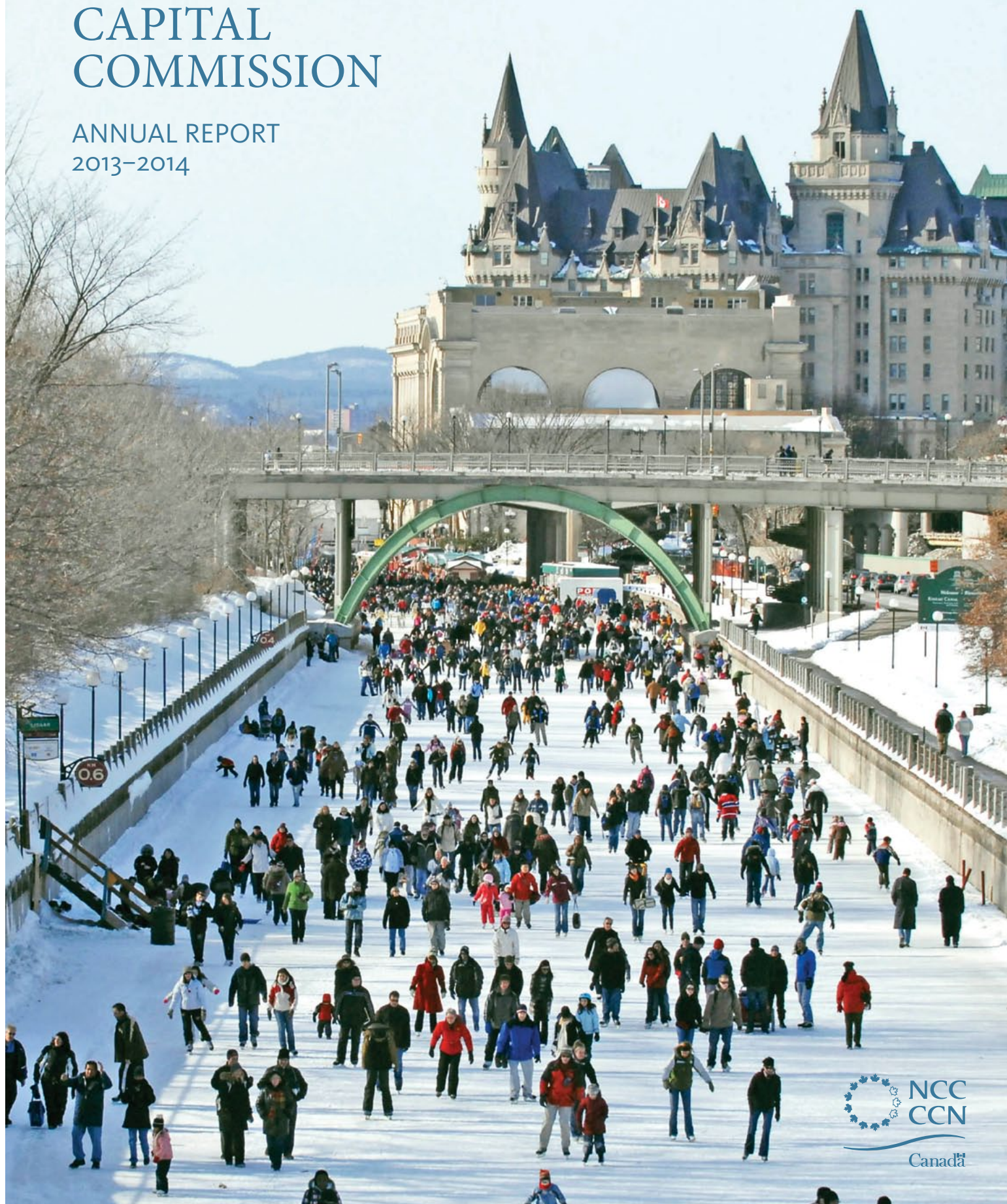


# NATIONAL CAPITAL COMMISSION

ANNUAL REPORT  
2013–2014




# CREATING A SIGNATURE CAPITAL

The Capital is an exceptional place.

It sits at the heart of our democracy. It stands as a symbol for our history, heritage and culture. It embodies the spirit of who we are — and what we wish collectively to become.

Drawing on deep, unique knowledge and a long tradition of planning and stewardship, the role of the National Capital Commission is to ensure that the special character of the Capital is preserved for current and future generations, and experienced by all who come here.

It does so not alone, but in partnership with stakeholders, establishing a common vision for a “signature capital” that residents and Canadians alike can be proud to share.



The National Capital Commission is the Capital's largest property owner, owning and managing more than 11 percent of all lands in the National Capital Region. It manages and administers a significant portfolio of property, buildings and infrastructure, including the official residences of Rideau Hall, 24 Sussex Drive and Stornoway, other heritage buildings, and agricultural facilities.

# NATIONAL CAPITAL COMMISSION

## ANNUAL REPORT 2013–2014

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## MESSAGE FROM THE CHAIR

This report presents the highlights of an important transitional year for the National Capital Commission (NCC).

On September 30, 2013, much of the activity related to “Capital Experience” — the staging of events and celebrations in the Capital — was transferred to Canadian Heritage. Prior to the transfer, the NCC had the opportunity to put on the sound and light show on Parliament Hill, its last Canada Day celebrations and the banners program on Confederation Boulevard.

We are proud of the work the NCC has accomplished in animating the Capital over the past 25 years. All of us at the NCC thank the Capital Experience team for successfully promoting the Capital over these years, and know that they will continue to deliver unique experiences for visitors and residents alike.

With the transfer to Canadian Heritage, the NCC returns to a mandate centred on its core strengths of planning and stewardship, areas in which the NCC has built considerable professional expertise. I think it is important to be clear that the NCC’s mandate has not so much changed as been *refocused*: the majority of its responsibilities remain in place, as reflected in the accomplishments of what was another characteristically busy period for the NCC.

In 2013–2014, the NCC developed a Capital Urban Lands Master Plan that was first presented to the public in March 2014. This plan, along with the Greenbelt Master Plan that was approved by the NCC Board of Directors last year, will help ensure that the Capital is a welcoming place, connecting nature and sustainable urban planning. These guiding plans will govern the management and development of urban lands and the Greenbelt over the next decade or so. Last year, the NCC issued 189 approvals under the federal land use, design and transaction approval process, which represents 35 percent more than in the previous year. These included approvals of designs for the new headquarters of the Communications Security Establishment Canada, commemoration projects such as

the War of 1812 Monument, stations for Phase I of the Ottawa light rail transit project and the Rideau Centre revitalization project.

The NCC completed a number of important rehabilitation and renewal projects last year as well — at the Mackenzie King Estate in Gatineau Park, for example. The NCC also announced a new lease for the continued operation of the Pine View Golf Course in the Greenbelt, completed a cantilevered pathway project along the Rockcliffe Parkway, and successfully decontaminated LeBreton Flats. Development of this site will retain the attention of our staff and the Board over the next few years as short- and long-term plans are advanced and private-sector developments take place in the surrounding areas, such as the redevelopment of the Chaudières Islands.

The NCC is very fortunate to have both strong local and national representation on its Board: our members bring a unique blend of perspectives from the region and from across the country, and expertise that ensures the Capital’s significance to all Canadians, including those who live here in its midst.

Over the course of the year, the Board itself underwent some change. Peter Burgener, Frieda Martseles, André Rioux and Brent Stefanson concluded their terms, and three new members — Michael Pankiw, Denys Rivard and Norman Hotson — joined in their place. I thank our departing directors for their contributions, and welcome our new members, whose experience and professional skills will be great assets to us as the NCC pursues its refocused mandate.

The NCC also welcomed Dr. Mark Kristmanson to the position of chief executive officer (CEO) in February 2014. Mark is no stranger to the organization, having served at the NCC for more than a decade. He is extremely knowledgeable, passionate about the Capital and a skillful leader. I look forward to continuing to work with him over the years to come. I must also thank Jean-François Trépanier for his dedication in the 16 months he served as acting CEO.

The goal of the NCC is to build a signature capital that all Canadians can be proud of and feel connected to. That work demands partnership and collaboration: it cannot be done alone, in isolation. We commit as an organization to build our relationships with partners, stakeholders and the public, in order to realize our goals going forward, ensuring that the Capital reflects the best of our country, its history and its people.

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

**Russell Mills**  
Chair



## MESSAGE FROM THE CEO

The National Capital Commission (NCC) has arrived at a moment of great potential: the opportunity to reconnect with its century-old mission in an innovative way and ensure that Canada's Capital continues to be a signature capital — unique, distinct and authentically symbolic of the country as a whole. I was honoured to be appointed CEO of the NCC in February 2014, and feel privileged to lead the organization at such an important time in its history.

The refocusing of our mandate in 2013–2014 has returned us to our proud, accomplished history of urban planning and stewardship. Planning, protecting and preserving the Capital are what the NCC was created to do. Evidence of that history is all around us: without the NCC's past efforts, we might not today enjoy the region's treasured green spaces, the welcoming route of Confederation Boulevard, or the spectacular vistas of Gatineau Park and iconic views of Parliament Hill.

To carry out this mandate, the NCC has built capacity and expertise over the years in a wide range of professions such as urban planning, design, archaeology, biology and heritage preservation. While the NCC has an accomplished past in these areas, we strive to innovate and continuously improve how we operate and work with others. We are living in a competitive world of increasingly prominent and dynamic "city regions." To stand among them, we must work together.

A great capital cannot be built on its own. Success depends on our ability to engage the Capital's stakeholders effectively, fostering innovation and creativity through collaboration. Working together will allow us to cultivate a sense of shared responsibility, bringing even greater coherence to future plans, while preserving our collective heritage, and our precious green spaces and environmental assets.

In my short time as CEO, I have had the privilege of engaging in dialogue with members of the community, and have seen a consistent, broad-based desire to be proud of the Capital as a cosmopolitan centre where national assets are managed in a publicly accessible, innovative way. Many of these discussions have occurred in the NCC's new Capital Urbanism Lab, where internal and external experts can come together with the public to share knowledge, exchange best practices and develop a common vision for the Capital.

Engagement is one of my priorities as CEO. The NCC will, over the coming years, foster relationships, build strategic alliances and create synergies with our many partners and stakeholders — Canadians who all share the Capital, residents who live in the region, the local municipalities that are responsible for delivering essential services on a daily basis, the academic community, other federal departments and the private sector, to name a few.

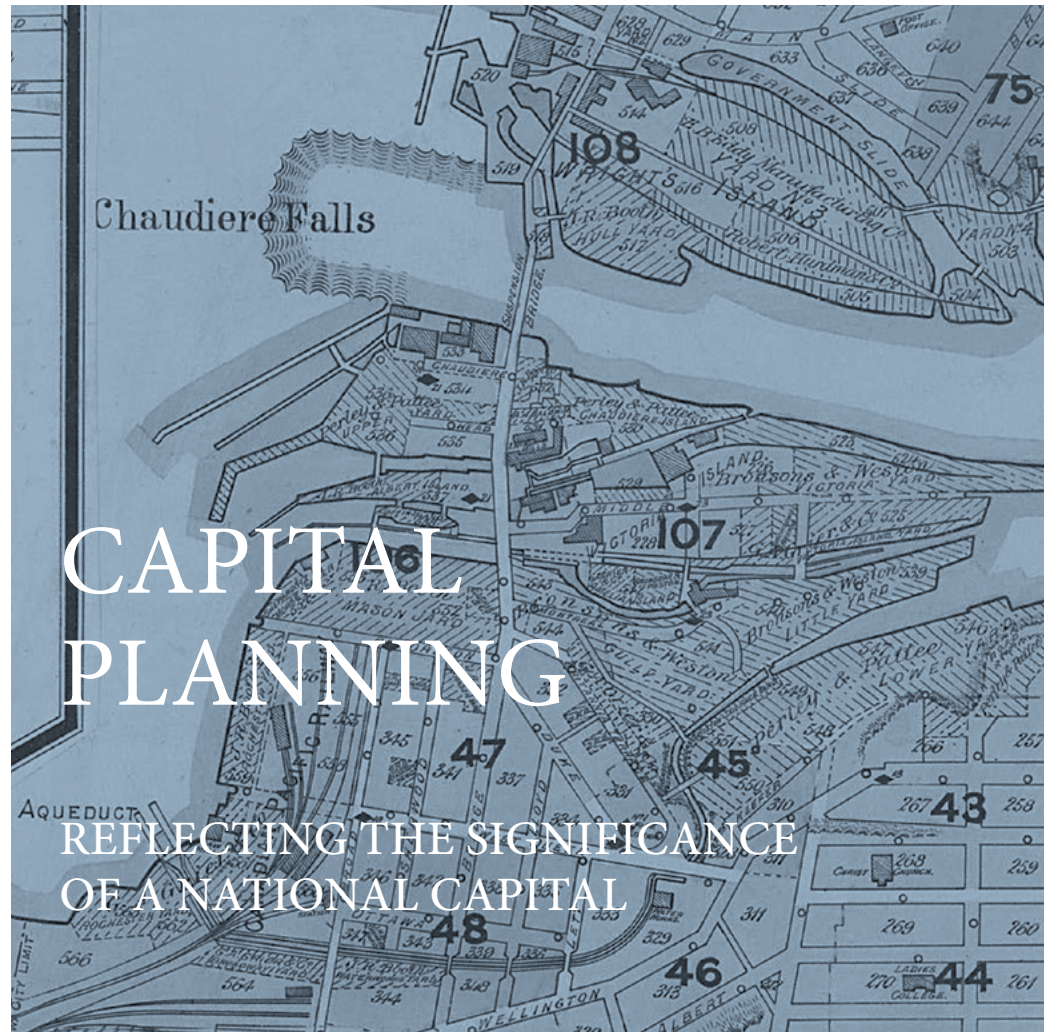
Building a capital for the future requires not only foresight, but also a deep understanding of the past. That understanding is what makes it possible not only to preserve what is historical, but also to recognize those elements of the Capital today that will be considered part of its legacy and heritage tomorrow. The NCC's role makes us uniquely suited to build a capital whose nature and character are in accordance with its national significance, both for today and for tomorrow. I look forward with enthusiasm to 2014–2015 and what the NCC will accomplish next year, as we work collaboratively to further the tradition of heritage preservation fostered in earlier decades, with our deep competencies in planning and stewardship clearly in the foreground of all we do.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a series of loops and a long horizontal stroke.

