been appropriated to defray any operating expenditures of the Department of Canadian Heritage.
- iii. On the day on which the transitional provisions come into force, and to the extent that they relate to the activity and event mandate,
 - a. the ...[NCC's] assets are transferred to Her Majesty in right of Canada as represented by the Minister of Canadian Heritage;
 - b. the ...[NCC's] obligations are assumed by Her Majesty in right of Canada as represented by the Minister of Canadian Heritage;
 - c. permits, licences and other authorizations issued to the ...[NCC] are transferred to Her Majesty in right of Canada as represented by the Minister of Canadian Heritage; and
 - d. permits, licences and other authorizations issued by the ...[NCC] are deemed to have been issued by Her Majesty in right of Canada as represented by the Minister of Canadian Heritage.
- iv. Any action, suit or other legal proceeding to which the ...[NCC] is party that is pending in any court on the day on which the transitional provisions come into force and that relates to the activity and event mandate may be continued by or against Her Majesty in right of Canada in the same manner and to the same extent as it could have been continued by or against the ...[NCC].

The NCC is currently analyzing the impact of this bill on its activities and financial statements, and this bill has no impact on the financial statements for the period ending March 31, 2013. The NCC has also initiated discussions with Canadian Heritage in relation with the procedures for the transfer of the mandate, and will closely monitor the pending bill before Parliament. When this bill receives royal assent, the NCC will complete the necessary steps to implement the transfer of the activity and event mandate to Canadian Heritage.

18. COMPARATIVE FIGURES

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

Appendices

APPENDIX I

COMMITTEES OF THE BOARD, ADVISORY COMMITTEES AND SPECIAL COMMITTEES

Executive Committee

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Russell Mills

Members

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Eric D. MacKenzie

Frieda Martselos

Jason M. Sordi

Audit Committee

Chairperson

Jason M. Sordi

Members

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Korin Bobrow (until November 2012)

Richard P. Jennings

Hélène Grand-Maitre
(until November 2012)

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André Rioux

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Vice-Chairperson

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Margaret Conrad, Fredericton, N.B.

Sylvain Gagné, Québec, Que.

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Greg Klassen, Vancouver, B.C.

Donna Nixon, Ottawa, Ont.

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Burke Taylor, Vancouver, B.C.

Ex-Officio Members

Russell Mills

Jean-François Trépanier

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Eric D. MacKenzie

Hélène Grand-Maitre
(until November 2012)

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Members

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Vivian Manasc, Edmonton, Alta.
Donald Schmitt, Toronto, Ont.
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Ex-Officio Members

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Jean-François Trépanier

Board Members

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Peter Burgener
Robert Tennant

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Saskatoon, Sask.
Joan Richardson, Winnipeg, Man.
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Universal Accessibility**

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Jean-François Trépanier

Vice-Chairperson

Bob Brown, Ottawa, Ont.

Members

André Sanche, Gatineau, Que.
Barry McMahon, Ottawa, Ont.
Éric Hébert,
National Capital Commission
David Scarlett,
National Capital Commission

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 2012–2013.

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

NCC partners

Aboriginal Affairs and Northern Development Canada	Canadian Heritage, Cultural Capitals of Canada	École secondaire De-la-Salle
Aga Khan Foundation Canada	Canadian Museum of Civilization	Embassy of Mexico in Canada
Agriculture and Agri-Food Canada	Canadian Museum of Nature	Embassy of Spain in Canada
Albert at Bay Suite Hotel	Canadian Paralympic Committee	Embassy of the Republic of Turkey
Animals in War Dedication Committee	Canadian Red Cross	Encounters with Canada, Historica Dominion Institute
ArcticNet	Canadian Ski Marathon	Espace René-Provost (Ville de Gatineau)
Association des stations de ski du Québec	Canadian Space Agency	Explorica
Astral	Canadian Tulip Festival	Exposure Gallery
Atomic Energy of Canada Limited	Canadian War Museum	Festival de montgolfières de Gatineau
Avant-Garde Bar & Gift Shop	Cape Farewell	Foreign Affairs and International Trade Canada
Beaver Cup	Capital Cruises	Four Points by Sheraton Hotel & Conference Centre Gatineau-Ottawa
Best Western Plus Victoria Park Suites	Carleton University	French Embassy in Ottawa
Burnt Butter Italian Kitchen	CBC Radio 1	Fritzi Gallery
Bytown Museum	CentrepoinTE theatres (City of Ottawa)	Funatorium Explorium
ByWard Market BIA	Child and Youth Friendly Ottawa	Gallery 3
C'est Bon Cooking	CHIN International Radio TV	Gatineau Loppet
Cabaret La Basoche (Ville de Gatineau)	Chorale Gospel Outaouais	Gatineau Police Service
Calgary Stampede	Citizenship and Immigration Canada	George Weston Limited
Canada Aviation and Space Museum	City of Ottawa	Girl Guides of Canada
Canada Science and Technology Museum	Classroom Connections	Glebe BIA
Canadian Agriculture and Food Museum	Clos Baillie Vineyard	Gordon Harrison Gallery
Canadian Broadcasting Corporation	Club des Débrouillards	Government of Ontario
Canadian Building Trades	Club optimiste de Hammond	Government of the Northwest Territories
Canadian Capital Cities Organization	Commission Jeunesse de Gatineau	Government of Yukon
Canadian Coast Guard	Commonwealth Games Canada	Great Canadian Theatre Company
Canadian Fallen Firefighters Foundation	Communities in Bloom	Guid'Amies franco-canadiennes
Canadian Film Institute	Coopérative des paramédics de l'Outaouais	Haunted Walks of Ottawa
Canadian Football League	Council for the Arts in Ottawa	Health Canada
Canadian Forces	Courtyard Restaurant	Heart of Orléans BIA
<i>Canadian Geographic</i> — Teacher Resources	Cracking-Up the Capital	Holtz Spa
Canadian Heritage	Créations In Vivo	House of Commons
	Cube Gallery	Ice Hockey Women's World Championship Canada
	Currency Museum of the Bank of Canada	Jinju Art and Culture Foundation
	Diefenbunker, Canada's Cold War Museum	
	Downtown Rideau BIA	
	East India Company	