**Dr. Mark Kristmanson**  
Chief Executive Officer

# YEAR IN REVIEW

The Capital is a political centre and a national symbol — a place of rich heritage, central to the country’s continually unfolding history. In 2013–2014, the National Capital Commission (NCC) ensured that Canada’s Capital Region remains meaningful and a source of pride for all Canadians by advancing programs and services in three core areas: Capital Planning, Capital Stewardship and Protection, and Capital Experience.



Last year, the NCC worked to ensure that federal lands and buildings meet the needs of the seat of government, suit the role and significance of a capital, and serve as a source of inspiration for Canadians.

## SETTING THE BAR FOR SUSTAINABLE URBAN LIVING

The NCC aims to make Canada's Capital Region a model of urban planning — a place where decisions about the use and development of urban lands are based on considerations of environmental sensitivity, sustainability and best-in-class projects. Those objectives are at the heart of the Capital Urban Lands Master Plan, which was presented for public consultation in late March 2014, drawing nearly 100 participants to a pair of evening workshops and garnering more than 600 responses to an online survey. The plan is designed to guide development, conservation and improvement initiatives in the Capital, and inform NCC and federal government decisions on the development and management of the Capital's urban lands. In 2014–2015, the findings of the consultations will be consolidated into a public report. Early results show that contact with nature and access to shorelines are top priorities for the public.





### **A space for inspiration — the Urbanism Lab**

The National Capital Commission created a flexible studio space on the fifth floor of its headquarters last year. Central to the atelier is the maquette of the Capital created by Jacques Gréber, whose 1950 plan helped define the Capital we know today — and whose legacy underscores the importance of long-term planning.

## **NEW LIFE FOR THE CAPITAL'S SHORELINES**

Given that the Capital sits at the confluence of three major rivers—the Ottawa, the Gatineau and the Rideau — and is home to a canal that is recognized as a UNESCO World Heritage Site, it is not surprising that shoreline access is a public priority. Last year, the NCC continued its efforts to enliven the Capital's shorelines and weave them more tightly into the fabric of the region's daily life. A call for proposed pilot projects for the Ottawa River shorelines yielded 43 submissions from businesses, community associations, not-for-profit organizations and other stakeholders, between February and March 2014. The Ottawa River initiative complements the NCC's Rideau Canal shoreline program, which ran for the second year of a three-year pilot project in 2013. A public evaluation of Rideau Canal projects will be carried out over the summer before the program concludes in October 2014.

## **BUILDING A GREEN CAPITAL**

In 2013–2014, the NCC's Board of Directors approved an updated Greenbelt Master Plan, the product of extensive public consultation and engagement with stakeholders. As a blueprint for managing and developing the Greenbelt over the next 10 to 15 years, the Greenbelt Master Plan focuses on protecting natural systems, enabling opportunities for "green agriculture," and supporting outdoor recreation and education. The NCC also worked last year with the Nature Conservancy of Canada and other partners on the Ottawa Valley Natural Area Conservation Plan. In June 2013, the partners published a draft report highlighting the need to conserve core natural areas, address ongoing threats and maintain regional connectivity. The conservation plan, which identifies the ecological corridors that connect the Greenbelt to surrounding natural habitats, will be relevant to the implementation of the Greenbelt Master Plan.





# CAPITAL STEWARDSHIP AND PROTECTION

## CARING FOR THE CAPITAL

**A**s steward and caretaker of the Capital, the NCC worked throughout 2013–2014 to sustainably maintain, manage, rehabilitate and protect Capital assets, respecting their unique features and purpose. The NCC safeguarded the Capital’s natural areas and heritage assets, and tended to the official residences of the country’s leaders, ensuring that they remain safe, appropriate and inspiring settings for state events and ceremonies.

### A NATURAL JEWEL TURNS 75

The NCC hosted a summer of celebrations to commemorate the 75th anniversary of Gatineau Park in 2013, drawing thousands and culminating in a grand reopening event at the Mackenzie King Estate on Labour Day weekend. The renewal of the Mackenzie King Estate — which included renovations to three buildings on the site, accessibility enhancements and implementation of a new landscaping plan — was completed on time and on budget last year. Gatineau Park itself underwent expansion, with the NCC acquiring three vacant lots totalling 1.2 hectares, and bringing overall land acquisitions for the Park to 159.9 hectares since 2008. Year-round activities in Gatineau Park included rock climbing at the Eardley Escarpment — made possible thanks to a partnership with the rock climbing community — and cross-country skiing, which saw an extended season, partially due to early snowfalls in November. A record 6,453 season ski passes were sold last year.



### **A symbol of the NCC's return to its roots**

As the National Capital Commission returns to its historical mandate of planning and stewardship, archaeologists have discovered an artifact connected to that original mission. Fragments of a fountain associated with Thomas Ahearn were found at LeBreton Flats last year. Ahearn was head of the Federal District Commission in the late 1800s. The rediscovery of the fountain calls to mind his spirit and vision for the Capital, and provides inspiration for the NCC in shaping the next century of planning for the Capital.

## **NEW WAYS TO ENCOUNTER THE CAPITAL**

Over the course of the year, the NCC worked to enhance the ways in which people experience the Capital. Some of this work involved infrastructure improvements, such as the completion of an overhang on the Capital Pathway along the Rockcliffe Parkway. This pathway improvement allows pedestrians and cyclists to travel safely and continuously along the steep escarpment, while taking in scenic views of the Ottawa River. Other work involved the refurbishment of heritage sites, such as the Willson Carbide Mill, an industrial heritage structure recognized by the Federal Heritage Buildings Review Office, which is situated on Victoria Island in the Ottawa River. From this unique location, visitors can take in spectacular views of the Supreme Court of Canada, Parliament Hill and the National Gallery of Canada. Last year, the NCC completed the majority of the restoration of the mill, making it a functional waterfront attraction for the Capital.

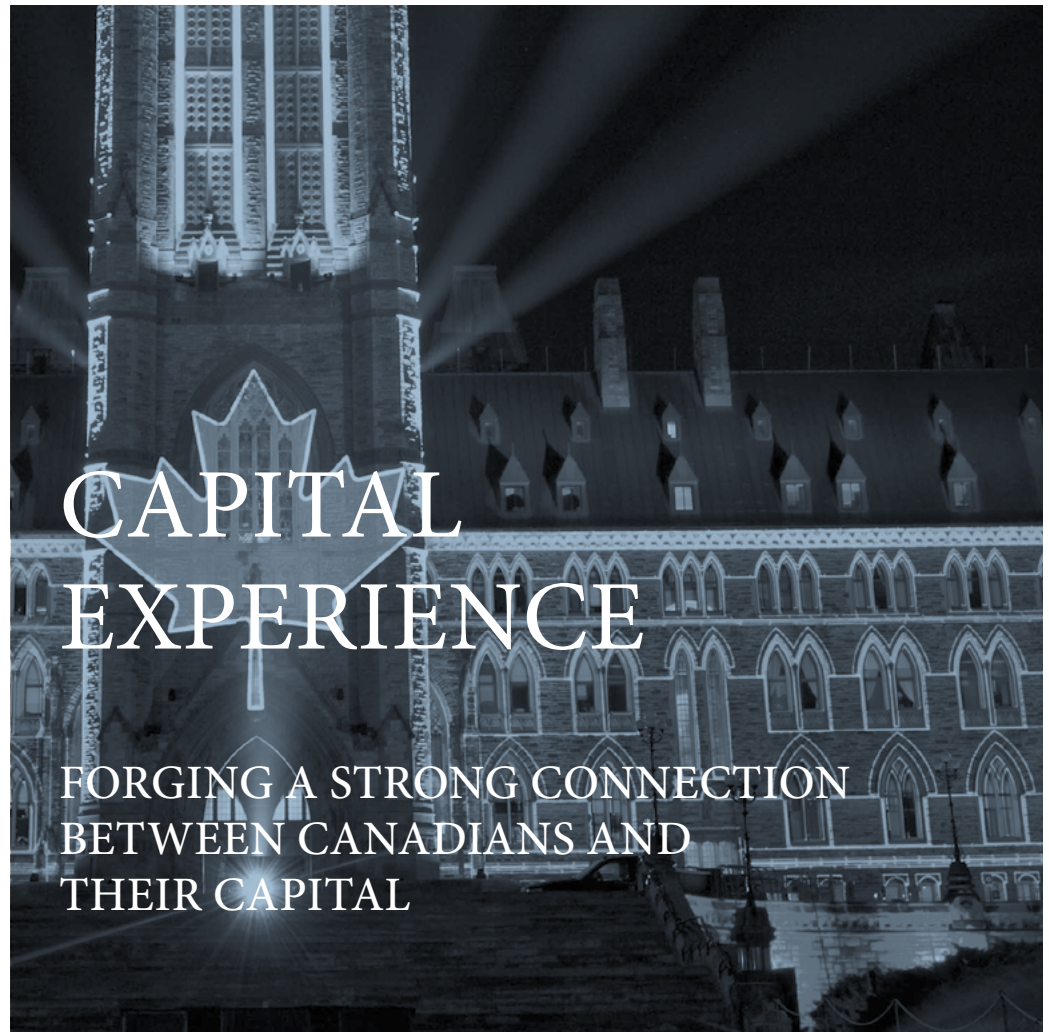
## **FRESH USES FOR FEDERAL LANDS**

One of the NCC's goals for 2013–2014 was to implement a renewed process for approving designs and transactions related to the use of federal lands in the Capital Region. A total of 189 approvals were issued over the course of the year, with the majority of projects being delivered on schedule and in line with expectations. Among these included approvals of designs for the new headquarters of the Communications Security Establishment Canada, commemoration projects such as the War of 1812 Monument, stations for Phase I of the Ottawa light rail transit project and the Rideau Centre revitalization project.

## **ENERGY EFFICIENCY AT RIDEAU HALL**

The NCC and the administration of Rideau Hall — the official residence of Canada's governor general — are equally committed to adopting sustainable energy-efficient solutions. For example, in 2013–2014, the NCC installed an innovative ground-source cooling and heating system to fully meet the cooling requirements of Rideau Hall's Mappin Wing and offset steam heating requirements for the official residence's main house.





**W**hile a number of activities undertaken as part of the NCC's Capital Experience program were transferred to Canadian Heritage in September 2013, the NCC continued to fulfill its responsibilities up to that transition, and to carry forward those that were retained as part of its refocused mandate — namely, to ensure that Canadians actively experience and appreciate the natural areas of the Capital.

### **PASSING THE TORCH**

The NCC hosted its last Canada Day celebration in the Capital on July 1, 2013, commemorating on that occasion several other key milestones, including the 400th anniversary of Champlain's passage through the region, the 300th anniversary of Louisbourg, the 100th anniversary of the first Canadian Arctic Expedition, the 75th anniversary of Gatineau Park, and the 75th anniversary of the first publication of the Superman comic strip. Starting in 2014, Canadian Heritage assumed responsibility for the annual event, which will continue to make use of NCC lands. Responsibility for the highly popular *Mosaika* sound and light show on Parliament Hill also transferred to Canadian Heritage in 2013. Last year, the NCC substantially strengthened some of the historical components of the production to align with the Canadian Heritage Five-Year Commemoration Plan and to highlight the road to Confederation, in preparation for the country's the 150th anniversary celebrations in 2017.





### **It takes a community to care for a capital**

The National Capital Commission has always relied on the efforts of dedicated volunteers. Last year, the NCC continued its partnership with the Friends of Maplelawn Garden, which celebrated 20 years of commitment to maintaining the beautiful Maplelawn Garden on Richmond Road. In the Greenbelt, the NCC worked with volunteers to restore the Pinhey Sand Dune, a 10,000-year-old inland sand dune complex that was at risk of disappearing without their efforts. The NCC aims to seek out additional opportunities to partner with volunteers to carry out the work of caring for the Capital going forward.

### **DESIGNED BY CANADIANS FOR ALL TO SEE**

Bringing meaning and a decorative touch to the Capital once again last year were student-designed banners submitted as part of the “Raise Your Voices!” National Student Banner Contest — with winning entries from Calgary, West Vancouver, Salmon Arms, Montréal, Kanata and North York displayed in Major’s Hill Park until October 2013. Along Confederation Boulevard, banners highlighted works from Aboriginal Affairs and Northern Development Canada’s art collection, as well as designs on the themes of the 100th anniversary of the first Canadian Arctic Expedition, the War of 1812 and provincial floral emblems. Responsibility for this program was transferred to Canadian Heritage in September 2013.

### **THE DIGITAL CAPITAL EXPERIENCE**

In 2013–2014, the NCC maintained 43 interactive screens as part of its Capital Wi-Fi network, providing visitor information on programs, events, attractions and more. The NCC also mounted a virtual exhibit in collaboration with the Virtual Museum of Canada. Entitled “Voices of the Capital,” the virtual exhibit used a media-rich mobile application to complement its presentation of seven figures of historical significance. Responsibility for this program was transferred to Canadian Heritage in September 2013.

## **PAYING TRIBUTE, PAUSING TO REMEMBER**

While Canadian Heritage will also assume responsibility for commemorative events in the Capital, the NCC will continue to play an integral role in the siting, design and construction of national commemorative monuments, as well as the upkeep of monuments on its lands. Three commemorative projects currently under way will be carried by the NCC to completion: the War of 1812 Monument, the Memorial to the Victims of Communism and the National Holocaust Monument, which had received an extraordinary international response to its design competition. The NCC is overseeing the design of these pieces, as well as their construction and installation, and the maintenance of some of these monuments.

## **OUT AND ABOUT IN THE CAPITAL**

The 2013–2014 fiscal year marked the 44th season of the Rideau Canal Skateway, which opened officially on December 31, 2013, and lasted 71 days. During that period, the Skateway recorded some 23,000 visits daily — the most since statistics were first captured in 1992–1993. Private-sector partners enriched the Skateway experience with new offerings, such as guided sleigh ride tours, while social media helped drive interest, with the NCC's Twitter and Facebook accounts receiving more than 12,000 likes and follows. The NCC will continue to provide this nationally iconic winter activity in the years to come. In 2013–2014, more than 200,000 people also took advantage of parkway closures to participate in the Capital's 43rd season of the Sunday Bikedays program, sponsored for the 14th year by technology company Alcatel-Lucent.

# A CAPITAL FOR TOMORROW

Canada's Capital Region is at once urban and green, a place where the past is commemorated and the future is forged. It is the seat of government, infused with symbolic character, and a living community where people work, play and raise their families. It is the honour of the National Capital Commission to hold responsibility for looking ahead, maintaining a clear vision and preserving the essence of the Capital in all of these dimensions.





## CARRYING FORWARD A PROUD HISTORY

In the months and years to come, the NCC will make full use of all the assets it manages on behalf of Canadians to create a capital that is inspiring, symbolic and liveable — a signature capital that is distinctively Canadian.

Through collaboration, imagination and innovation, the NCC and its partners will ensure that the Capital preserves Canada's heritage, reflects its collective history, and supports a sustainable future for both residents and visitors alike.

The NCC will protect and preserve not only that which is historical, but also that which is new, part of the fabric of our times. Projects such as the rehabilitation of Vincent Massey Park and Hog's Back Park, undertaken in the past few years, earned the NCC two awards from the City of Ottawa — one for architecture and one for heritage conservation.

The NCC will demonstrate excellence in all aspects of urban planning, from approving new uses of federal land to protecting precious green space. It will open up new frontiers to enliven the Capital, such as its shorelines, and contribute to the development of practical, sustainable solutions for mobility and transportation through the Capital. It will explore ideas with partners, leverage its internal expertise with others, and commit to stakeholder engagement.



## TO OPTIMIZE AND CONSERVE

Going forward, the NCC will aim to optimize its assets and ensure that the heart of the Capital is vibrant and inspiring, conserving its cultural and natural landscapes. LeBreton Flats will be a key area of focus, developed in a way that revives its historical significance and contributes to the life of the region. The NCC will proceed to make a section of LeBreton Flats available to Canadians, by improving access and the aesthetics of a portion of the land, and will concentrate on the development of a long-term vision for the area.

Perhaps most importantly, the NCC will serve as a value-added partner in the Capital Region, lending its unique blend of skills, expertise and capability to help achieve shared goals and realize the vision of a signature capital shared by all stakeholders.

While these will be primary areas of focus in the coming years, the NCC will engage in other activities to support its mandate and strategic directions and improve the way it delivers its business. For example, the NCC will work on consolidating its business processes to make the delivery of programs and services more efficient.

Restored to its historical mission of preserving, planning for and enriching the Capital, the refocused NCC will draw on the full extent of its expertise to ensure that Canada's seat of government remains a vital and dynamic centre that fully represents what being the capital of Canada is all about.

# CORPORATE GOVERNANCE

## MANDATE

The National Capital Commission (NCC) is a federal Crown corporation created by Canada's Parliament in 1959 under the *National Capital Act* (R.S.C., 1985, c. N-4). The corporation is responsible for planning, as well as taking part in the development, conservation and improvement of Canada's Capital Region. It fulfills this role through the following areas of activity:<sup>1</sup>

- setting the long-term urban planning direction for federal lands in Canada's Capital Region;
- guiding and controlling the use and development of federal lands in Canada's Capital Region;
- managing, conserving and protecting NCC assets (including Gatineau Park, the Greenbelt, real property, and other assets such as bridges, pathways and parkways); and
- maintaining heritage sites in Canada's Capital Region, such as the official residences and commemorative sites.

The NCC is subject to the accountability regime established in Part X of the *Financial Administration Act*, and reports to Parliament through the minister of Foreign Affairs, who is designated as the minister responsible for the *National Capital Act*.

## MISSION

Canada's Capital Region is of national significance and a source of pride for Canadians.

## GUIDING PRINCIPLES

### 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 integrity, honesty, respect and fairness.

## Openness and Transparency

The NCC strives to conduct its affairs with its partners, stakeholders and the public openly, transparently, collaboratively and inclusively.

## Leadership and Innovation

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

## ORGANIZATIONAL PILLARS

### Putting People First

The National Capital Commission 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 corporation 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 in order that current and future generations may enjoy and appreciate the Capital's many natural assets.

## BOARD OF DIRECTORS

### Composition, Roles and Responsibilities

The National Capital Commission counts on its board of directors to address its mission of ensuring that Canada's Capital Region is of national significance and a source of pride for Canadians. The corporation is led by a national board, which brings together people from a wide range of professional backgrounds, from the Capital Region and across Canada. The board consists of a chairperson, a chief executive officer (CEO) and 13 other members, representing the Capital Region and other parts of the country. Board members are appointed by the minister responsible for the *National Capital Act*, while the chair and the CEO are appointed by the Governor-in-Council. Board member biographies can be found at [www.ncc-ccn.gc.ca](http://www.ncc-ccn.gc.ca).

<sup>1</sup> The National Capital Commission's mandate to organize, sponsor or promote public activities in the National Capital Region was transferred to Canadian Heritage, effective September 30, 2013.



NATIONAL CAPITAL COMMISSION BOARD OF DIRECTORS <sup>2 3</sup>**Corporate Committees**

A = Executive Committee  
 B = Audit Committee  
 C = Governance Committee

**Advisory Committees**

1 = Advisory Committee on Planning, Design and Realty  
 2 = Advisory Committee on the Official Residences of Canada



**Russell Mills**  
 Ottawa, Ontario  
 Chair  
 April 29, 2012  
 to April 29, 2017  
 A, B, C, 1, 2



**Dr. Mark Kristmanson**  
 Ottawa, Ontario  
 Chief Executive Officer  
 February 3, 2014  
 to February 2, 2019  
 A, B, C, 1, 2



**Richard N. Aubry**  
 Williamstown, Ontario  
 July 30, 2008  
 to July 29, 2012  
 2



**Jacquelin Holzman**  
 Ottawa, Ontario  
 November 15, 2007  
 to November 14, 2013  
 C, 1



**Norman Hotson**  
 Vancouver, British Columbia  
 January 30, 2014  
 to January 29, 2018



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



**Eric D. MacKenzie**  
 Fredericton, New Brunswick  
 March 5, 2007  
 to May 13, 2014  
 A, 2



**Michael Pankiw**  
 Edmonton, Alberta  
 December 17, 2013  
 to December 16, 2017



**François Paulhus<sup>4</sup>**  
 Lac-Beauport, Quebec  
 November 1, 2012  
 to October 31, 2016  
 B



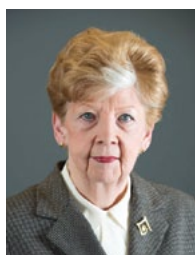
**Michael Poliwoda**  
 Gatineau, Quebec  
 November 1, 2012  
 to October 31, 2016  
 B



**Denys Rivard**  
 Montréal, Quebec  
 December 17, 2013  
 to December 16, 2017  
 B



**Jason M. Sordi**  
 Richmond Hill, Ontario  
 April 30, 2007  
 to April 29, 2014  
 A, B, C



**Kay Stanley**  
 Ottawa, Ontario  
 June 21, 2012  
 to June 20, 2016  
 B, C



**Robert Tennant**  
 Ottawa, Ontario  
 March 5, 2007  
 to May 13, 2014  
 C, 1

2. The following members also served on the board of directors in 2013–2014: Peter Burgener, Frieda Martselos, André Rioux and Brent Stefanson. Jean-Francois Trépanier served as chief executive officer by interim until February 2014.

3. At March 31, 2014, there was one vacant position on the board of directors.

4. Mr. Paulhus is on a temporary leave of absence from the board of directors, effective September 4, 2013.

The board of directors is responsible for the oversight and stewardship of the NCC's activities and assets. In carrying out this role, the board of directors undertakes the following:

- sets broad strategic directions for the organization;
- ensures the effective and efficient use of corporate resources;
- monitors and reviews corporate performance and risks;
- approves key accountability documents for the government, such as the corporate plan, annual report and quarterly financial reports; and
- communicates and fosters relationships with government, stakeholders and the public.

The board of directors operates under a series of by-laws and charters that define the duties and activities of the board and its committees.

### Changes in Board Membership in 2013–2014

Three new members joined the board of directors in 2013–2014: Michael Pankiw, Denys Rivard and Norman Hotson. The following board members completed their term during the past year: Peter Burgener, Frieda Martselos, André Rioux and Brent Stefanson.

Dr. Mark Kristmanson was appointed to the position of CEO on February 3, 2014, superseding Jean-François Trépanier, who served as the interim CEO for 16 months.

### 2013–2014 Board Highlights

In 2013–2014, the NCC's Board of Directors accomplished the following:

- Held five public meetings, five in-camera meetings, five in-camera conference calls, and three electronic votes, an annual general meeting and a sixth annual strategic planning session.
- Adopted a renewed master plan for the Greenbelt.
- Approved 22 federal land use and design applications.
- Approved 34 leases, including leases for the Pine View Golf Course and the lease with the Wesley Clover Foundation for the equestrian park at Corkstown Road.
- Adopted revised by-laws and charters.

### Meetings

The board of directors meets at least four times per year. Each meeting consists of an open public session and an in-camera session. The public is invited to attend and observe the public session. The NCC also holds an annual general meeting. At the annual general meeting, members of the public are able to express their ideas and comments directly to the board. The 2013–2014 annual general meeting was held on April 24, 2013.

All public board sessions are accessible via live webcast on the NCC's website.

### Ethical Conduct

Board members are required to act honestly, diligently, carefully, in good faith and in the best interests of the NCC. They are bound by the *Financial Administration Act*, the *Conflict of Interest Act*, and the code of conduct and conflict of interest guidelines for members of the NCC board of directors, as well as the NCC by-laws. All board members are obliged to declare any conflicts of interest annually and as they arise during the year. Board members must excuse themselves from decision making in any situation that could be considered a real or perceived conflict of interest.

### Management Relationship

In its corporate stewardship role, the board of directors plays an active part in setting and monitoring management direction. The CEO is accountable to the board of directors for the management of the NCC's activities and the implementation of the board's strategic directions for the coming year. The CEO reports to the board of directors at the start of each board meeting by presenting a report on activities. In addition, the board reviews corporate, financial and risk performance four times a year.

### Performance

The board of directors assesses its collective performance through a structured self-evaluation process. The board also asks the executive management committee to evaluate its performance.

### Committees

Three corporate committees support the board of directors, and four advisory or special committees provide advice to executive management. A list of committee members can be found in Appendix I. Committee member biographies can be found at [www.ncc-ccn.gc.ca](http://www.ncc-ccn.gc.ca).