Jinju City
 Jinju Namgang Yudeung Festival
 Katökh Synthetic Ice
 Kettle Boys
 Kingston Prize
 Kiwanis Club of Ottawa
 Korean Embassy
 Korean Veterans Association
 Laurier House
LeDroit
 Les Fougères
 Library and Archives Canada
 Library of Parliament
 Lord Stanley Memorial Monument Inc.
 Maison de la culture de Gatineau
 Merivale High School
 Montcalm Gallery (Ville de Gatineau)
 National Arts Centre
 National Capital Craft Beer Week
 National Film Board of Canada
 National Gallery of Canada
 Natural Resources Canada
 Nuit Blanche Ottawa
 OC Transpo
 Office of the Secretary to
 the Governor General
 Orange Art Gallery
 Orchestre symphonique
 de Gatineau
 Ottawa Art Gallery
 Ottawa Cameron Highlanders
 Ottawa Chamber Music Society
Ottawa Citizen
 Ottawa Fashion Week
 Ottawa Fire Services
 Ottawa International Airport
 Ottawa Junior Youth Orchestra
 Ottawa Little Theatre
 Ottawa Marriott Hotel
 Ottawa Paramedic Service
 Ottawa Police Service
 Ottawa Tourism and Convention
 Authority (OTCA)
 Ottawa Winter Jazz Festival
 Para Transpo
 Parks Canada
 Pecco's
 Premiers soins Medtrakevac

Public Works and
 Government Services Canada
 Red Apron
 Rotary Club of Ottawa
 Royal Canadian Legion
 Royal Canadian Mint
 Royal Canadian Mounted Police
 Royal Canadian Navy
 Royal Norwegian Embassy
 Salle Jean-Després (Ville de Gatineau)
 Santé Restaurant and Gallery
 SAW Video Media Art Centre
 School of the Photographic Arts:
 Ottawa
 Scouts Canada
 Sea Cadets
 Search and Rescue Global 1
 Senate of Canada
 Services de prévention
 des incendies de Gatineau
 Shenkman Arts Centre (City of Ottawa)
 Shepherds of Good Hope Foundation
 Sheraton Ottawa Hotel
 Société de transport de l'Outaouais
 Société Radio-Canada
 Somerset Street Chinatown BIA
 Sparks Street Mall
 Business Improvement Area
 Sparks Street Mall
 Supreme Court of Canada
 TakingITGlobal
 Telefilm Canada
 Théâtre de l'Île (Ville de Gatineau)
 The Independent Filmmakers
 Co-operative of Ottawa
 The National Hotel and Suites Ottawa
 The Royal Canadian
 Geographical Society
 Tourisme Outaouais
 Tribute to Liberty
 Turtle Island Tourism Company
 TV5
 University of Ottawa
 Veterans Affairs Canada
 Ville de Gatineau
 Volleyball Canada
 Wellington West BIA
 Writers in Electronic Residence
 WWF

YouCan Canada
 ZenKitchen
 Zone3sports

NCC sponsors
 Alcatel-Lucent Canada Inc.
 Amex Bank of Canada
 BeaverTails Pastry
 Brand Momentum Inc.
 (Wine Council of Ontario)
 Canadian Paralympic Committee
 Chicken Farmers of Canada
 Citizen Optimum Inc. (Pampers)
 Consumer Impact Marketing —
 Dairy Farmers of Canada
 Enbridge Gas Distribution Inc.
 Fairmont Château Laurier
 Giant Tiger Stores Limited
 Good Humor (Breyers)
 JT Outdoors Inc. (John Frieda)
 Loblaw Companies Ltd.
 (President's Choice)
 Lord Elgin Hotel
 MacLaren McCann Canada Inc.
 (Nabob)
 McDonald's Restaurants of Canada
 Mosaic Sales Solutions Canada
 Operating Co. (Oreo)
 Newad (Nissan)
 Ontario Lottery and Gaming
 Corporation (OLG)
 PepsiCo Beverages Canada
 Peter Mielzynski Agencies Limited
 (Amarula)
 Pizza Pizza Limited
 Promo-Staff RTM Group Inc.
 (Four O'Clock Tea)
 Rideau Centre
 Rogers Wireless Communications Inc.
 (Fido)
 Royal Canadian Mint
 The ALDO Group Inc.
 (Globo Shoes)
 The Manufacturers Life Insurance
 Company
 The Westin Ottawa
 TrojanOne — Mattel Hot Wheels
 VIA Rail Canada Inc.
 Vibrant Idéation & Marketing Inc.
 (HydraSense Nasal Spray)

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