### Corporate Committees

**The Executive Committee** can be delegated certain powers and functions by the board of directors to deal with specific business or issues.

**The Audit Committee** oversees the integrity of the NCC's financial information, reporting, processes and controls, as well as the NCC's internal audit function.

**The Governance Committee** assists the board in overseeing and assessing the NCC's governance framework to ensure that it meets effective corporate governance principles and best practices.

### Advisory and Special Committees

Advisory and special committees provide technical advice to executive management in implementing the NCC's mandate. Recognized experts from across Canada are recruited to sit on these committees. Advisory committee members are appointed by the board of directors. Special committee members are appointed by the CEO.

**The Advisory Committee on Planning, Design and Realty** provides objective, professional advice on the NCC's long-range plans and policies for the use of public lands in Canada's Capital Region, design proposals affecting such public lands, and other real property issues.

**The Advisory Committee on the Official Residences of Canada** provides objective, professional advice on asset management and matters relating to the six official residences in Canada's Capital Region. The committee also provides advice to Public Works and

Government Services Canada, the custodian of the Citadel, the governor general's official residence in Québec City.

**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** provides objective, professional advice on how to address universal accessibility requirements for projects undertaken by the NCC.

## Board of Directors Remuneration

Earned from April 1, 2013 to March 31, 2014

	Retainer <sup>1</sup>	Per Diems <sup>1,2,4,5</sup>	For Travel <sup>2,3</sup>	Total	Attendance*						
Board Members	\$	\$	\$	\$	Board Meetings	Committee Meetings (Corporate and Advisory)					
						EC	AC	GC	ACPDR	ACORC	ACCMAP <sup>6</sup>
	(A)	(B)	(C)	(A+B+C)	19.42 days	0 days	3 days	3 days	7.5 days	1.5 days	1 days
Richard Aubry	4,000	5,500	250	9,750	17.25	—	—	—	—	1.5	—
Peter Burgener*	1,868	281	703	2,852	2.83	—	—	—	0	—	—
Jacquelin Holzman	4,000	6,500	0	10,500	16.50	—	—	2.0	3.0	—	—
Norman Hotson†	0	0	0	0	0.58	—	—	—	—	—	—
Richard P. Jennings	4,000	6,250	0	10,250	18.92	0	3.0	—	—	—	—
Eric D. MacKenzie	4,000	5,656	2,250	11,906	19.17	0	—	—	—	0	1.0
Frieda Martselos**	4,000	3,844	1,875	9,719	10.75	0	—	1.5	—	—	—
Russell Mills	9,400	45,656	0	55,056	18.67	0	2.5	2.5	5.0	1.0	0.5
Michael Pankiw†	0	594	0	594	2.08	—	—	—	—	—	—
François Paulhus <sup>‡</sup>	1,084	1,875	633	3,592	5.83	—	0.5	—	—	—	—
Michael Poliwoda	2,084	5,625	0	7,709	14.58	—	2.0	—	—	—	—
André Rioux**	4,000	4,750	2,023	10,773	14.33	—	1.5	—	—	—	—
Denys Rivard†	0	781	0	781	2.33	—	1.0	—	—	—	—
Jason M. Sordi	6,000	6,344	0	12,344	16.50	0	2.5	2.5	—	—	—
Kay Stanley	4,000	7,219	0	11,219	19.33	—	3.0	0.5	—	—	—
Brent Stefanson***	4,000	3,750	1,328	9,078	8.42	—	2.0	1.0	—	—	—
Robert Tennant	4,000	9,469	0	13,469	17.42	—	—	3.0	7.0	—	—
Total	56,436	114,094	9,062	179,592							

1. Rates per Privy Council Order 2002-368, effective October 1, 2000, rounded to nearest whole 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. Remuneration for travel is based on the geographical location of the residence of Commission members and does not cover travel expenses, which are reimbursed to members based on reasonable out-of-pocket expenses.

4. Includes attendance at public and in-camera meetings of the Board and the Board's strategic 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; ACORC: Advisory Committee on the Official Residences of Canada; ACCMAP: Advisory Committee on Communications, Marketing and Programming

\* Until June 27, 2013    \*\* Until December 16, 2013    \*\*\* Until January 29, 2014    † From December 17, 2013    ‡ From January 30, 2014

∞ This committee was abolished in November 2013.

Ω Mr. Paulhus is on a temporary leave of absence from the Board of Directors, effective September 4, 2013.

## Remuneration

Remuneration for the board of directors is set by the Governor-in-Council, and follows the Privy Council Office'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 regular meetings. For participating in committees and performing special duties, board members receive an annual retainer of between \$4,000 and \$4,700 and a \$375 per diem, as well as reimbursement for all reasonable out-of-pocket expenses, including travel, accommodation and meals, while performing their duties. The chair of the Audit Committee receives an additional retainer of \$2,000 per year.

## Independent Audit

The Office of the Auditor General (OAG) serves as the auditor for the National Capital Commission. The OAG performs an annual audit of the NCC's year-end financial statements. In addition, the OAG carries out a special examination every 10 years. The next special examination is scheduled for 2017.

## NATIONAL CAPITAL COMMISSION OMBUDSMAN

Appointed by the board of directors, the NCC ombudsman serves as an independent and confidential resource for the public to solve complaints when all other internal avenues of redress are exhausted. When appropriate, the ombudsman will intervene or investigate with a view to settling a complaint in a fair way, using the simplest, least adversarial process possible. The ombudsman is required to submit an annual report on his or her activities to the board of directors. The annual report for 2013 is available on the ombudsman's website at [www.ombudsman.ncc-ccn.ca](http://www.ombudsman.ncc-ccn.ca).

## ORGANIZATIONAL STRUCTURE

Within the National Capital Commission'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 branch of the NCC. The branch executive directors are responsible for ensuring that the corporation's policies, programs and activities are implemented and well managed.

### Executive Management Committee

Dr. Mark Kristmanson, Chief Executive Officer

Mark Dehler, General Counsel and Commission Secretary

Gary Lacey, Executive Director, Capital Stewardship

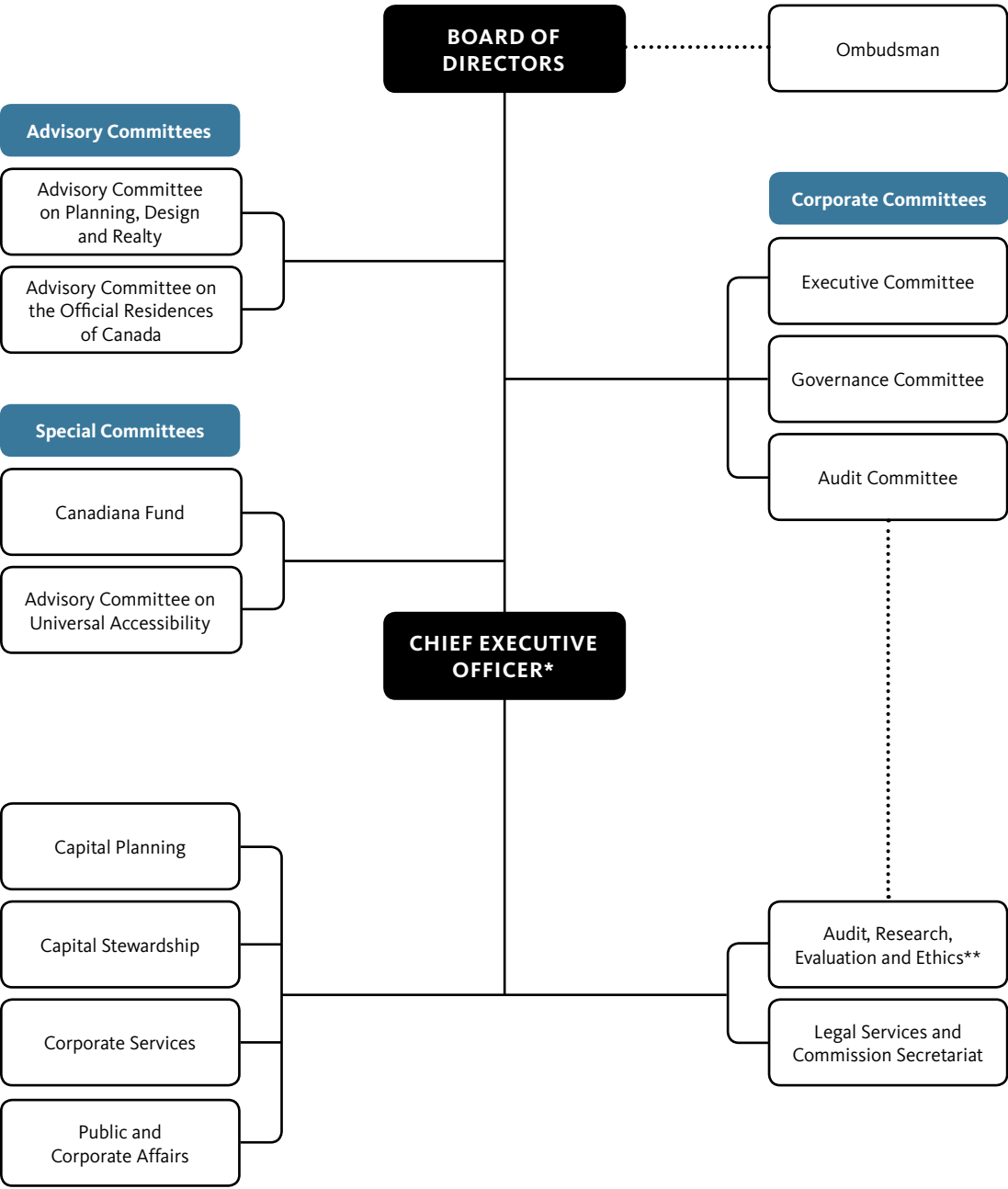
Natalie Page, Executive Director, Public and Corporate Affairs

Stephen Willis, Executive Director, Capital Planning

Pierre Désautels, Executive Director, Corporate Services, and Chief Financial Officer



STRUCTURE OF THE NATIONAL CAPITAL COMMISSION



\* The chief executive officer is also a member of the board of directors.

\*\* The audit function reports directly to the Audit Committee.

Organizational structure in effect May 5, 2014.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FIVE-YEAR KEY FINANCIAL HIGHLIGHTS

For the years ended March 31

(in thousands of dollars)

	2014	2013	2012	2011 (restated)	2010
<b>Operating Funding</b>					
Parliamentary appropriations for operating expenditures	78,190	81,576	84,290	83,467	85,387
Operating revenues	35,312	38,590	35,876	34,562	37,357
	113,502	120,166	120,166	118,029	122,744
<b>Capital Funding</b>					
Parliamentary appropriations for capital expenditures	27,971	27,258	23,196	74,848	19,533
<b>Cost of Operations</b>	125,890	143,879	142,603	142,087	138,003
<b>Capital Assets</b>					
Land	281,434	282,500	292,006	288,948	277,281
Buildings and infrastructure (net of amortization)	301,672	294,856	286,386	285,961	251,302
Investments in capital assets	29,394	35,608	25,075	65,442	38,890
<b>Major Capital Projects</b>					
LeBreton Flats redevelopment	3,298	3,117	738	44	2,233
Official residences	6,156	7,703	5,451	7,503	7,243
Real property acquisitions	1,035	305	910	2,449	5,835
<b>Acquisition and Disposal Fund</b>	36,896	37,616	37,330	38,018	40,149

## FIVE-YEAR KEY OPERATING HIGHLIGHTS

For the years ended March 31

	2014	2013	2012	2011	2010
<b>Number of Employees</b>	402	490	487	492	490

## 2013–2014 OPERATING ENVIRONMENT

As part of its annual strategic planning process, the National Capital Commission prepares a horizon scan, which surveys the most significant trends, opportunities and challenges influencing its operations over the coming years.

### External Trends

An aging population, urbanization and immigration are changing Canada's and the Capital Region's demography. Urban intensification in the Capital Region, including a growing population in the core, is an important factor to be considered in the NCC's urban planning, as well as decision making with regard to land use, design, real asset management and stewardship. Transportation infrastructure also remains a priority in the Capital Region, and the NCC will continue to play a facilitating role in the region's transportation initiatives. Strengthening the economy and returning to balance remain important priorities for the federal government, as well as for provincial and municipal governments in the Capital Region. The use of public-private partnerships will also continue to be an increasingly popular method of capital procurement for governments.

### Internal Trends

#### Transfer of the Activity and Event Mandate

On March 21, 2013, the federal budget announced that the mandate to promote the National Capital Region would be transferred from the National Capital Commission to Canadian Heritage. The *Economic Action Plan 2013 Act, No. 1* amended the *National Capital Act* to transfer certain duties and functions related to the NCC's Capital Experience program to Canadian Heritage. This transfer took effect on September 30, 2013.

#### Legislation to Amend the *National Capital Act*

The Government announced on March 7, 2014, that it plans to introduce legislation to amend the *National Capital Act*. The bill would be similar to previously introduced legislation (Bill C-37 and Bill C-20), and would provide updated tools to allow the NCC to continue to deliver on its mandate and to perform its valued work for the stewardship and protection of green spaces in Canada's Capital Region. While it is not known when the legislation will be introduced, the NCC will develop a detailed action plan to address the new requirements of an amended *National Capital Act*.

#### 2009 Strategic Review

The NCC completed the implementation of the 2009 Strategic Review, with few negotiations remaining to achieve its savings target of 5 percent (or \$5.5 million) of appropriations in 2012–2013 and future years. Remaining elements include the divestiture of current assets that serve a municipal function or provincial purpose rather than a national function. These initiatives are anticipated to be completed by the end of 2014–2015.

### Deficit Reduction Action Plan

The NCC is continuing to implement measures as part of the Deficit Reduction Action Plan. Reductions for the NCC amount to \$1 million in 2013–2014 and \$1.8 million in 2014–2015 and future years. While most planned activities to achieve savings were successfully carried out, two projects — implementing parking automation and a planned land divestiture — were delayed as a result of the late approval of the 2013–2014 to 2017–2018 Corporate Plan, due to the transfer of the activity and event mandate to Canadian Heritage. Consequently, the initiatives have been deferred to 2014–2015. The NCC will continue to achieve its savings targets in future years by implementing internal efficiencies and leveraging new technologies and equipment, as well as through attrition.

### Corporate Financial Sustainability Strategy

To ensure sound financial management, the NCC is implementing the Corporate Financial Sustainability Strategy for the 2013–2014 and future fiscal years. The goal of this exercise is to find cost efficiencies, and optimize processes and the management of assets, in order to offset financial challenges. Moving forward, the NCC will continue to reassess the Corporate Financial Sustainability Strategy as part of its strategic and resource planning process. It will also seek options for funding through partnerships and sponsorships.

### 2013 Economic Update

In the November 2013 economic update, the federal government announced a freeze of the 2014–2015 and 2015–2016 operating budgets of federal organizations. The NCC is striving to find solutions in order to fund ongoing salary increases for 2015 and 2016.

## CORE BUSINESS LINES

The National Capital Commission organizes its activities into four core business lines.

### Capital Planning

The NCC serves as the main federal urban planner for Canada's Capital Region. In this role, the corporation guides, coordinates and approves the use of federal lands to ensure that the Capital has national significance as the seat of government, inspires Canadians, and showcases Canada's culture and heritage. The NCC's main activities in this business line include researching, preparing and implementing long-term plans; identifying and managing lands of national interest; granting land use, design and transaction approvals for projects undertaken on federal lands; and facilitating and coordinating with partners on transportation issues in Canada's Capital Region.

In 2013–2014, the cost of operations for this business line was \$4.3 million, accounting for 3 percent of total operating costs.

### Capital Stewardship and Protection

The NCC serves as a steward of a large and diverse land and asset base in Canada's Capital Region. In this role, it develops, preserves, improves, sustains and manages its assets and lands to ensure that the Capital retains its historical and symbolic significance for Canadians. The NCC's main activities in this business line include the management of lands and parks in the Capital Region, including Gatineau Park, the Greenbelt and urban lands; the management of physical assets such as pathways, parkways and real property; and the management of the six official residences, as well as heritage sites and commemorative monuments.

In 2013–2014, the cost of operations for this business line was \$70.0 million, accounting for around 56 percent of total operating costs. It also generated \$21.3 million in revenue from rental operations and easements.

### Capital Experience

The NCC served as the lead federal agency responsible for promoting Canada's Capital Region until September 30, 2013. In this role, the corporation animated and showcased the Capital Region to inspire Canadians' pride in their country and in their capital. The NCC's main activities in this business line included delivering events such as Canada Day, supporting national commemorative events, providing visitor services, and providing interpretive services at heritage and historical sites in Canada's Capital Region.

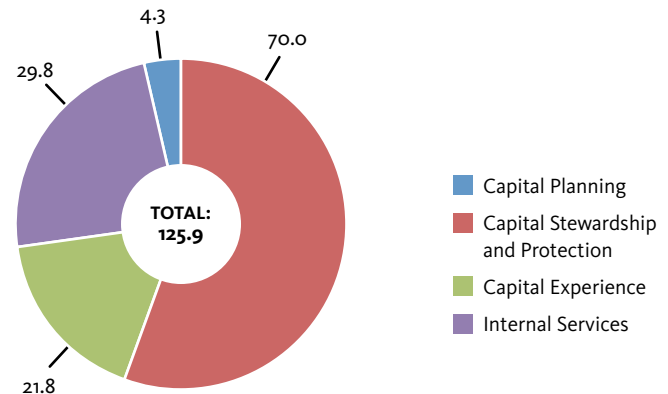
In 2013–2014, the cost of operations for this business line was \$21.8 million, accounting for 17 percent of total operating costs.

### Internal Services

Internal Services provides corporate-wide support for the delivery of the NCC's programs and management of its resources. The Internal Services business line includes finance and procurement, human resources, legal services, information technology and information management, and public affairs.

In 2013–2014, the cost of operations for this business line was \$29.8 million, accounting for 24 percent of total operating costs.

**PROPORTION OF EXPENSES BY PROGRAM, 2013–2014**  
(in millions of dollars)



## KEY PERFORMANCE DRIVERS

### Shared Responsibility and Focus

The National Capital Commission strives to strengthen and nurture alliances with the public, stakeholders, other federal partners, provincial and municipal governments, sponsors, partners, and volunteers, as part of a shared commitment to building a signature capital.

### Public Engagement and Support

To build a signature capital, renowned as a green space and a heritage space, the NCC needs to ensure that it engages Canadians in constructive dialogue. It also strives to be open and transparent. This fosters a climate of trust, which in turn, builds good relationships and supportive partnerships between the corporation and local municipalities, 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. This ensures that the corporation's ways of doing business remain efficient, responsive and financially responsible. Central to the NCC's approach to innovation is its commitment to engagement, collaboration and being a value-added partner. By engaging with the academic community, residents, world-renowned professionals, stakeholders, and the private and public sectors, the NCC is able to adopt a broader perspective, and be more open to imaginative and innovative projects befitting a capital city.

## CAPABILITY TO DELIVER RESULTS

### National Capital Commission Lands and Assets

The National Capital Commission 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. Many of these properties are lands of national interest that are symbolically meaningful to Canadians and are needed to achieve the corporation's long-term plans for Canada's Capital Region.

As the region's single-largest landowner, the NCC is the steward of a diverse real property portfolio. Among its important holdings are Gatineau Park; the Greenbelt; parkway corridors; interprovincial bridges; 106 kilometres of parkways; 199 kilometres of owned recreational pathways; and 563 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 1,492.

### **Employees**

The staff of the NCC undertake the role of shaping, preserving and promoting the Capital with a high degree of commitment, professionalism and expertise. NCC employees possess a breadth of knowledge and experience in a wide range of professions. They include architects, engineers, real estate professionals, urban planners, horticulturists, biologists, grounds technicians and gardeners. Together, they work as caretakers, thinkers and advocates of the Capital Region.

### **Partners and Sponsors**

The NCC relies on the support of partners and sponsors for the successful delivery of many of its programs, events and activities. Total cash sponsorship revenues for 2013–2014 were \$0.8 million. The NCC also benefits from sponsors and partners in terms of access to their capabilities and expertise.

### **Volunteers**

Volunteers are also an important asset for the NCC, not only to support the successful delivery of its programs and services, but also to contribute to building a great Capital Region. In 2013–2014, 649 individuals volunteered a total of 9,281 hours of services for programs such as Canada Day, Sunday Bikedays and activities in Gatineau Park.

## **ENTERPRISE RISK MANAGEMENT**

The National Capital Commission has adopted an enterprise risk management framework, which formalizes its approach to managing risks. The NCC applies this framework in its decision making, project management and planning. Enterprise risk management is integrated into the corporation's planning and reporting cycle through a risk profile exercise, which helps to identify the key corporate risks and corresponding mitigation measures for the planning period. Key corporate risks are monitored throughout the year, and risk trends and efficacy of mitigation measures are reported to the board of directors each quarter.

The key corporate risks identified for 2013–2014 were capacity, and reputation and influence.

### **Capacity**

Capacity risks relate to the NCC's ability to have sufficient human and financial resources to effectively deliver its mandate. To mitigate this risk, the NCC examines new ways of doing business, implements the Corporate Financial Sustainability Strategy, leverages private-sector funding, reviews governance and project management processes, and plans and monitors human resources.

### **Reputation and Influence**

Reputation and influence risks relate to the NCC's ability to improve and foster a positive reputation, and influence its partners, stakeholders and the public. Mitigation measures for these risks include being a value-added partner with all levels of government and the private sector, increasing the corporation's participation in partnerships, exercising influence in urban development and capital projects, and implementing a proactive communications strategy.

## **CORPORATE SOCIAL RESPONSIBILITY**

The National Capital Commission is dedicated to promoting the principles of corporate social responsibility in all that it does. This means using environmentally sound practices, being a value-added partner, 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, and promoting ethical behaviour.

## **ACCOUNTING AND REPORTING CHANGES**

### **Transfer of the Activity and Event Mandate**

The transfer of the activity and event mandate from the National Capital Commission to Canadian Heritage on September 30, 2013, has been reflected in all performance and financial information in the 2013–2014 annual report. Performance and financial information account for the NCC's activities in this area for the period of April 1, 2013, to September 30, 2013. Activities that were part of the NCC's Capital Experience program and that have remained with the NCC after September 30, 2013 — activities relating to outdoor experience, as well as communications, marketing and graphic design — have been accounted for the entire year.

## AWARDS RECEIVED IN 2013–2014



**Moore Farm Rehabilitation**, 2013 Wood WORKS! Quebec/Cecobois, Prix d'excellence (Prix héritage)



**Rideau Hall Main Entrance Handrail**, Canadian Copper and Brass Development Association, Excellence in Copper Use in Architecture



**Rideau Canal Skateway Shelters**, City of Ottawa, Urban Design Award of Excellence (Urban Elements category) and Royal Architectural Institute of Canada (RAIC), Certificate of Merit (Urban Fragments category)

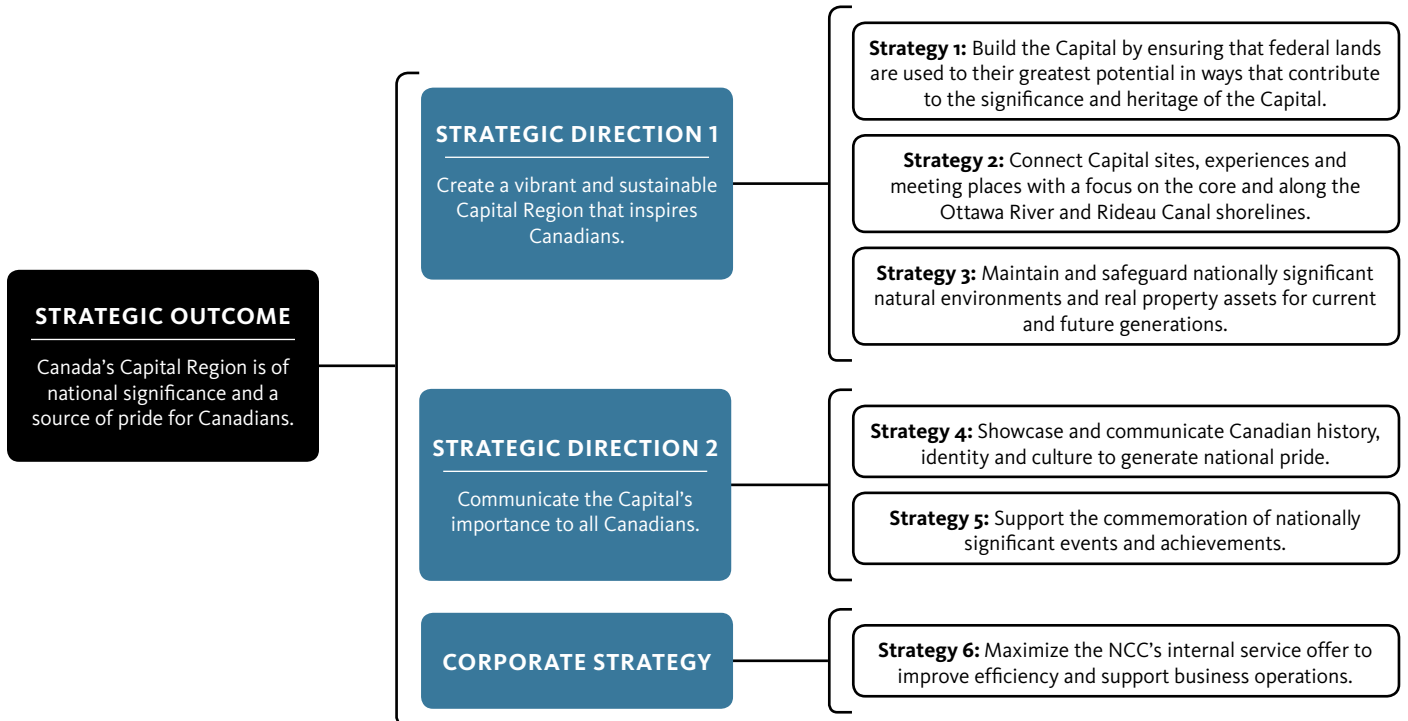


**Rockcliffe Parkway Rehabilitation**, Willis Chipman Award, 2014 Ontario Consulting Engineers Awards, (Award received by REMISZ Consulting Engineers Ltd., project undertaken jointly with the National Capital Commission)

## PERFORMANCE BY OBJECTIVE

The National Capital Commission's strategic directions guide the corporation's efforts in delivering its mandate and mission, and in attaining its strategic outcome. They are established by the board of directors each year, and they set the planning focus for the upcoming fiscal year.

Under each strategic direction, and at the corporate level, the NCC pursued a set of strategies for which specific plans and key expected outputs were identified for the 2013–2014 reporting period. As part of its corporate strategy, the NCC established internal service objectives to improve efficiency and support business operations.



## PERFORMANCE RATING GUIDE

The NCC's performance rating guide is used to measure the achievement or progress against targets set out in the 2013–2014 to 2017–2018 Summary of the Corporate Plan. Performance evaluation is based on the six categories described below.

Rating	Code	Definition
On track	OT	Used for long-term goals where substantial progress has been made, and where there are no concerns with respect to meeting the established target.
Target met	TM	Used for short-term goals where the target was exceeded or achieved (within 5%) for the period in review.
Target partially met	TPM	Used for short-term goals where 75% to 95% of the established target was achieved for the period in review.
Target at risk	TAR	Used for long-term goals for which challenges have been identified. Refers to the operational and/or financial uncertainty of an initiative, decision or situation, and its potential impact on meeting the established target.
Target not met	TNM	Used for short-term goals where less than 75% of the established target was achieved for the period in review.
Not applicable	N/A	Used for projects where achievement of the target can be determined only upon completion, or for cases where the target is no longer applicable.



## PERFORMANCE ANALYSIS

The following analysis presents the NCC's performance for the period of April 1, 2013, to March 31, 2014. By fiscal year-end, the NCC either met or partially met 80 percent of its planned targets for 2013–2014, and made substantial progress in meeting its long-term objectives.

### Strategic Direction 1:

#### Create a vibrant and sustainable Capital Region that inspires Canadians

To create a vibrant and sustainable Capital Region that inspires Canadians, the NCC pursued the following strategies and key expected outputs in 2013–2014.

**Strategy 1: Build the Capital by ensuring that federal lands are used to their greatest potential in ways that contribute to the significance and heritage of the Capital.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Plan for Canada's Capital • Obtain approval of the Plan for Canada's Capital, including the 10-year action plan	By the end of 2013–2014	TPM
Capital Urban Lands Master Plan • Complete the Capital Urban Lands Master Plan	By the end of 2014	OT
National Interest Land Mass (NILM) Update • Complete the project framework for the NILM update	By the end of 2013–2014	TNM
• Complete the NILM update	By the end of 2014–2015	N/A
Ottawa Light Rail Phase I • Seek project design approval from the board of directors	By the end of 2013–2014	TM
Federal Land Use, Design and Transaction Approval Process • Implement all work elements of the renewed process, and issue a final report on process modifications	By the end of 2013–2014	TPM
Future Interprovincial Crossing • Select the preferred corridor and preliminary design, and complete the technical work program	By the end of 2013–2014	N/A Project Cancelled

As part of its role in guiding and coordinating the long-term use of federal lands in the Capital, the NCC conducted stakeholder consultations for the development of the Plan for Canada's Capital. While board of director approval was granted in principle in summer 2013, the NCC deferred final approval of the Plan for Canada's Capital to align the final plan with the corporation's refocused stewardship and planning mandate, following the announcement in the 2013 federal budget. Public consultations for the general policies and land designations of the Capital Urban Lands Master Plan were held in spring 2014. Nearly 100 individuals took part in evening workshops, and more than 600 participants took part in online consultations. A revised parkways policy was also developed as part of the Capital Urban Lands Master Plan, and will be finalized in early 2014–2015. Development of the project framework for the National Interest Land Mass (NILM) began in 2013–2014. The completion of the project has been deferred, pending the finalization of other priority master plans.

In keeping with its commitment to ensure that federal lands are used to their greatest potential, the NCC made progress in advancing its renewed federal land use, design and transaction approval process. Up to 189 approvals were granted in 2013–2014, representing an increase of 35 percent over the previous year. Among these included approvals for the City of Ottawa-led Confederation Line for Phase I of the Ottawa light rail transit project, design approval of the new headquarters for the Communications Security Establishment Canada, design approvals for commemorative monuments, and design and land use approval of the Rideau Centre revitalization project.

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 the study would not be completed, 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.

**Strategy 2: Connect Capital sites, experiences and meeting places with a focus on the core and along the Ottawa River and Rideau Canal shorelines.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Bike Share Program <ul style="list-style-type: none"> <li>Develop and implement a strategy to optimize the bike share program, leading to its transfer immediately following the 2015 season at the latest</li> </ul>	By the end of 2013–2014	TM
Rideau Canal Shorelines Initiative <ul style="list-style-type: none"> <li>Continue to support four private-sector-initiated pilot projects launched in 2012–2013, and facilitate one additional project</li> </ul>	By the end of 2013–2014	TPM
<ul style="list-style-type: none"> <li>Undertake an assessment of the results of the three-year pilot project</li> </ul>	By the end of 2014–2015	N/A

In support of cycling and non-motorized transportation initiatives in Canada's Capital Region, the NCC continued to engage municipal and private-sector partners to optimize the bike share program in 2013–2014. Following an expression of interest issued in fall 2013, negotiations were held with potential proponents, and the NCC transferred its 25 BIXI stations and 250 bikes to Cycle Hop LLC in spring 2014 — more than a year ahead of the planned schedule.

The NCC continued to collaborate with partners in the public and private sectors to encourage public access and enhance meeting places in the core of the Capital, and along the Ottawa River and Rideau Canal shorelines. The 2013–2014 fiscal year marked the second year for four pilot projects under the Rideau Canal Shorelines Initiative. Although one additional pilot project did not proceed as anticipated in summer 2013, 8 Locks' Flat successfully continued its operations into the fall and winter seasons of 2013–2014, and the shorelines of Canada's Capital Region continued to be animated with festivals and events along the Rideau Canal. In preparation for summer 2014, the NCC launched the Ottawa Riverfront Placemaking Initiative. More than 40 proposals were received, and are currently being evaluated. Upon conclusion of the Rideau Canal Shorelines Initiative in fall 2014, the NCC will undertake an assessment of results, and conduct a public evaluation.

The 44th season of the Rideau Canal Skateway lasted a total of 58 skating days — a record high since 2008–2009. Attendance on the Rideau Canal Skateway reached approximately 1.2 million this year, with an increase of 2,000 visits per day compared with the previous year.

**Strategy 3: Maintain and safeguard nationally significant natural environments and real property assets for current and future generations.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Multi-Year Capital Program <ul style="list-style-type: none"> <li>Projects initiated, worked on and/or completed are within 90% of identified planned projects</li> <li>Capital expenditures are at 90% of planned budgets</li> </ul>	By the end of 2013–2014	TM
Confederation Boulevard Rehabilitation Project <ul style="list-style-type: none"> <li>Support the City of Ottawa in completing improvements to Sussex Drive (between St. Patrick Street and King Edward Avenue)</li> </ul>	By the end of 2014–2015	OT
Nepean Point Rehabilitation <ul style="list-style-type: none"> <li>Initiate rehabilitation efforts at Nepean Point</li> </ul>	By the end of 2013–2014	TNM
Management of Real Property Asset Portfolio <ul style="list-style-type: none"> <li>Complete 100% of asset management plans</li> </ul>	By the end of 2014–2015	OT
<ul style="list-style-type: none"> <li>Complete a review of lands and real property assets to determine those that may have a higher-value use</li> </ul>	By the end of 2013–2014	TM
Sustainable Agriculture <ul style="list-style-type: none"> <li>Finalize a sustainable agriculture planning framework</li> </ul>	By the end of 2014–2015	OT

To ensure the preservation and safeguarding of NCC assets through life cycle rehabilitation projects, the NCC optimized its multi-year capital program in 2013–2014, and implemented \$24.8 million (or 90 percent) of its annual planned capital expenditures. The design and development phases for the Nepean Point rehabilitation advanced in 2013–2014. The completion date for the project was deferred to 2014–2015 to allow sufficient time for important public consultations with key stakeholders and the neighbouring community prior to finalizing plans for the site. The NCC Board of Directors granted land use and design approval in winter 2014, along with delegated and cost-sharing authority to support the City of Ottawa’s Confederation Boulevard rehabilitation project for improvements to Sussex Drive between St. Patrick Street and King Edward Avenue.

As part of its objective to make more focused investments in its leased properties, the NCC completed 100 percent of its asset inspections in preparation for the implementation of asset management plans in 2014–2015. As part of its sustainable agriculture planning efforts, the NCC issued a request for interest for farm leases in fall 2013. Two leases were successfully signed, and a draft farm development plan was completed prior to the development of a comprehensive sustainable agriculture framework in 2014–2015.

**Strategy 3: Maintain and safeguard nationally significant natural environments and real property assets for current and future generations.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
LeBreton Flats Decontamination <ul style="list-style-type: none"> <li>Complete decontamination work on the non-NILM north property (north of the open aqueduct / west of Booth Street)</li> </ul>	By the end of 2013–2014	TM
Use of Natural Assets <ul style="list-style-type: none"> <li>Complete a review of the current land use guidelines to ensure that the integrity of urban lands is maintained when used for festivals and events</li> </ul>	By the end of 2013–2014	TNM
Stewardship of NCC Lands <ul style="list-style-type: none"> <li>Determine the status of and pressures on high-value ecosystems and habitats in order to outline required priority management actions</li> </ul>	By the end of 2013–2014	TM
<ul style="list-style-type: none"> <li>Initiate restoration and protection efforts for high-value ecosystems and habitats on affected NCC lands</li> </ul>	By the end of 2017–2018	OT
Gatineau Park <ul style="list-style-type: none"> <li>Maximize revenues generated by the outdoor recreational activities offered in Gatineau Park, with a target of \$1.9 million in gross revenues</li> <li>Involve volunteers and the user community in trail management and rehabilitation</li> </ul>	By the end of 2013–2014	TM Generated \$2.1 million in gross revenues

As steward of the Capital, the NCC continued to place priority on environmental protection and conservation in 2013–2014. In winter 2013, the NCC completed 100 percent of its decontamination work for LeBreton Flats, as part of its site assessment and decontamination objectives under the Federal Contaminated Sites Action Plan. The exploration of options for interim improvements to achieve better public access and enhance the aesthetics of the remediated site has started, and will be further developed in 2014–2015. The planned review of the current land use guidelines to ensure that the integrity of urban lands is maintained when used for festivals and events was postponed to early 2014–2015.

The NCC developed and implemented a risk-based interim approach to environmental evaluation, as part of requirements under the *Canadian Environmental Assessment Act, 2012* (CEAA 2012). The NCC has developed a streamlined process for routine maintenance projects and minor repairs conducted on its lands. The NCC is also reviewing its existing policies and procedures to ensure compliance with CEAA 2012 requirements and guidance from the Canadian Environmental Assessment Agency. For 2013–2014, no projects required any determination from the Governor-in Council; therefore, no projects were referred.

The NCC pursued efforts in 2013–2014 to protect high-value ecosystems, ecological corridors and natural habitats in Canada's Capital Region. A five-year action plan was completed to determine the status of, as well as the pressures on ecosystems; options for integration will be further explored in early 2014–2015. The restoration of Stillwater Creek was completed in the Greenbelt. Protection efforts were also initiated along portions of Watts Creek, and two rock climbing sites on the Eardley Escarpment in Gatineau Park were successfully restored in 2013–2014. The NCC also worked on trail maintenance and rehabilitation in Gatineau Park in 2013–2014, and partnered with stakeholder groups, volunteers and the user community to help with these efforts.

The NCC encouraged the use of its natural assets, while taking an active role in their ecological preservation. In Gatineau Park, excellent winter weather conditions contributed to an increase in the sale of season passes. Over 6,400 passes were purchased during the year, representing an increase of approximately 9.5 percent over the previous year.



**Strategy 3: Maintain and safeguard nationally significant natural environments and real property assets for current and future generations.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Official Residences	By the end of 2013–2014	TM
• Complete Phase 2 stabilization of the escarpment at 24 Sussex	By the end of 2013–2014	TM
• Complete stabilization of the Harrington Lake caretaker's cottage	By the end of 2013–2014	TM
• Complete rehabilitation of the Rideau Hall Foot Guard House	By the end of 2013–2014	TPM
• Complete the operations zone rehabilitation plan for Rideau Hall	By the end of 2013–2014	TNM
• Rehabilitate/establish an operations zone at Rideau Hall	By the end of 2017–2018	N/A

As the steward and caretaker of the six official residences in Canada's Capital Region, the NCC continued to its efforts in 2013–2014 to maintain and improve the health, safety and security of these important heritage assets. Stabilization work at 24 Sussex and at the Harrington Lake caretaker's cottage was completed ahead of schedule and within pre-established budgets. A review of the project scope for the rehabilitation of the Rideau Hall Foot Guard House was also completed to address health, safety and security requirements. Remaining work set for completion in summer 2014 includes landscaping and work on the mechanical room exterior. Although significant progress was made in 2013–2014 for the rehabilitation of the Rideau Hall operations zone, project completion has been deferred to 2014–2015.

## Strategic Direction 2: Communicate the Capital's importance to all Canadians<sup>5</sup>

To communicate the Capital's importance to all Canadians, the NCC pursued the following strategies and key expected outputs in 2013–2014.

### Strategy 4: Showcase and communicate Canadian history, identity and culture to generate national pride.

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Canada Day 2013 • Feature the national commemoration of the 100th anniversary of the Canadian Arctic Expedition	By the end of 2013–2014	TM
Visitor Services • Increase the focus of interpretation services and interactions with visitors	By the end of 2013–2014	TM
Rideau Canal Promenade • Launch the multimedia component of the Rideau Canal Promenade project	By the end of 2013–2014	N/A Transferred to Canadian Heritage
Flagship Events • Increase the engagement of federal cultural institutions, and maximize private-sector partnerships for flagship events	By the end of 2013–2014	N/A Transferred to Canadian Heritage
• Develop concepts for key NCC programs during national commemoration activities for the 150th anniversary of Confederation	By the end of 2013–2014	N/A Transferred to Canadian Heritage
Virtual Capital Initiative • Launch the Virtual Capital exhibit website and mobile application	By the end of 2013–2014	N/A Transferred to Canadian Heritage

The NCC presented its last Canada Day celebrations on July 1, 2013. Various national commemorative events were featured as part of the Canada Day celebrations, including the 100th anniversary of the Canadian Arctic Expedition, the 300th anniversary of the Fortress of Louisbourg and the 400th anniversary of Champlain's passage through the region. In collaboration with the French Embassy in Ottawa, the NCC also presented in September 2013, *Plain Chant*, an interactive light and sound installation at Nepean Point to mark the 400th anniversary of Champlain's passage through the region.

The NCC's sound and light show *Mosaika: Canada through the eyes of its people* completed its fourth year on Parliament Hill in September 2013. Significant content updates were made for the 2013 season, including enriched audio and enhancements to the show's overall pacing. Total attendance for the sound and light show reached approximately 233,400 spectators.

In spring and summer 2013, the NCC's roving interpreters equipped with iPad technology were deployed to commemorative sites for the delivery of personalized interpretation. This represented the greatest contributing factor in the increased number of visitor contacts (86 percent) compared with the previous year. The Rideau Canal Promenade project planned in partnership with federal and municipal stakeholders encountered delays in early 2013–2014. Its launch has been deferred to 2014–2015, at which time it will be led by Parks Canada.

5. The National Capital Commission's mandate to organize, sponsor or promote public activities in the National Capital Region was transferred to Canadian Heritage, effective September 30, 2013. The NCC delivered activities in these areas from April 1, 2013, to September 30, 2013.

**Strategy 5: Support the commemoration of nationally significant events and achievements.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Memorial to the Victims of Communism <ul style="list-style-type: none"> <li>Obtain land use approval for the site of the Memorial to the Victims of Communism</li> </ul>	By the end of 2013–2014	TM
War of 1812 Monument <ul style="list-style-type: none"> <li>Complete the project design and development phase</li> </ul>	By the end of 2013–2014	TM
National Holocaust Monument <ul style="list-style-type: none"> <li>Support the planning and design project phase</li> </ul>	By the end of 2013–2014	TM
75th Anniversary of Gatineau Park <ul style="list-style-type: none"> <li>Complete the renewal of the Mackenzie King Estate visitor experience and public program</li> </ul>	By the end of 2013–2014	TM

To help showcase and communicate Canadian history, the NCC continued to support significant government-led national commemorative activities. Design guidelines for the Memorial to the Victims of Communism were finalized in 2013–2014, and design approvals for the War of 1812 Monument and the National Holocaust Monument were also granted, for which construction is set to begin in 2014–2015.

The 75th anniversary of Gatineau Park and the renewal of the Mackenzie King Estate were successfully launched in 2013–2014. Significant achievements leading up to the anniversary of the park include the rehabilitation and reopening of three buildings on the site, the installation of interpretation panels, and the completion of an arbicultural project within the Mackenzie King Estate. In 2014–2015, the NCC will finalize the installation of interpretive elements, and implement additional landscaping and universal accessibility improvements.

## Corporate Strategy

**Strategy 6: Maximize the NCC's internal service offer to improve efficiency and support business operations.**

KEY EXPECTED OUTPUT	2013–2014 TARGET	2013–2014 ACTUAL
Efficiencies and Cost Savings for the Internal Service Offer <ul style="list-style-type: none"> <li>Implement the Corporate Financial Sustainability Strategy</li> </ul>	By the end of 2013–2014	TM
Compliance With the Policy on Government Security <ul style="list-style-type: none"> <li>Complete the remaining work and achieve compliance with the Policy on Government Security</li> </ul>	By the end of 2013–2014	TM Compliance achieved at a rate of 95%
Accommodation Strategy and Plan <ul style="list-style-type: none"> <li>Identify options and finalize a strategy for the NCC's long-term accommodation needs for its headquarters and satellite offices</li> </ul>	By the end of 2013–2014	TNM
<ul style="list-style-type: none"> <li>Begin to implement the NCC's long-term accommodation strategy</li> </ul>	By the end of 2014–2015	N/A
Governance Framework Review <ul style="list-style-type: none"> <li>Complete a review of the NCC's governance framework and present recommendations to the board of directors</li> </ul>	By the end of 2013–2014	TPM
Performance Measurement Framework <ul style="list-style-type: none"> <li>Implement a performance measurement framework for all program areas</li> </ul>	By the end of 2014–2015	N/A

To ensure sound financial management, the NCC initiated the Corporate Financial Sustainability Strategy. Approximately 96 percent of the savings target for 2013–2014 was achieved. The identification of options for the NCC's accommodation strategy and plan has been postponed, and will be further explored in 2014–2015.

The NCC also adopted a risk management strategy as part of its action plan to meet the requirements of the Policy on Government Security. Substantial compliance with policy requirements was achieved in 2013–2014, at a rate of 95 percent. Remaining exceptions include the implementation of a security awareness program and continued systems improvements.

As part of the NCC's governance framework review initiative, the Board of Directors approved revised by-laws for the corporation and changes to the policy on the delegation of financial signing authority. A review of the NCC's project management processes was completed, and implementation will occur in 2014–2015.

To improve reporting and accountability and help inform decision making, the NCC identified potential performance indicators for the development of an organization-wide performance measurement framework. As a consequence of the mandate transfer to Canadian Heritage, work on the performance measurement framework was postponed, but is scheduled to resume in 2014–2015.



**TABLE 1 — PARLIAMENTARY APPROPRIATIONS, 2012–2013 TO 2015–2016**

(in thousands of dollars)

	ACTUALS			PROJECTIONS	
	2012–2013	2013–2014	Variance	2014–2015	2015–2016
Operating	92,331	78,511	(13,820)	64,737	64,342
Supplementary operating	(10,755)	(321)	10,434	-	-
<b>Subtotal</b>	<b>81,576</b>	<b>78,190</b>	<b>(3,386)</b>	<b>64,737</b>	<b>64,342</b>
Capital	32,540	37,947	5,407	23,630	25,630
Supplementary capital	(5,282)	(9,976)	(4,694)	-	-
<b>Subtotal</b>	<b>27,258</b>	<b>27,971</b>	<b>713</b>	<b>23,630</b>	<b>25,630</b>
<b>Total appropriations</b>	<b>108,834</b>	<b>106,161</b>	<b>(2,673)</b>	<b>88,367</b>	<b>89,972</b>

## FINANCIAL PERFORMANCE

The Government of Canada announced in Budget 2013 that the mandate to promote the National Capital Region would be transferred from the NCC to Canadian Heritage. The transfer, which took place on September 30, 2013, had an impact primarily on activities reported under the Capital Experience program, as well as on the NCC's appropriations, sponsorship revenues and recoveries.

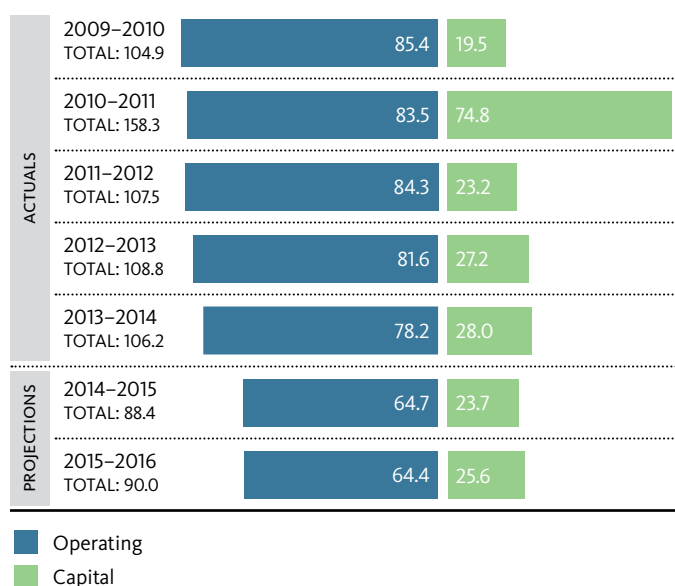
### Parliamentary Appropriations

In 2013–2014, the NCC was granted \$106.2 million in parliamentary appropriations for both operating and capital expenditures. This represents a \$2.6-million decrease from 2012–2013 appropriations, which totalled \$108.8 million (*see Chart 1 and Table 1*). The decrease is primarily attributable to the transfer mid-year of activities to Canadian Heritage (\$6.6 million in operating funds and \$0.9 million in capital funds) and one-time appropriations received in 2012–2013 for the rehabilitation of the Garden of the Provinces and Territories (\$0.5 million). These decreases are partly offset by increased funding for severance payments as a result of the new collective agreement (\$4.1 million) and for the Official Residences program (\$1.5 million).

Total appropriations are expected to decrease by \$17.8 million to \$88.4 million in 2014–2015, mainly due to decreased funding resulting from the full-year impact of the transfer of activities to Canadian Heritage (\$6.7 million), one-time funding received in 2013–2014 for increased employee benefits (mainly severance payments: \$6.0 million), decreased funding for the Official Residences program (\$2.4 million) and a lower level of funding under the Federal Contaminated Sites Action Plan (\$2.5 million).

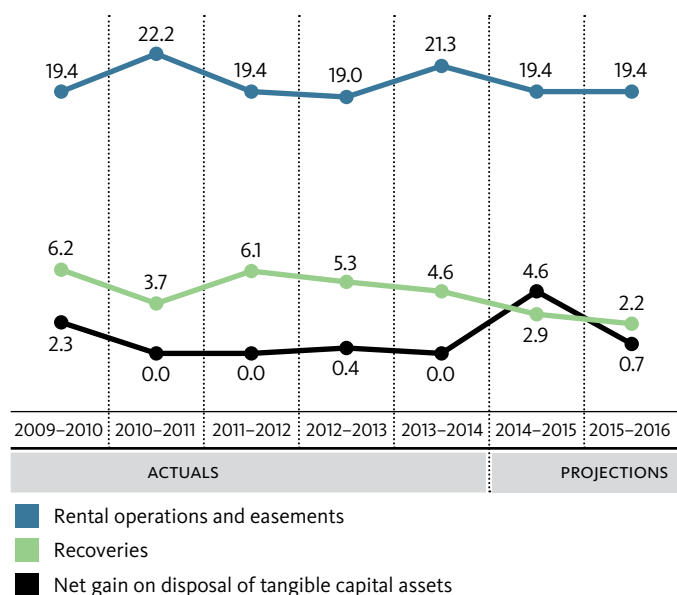
**CHART 1 — PARLIAMENTARY APPROPRIATIONS, 2009–2010 TO 2015–2016**

(in millions of dollars)



**CHART 2 — MAIN SOURCE OF OPERATING REVENUES, 2009–2010 TO 2015–2016**

(in millions of dollars)



## Operating Revenues

The NCC generated \$35.3 million in operating revenues in 2013–2014, a \$3.3-million decrease from the 2012–2013 level of \$38.6 million, as shown in note 17 to the financial statements. The variation is attributable mainly to the transfer of the Fallen Firefighters Monument in 2012–2013 (non-monetary revenue of \$4.0 million), as well as reductions in monetary sponsorships and recoveries (\$0.7 million and \$0.6 million, respectively), which are partly offset by higher revenues generated from rental operations and easements (\$2.3 million).

Rental operations and easements provided the largest source of operating revenues in 2013–2014, representing 60 percent (compared with 50 percent in 2012–2013) of total operating revenues, excluding the net gain on the disposal of tangible capital assets (see Chart 2). The variance results essentially from the non-monetary revenue recorded in 2012–2013 for the Fallen Firefighters Monument. All sources of operating revenues 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 revenues) for 2013–2014 was lower than in 2012–2013 (see Chart 3), as a result of reduced appropriations and revenues, as mentioned previously.

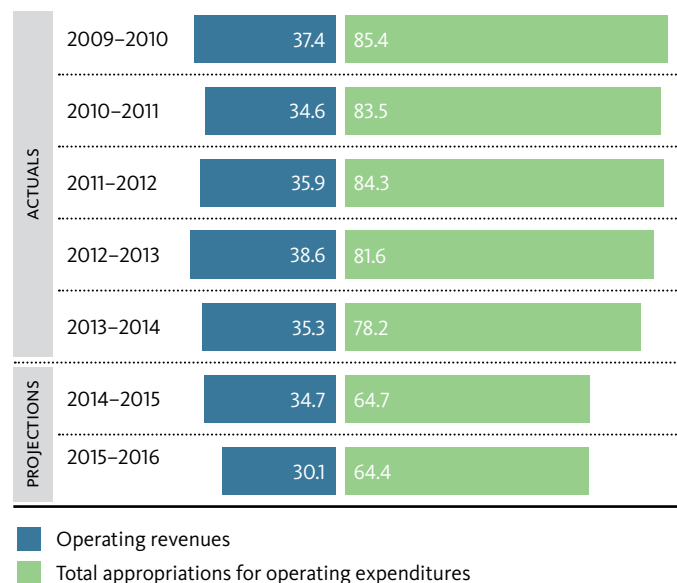
## Cost of Operations

The total cost of the NCC's operations, detailed by object in note 10 to the financial statements (see Chart 4), decreased by 13 percent to \$125.9 million, from \$143.9 million in the previous year. The \$18.0-million decrease partly relates to lower salaries and employee benefits (\$8.9 million), including \$4.0 million of resources transferred to Canadian Heritage, a net adjustment of \$2.4 million to the provision for severance payments and cost reductions related to the implementation of the Corporate Financial Sustainability Strategy (\$1.4 million). Other decreases include reduced expenses as a result of the transfer in 2012–2013 of the Fallen Firefighters Monument (\$4.0 million), lower amortization of tangible capital assets, due mainly to a change in policy which increased the useful life of buildings and bridges (\$3.7 million), as well as the transfer of activities to Canadian Heritage (\$2.6 million), which are partly offset by an increase in headquarters rental costs in 2013–2014 (\$0.9 million).

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

**CHART 3 — TOTAL OPERATING FUNDING, 2009–2010 TO 2015–2016**

(in millions of dollars)



government's Deficit Reduction Action Plan (\$1.0 million in 2013–2014, 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 the five-year Corporate Financial Sustainability Strategy, in order to fund ongoing increases in employee salaries and benefits for 2011, 2012 and 2013. The five-year strategy also addresses funding pressures resulting from the renewal of property management and maintenance contracts, as well as reinvestment needs in the leasing portfolio, over the planning horizon. The NCC is reviewing options to address financial pressures related to increasing accommodation costs. The corporation will continue striving to achieve internal efficiencies in response to the budget freeze announced in the November 2013 government economic update, in order to fund ongoing salary increases for 2015 and 2016.

### Capital Expenditures

In 2013–2014, \$29.4 million in capital investments were made, compared with \$35.6 million in 2012–2013. Capital investments decreased in all categories, with the exception of real property acquisitions (\$0.7-million increase) and LeBreton Flats redevelopment (\$0.2-million increase). Capital investments related to urban land projects (\$2.9 million) and the rehabilitation of official residences (\$1.5 million) were the most notable decreases in 2013–2014.

### Budgetary Analysis

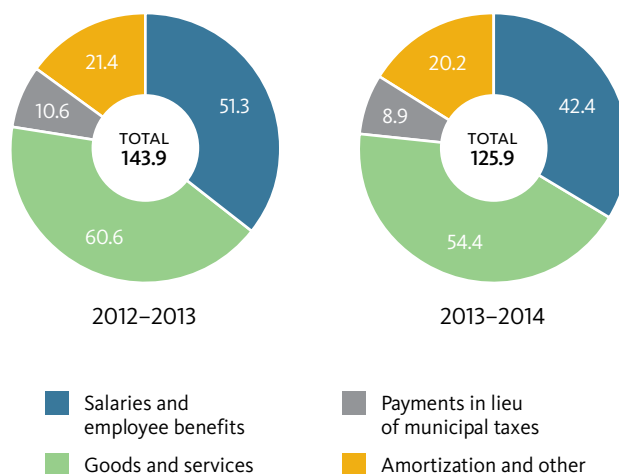
Table 2 provides the following comparisons in terms of operating results: for 2013–2014, actual results versus the budget presented in the 2013–2014 to 2017–2018 Summary of the Corporate Plan and a similar comparison for 2012–2013, based on the 2012–2013 to 2016–2017 Summary of the Corporate Plan. The presentation of budgets and actual results has been modified to account separately for transferred activities. The table also provides operating results budgeted for 2014–2015, to be presented in the 2014–2015 to 2018–2019 Summary of the Corporate Plan.

The NCC exceeded its revenue budget in 2013–2014 by \$3.3 million, mainly as a result of higher-than-budgeted rental operations and easements (\$1.9 million), as well as increased user access fees and other revenues (\$0.8 million and \$0.7 million, respectively). In other sources of revenues, increases were offset by an equivalent amount of decreases.

The actual cost of operations was \$9.2 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) and the writeoff of the provision for termination benefits (\$5.3 million), which were partly offset by severance payments made throughout the year (\$5.4 million) and the loss incurred by the transfer of activities to Canadian Heritage (\$1.0 million).

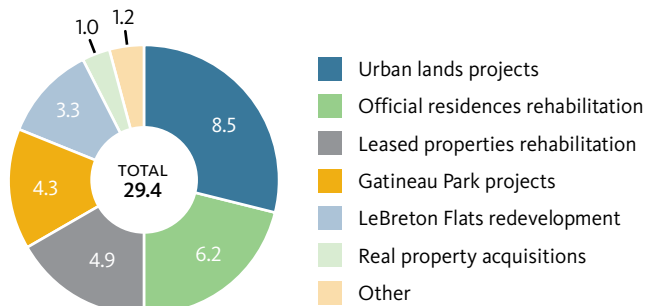
### CHART 4 — EXPENSES BY OBJECT

(including transferred activities)  
(in millions of dollars)



### NCC CAPITAL EXPENDITURES 2013–2014

(in millions of dollars)



**TABLE 2 — STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

For the years ending March 31

(in thousands of dollars)

	2015	2014			2013		
	Budget	Budget (restated)	Actual	Variance	Budget (restated)	Actual	Variance
<b>Revenues</b>							
Rental operations and easements	19,427	19,427	21,281	1,854	19,085	18,988	(97)
Interest	2,717	2,665	2,371	(294)	2,120	2,464	344
Net gain on disposal of tangible capital assets	4,620	700	–	(700)	1,400	433	(967)
Sponsorship							
Monetary	–	15	236	221	–	193	193
Goods and services	–	–	–	–	66	–	(66)
Headquarters sublease	2,022	2,022	2,338	316	2,024	2,104	80
User access fees	1,900	1,900	2,728	828	1,310	2,462	1,152
Recoveries	2,918	1,918	2,291	373	2,076	2,300	224
Other revenues	1,086	415	1,073	658	629	5,070	4,441
	34,690	29,062	32,318	3,256	28,710	34,014	5,304
<b>Expenses</b>							
Capital Planning	3,530	4,799	4,335	464	6,227	4,861	1,366
Capital Stewardship and Protection	90,781	78,655	69,982	8,673	81,639	73,162	8,477
Capital Experience	–	12,543	11,663	880	11,530	16,880	(5,350)
Internal Services	30,797	28,449	29,271	(822)	29,266	29,804	(538)
	125,108	124,446	115,251	9,195	128,662	124,707	3,955
<b>Deficit before funding from the Government of Canada</b>	(90,418)	(95,384)	(82,933)	12,451	(99,952)	(90,693)	9,259
<b>Funding from the Government of Canada</b>							
Parliamentary appropriations for operating expenditures	64,737	65,795	71,839	6,044	78,395	67,640	(10,755)
Parliamentary appropriations for tangible capital assets	23,630	37,184	27,823	27,823	32,204	26,922	(5,282)
	88,367	102,979	99,662	33,867	110,599	94,562	(16,037)
<b>Surplus (deficit) for the year before transferred activities</b>	(2,051)	7,595	16,729	46,318	10,647	3,869	(6,778)
<b>Transferred activities</b>							
Surplus (deficit) due to Canadian Heritage transfer	–	(156)	(1,146)	(1,909)	(324)	(324)	–
<b>Surplus (deficit) for the year</b>	(2,051)	7,439	15,583	44,409	10,323	3,545	(6,778)
<b>Accumulated surplus at beginning of the year</b>	663,549	657,756	647,966	–	–	644,421	–
<b>Accumulated surplus at end of the year</b>	661,498	665,195	663,549	–	–	647,966	–



# FINANCIAL STATEMENTS

for the year ended March 31, 2014

## 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 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 the NCC's 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.



**Dr. Mark Kristmanson**  
Chief Executive Officer



**Pierre Désautels, CPA, CMA**  
Executive Director, Corporate Services  
and Chief Financial Officer

Ottawa, Canada  
June 26, 2014



Auditor General of Canada  
Vérificateur général du Canada

## 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 2014, 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 2014, 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, CPA, CA  
Assistant Auditor General  
for the Auditor General of Canada

26 June 2014  
Ottawa, Canada

**NATIONAL CAPITAL COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
As at March 31

(in thousands of dollars)

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 3)	95,432	80,890
Cash and cash equivalents restricted to light rail transit (note 4)	74,679	73,663
Accounts receivable		
Federal government departments and agencies	5,632	3,221
Tenants and others	2,098	2,707
Investments (note 3)	27,957	45,095
	<b>205,798</b>	<b>205,576</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,008	1,255
Others	16,709	21,884
Light rail transit (note 4)	73,628	73,663
Provision for environmental cleanup (note 13)	24,224	27,643
Employee future benefits (note 5)	4,243	10,124
Deferred rental revenue (note 6)	8,305	4,512
Other liabilities (note 7)	4,494	6,031
	<b>132,611</b>	<b>145,112</b>
<b>NET FINANCIAL ASSETS</b>	<b>73,187</b>	<b>60,464</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	586,542	583,177
Prepaid expenses	2,445	2,772
Other non-financial assets (note 9)	1,375	1,553
	<b>590,362</b>	<b>587,502</b>
<b>ACCUMULATED SURPLUS</b>	<b>663,549</b>	<b>647,966</b>

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)

	2014 Budget (note 2)	2014 Actual (note 17)	2013 Actual (note 17)
<b>REVENUES</b>			
Rental operations and easements	19,427	21,281	18,988
Interest	2,665	2,371	2,464
Sponsorship			
Monetary	15	236	193
Goods and services	–	–	–
Headquarters sublease	2,022	2,338	2,104
User access fees	1,900	2,728	2,462
Recoveries	1,918	2,291	2,300
Donations of antiques, works of art and monuments	–	20	4,277
Other revenues	1,115	1,053	1,226
	<b>29,062</b>	<b>32,318</b>	<b>34,014</b>
<b>EXPENSES (notes 1 and 10)</b>			
Capital Planning	4,799	4,335	4,861
Capital Stewardship and Protection	78,655	69,982	73,162
Capital Experience	12,543	11,663	16,880
Internal Services	28,449	29,271	29,804
	<b>124,446</b>	<b>115,251</b>	<b>124,707</b>
<b>Deficit before funding from the Government of Canada</b>	<b>(95,384)</b>	<b>(82,933)</b>	<b>(90,693)</b>
<b>Funding from the Government of Canada</b>			
Parliamentary appropriations for operating expenditures (note 11)	65,795	71,839	67,640
Parliamentary appropriations for tangible capital assets (note 11)	37,184	27,823	26,922
	<b>102,979</b>	<b>99,662</b>	<b>94,562</b>
<b>Transferred Activities</b>			
Deficit due to Canadian Heritage transfer (note 17)	(156)	(1,146)	(324)
<b>Surplus for the year</b>	<b>7,439</b>	<b>15,583</b>	<b>3,545</b>
<b>Accumulated surplus at beginning of the year</b>	<b>657,756</b>	<b>647,966</b>	<b>644,421</b>
<b>Accumulated surplus at end of the year</b>	<b>665,195</b>	<b>663,549</b>	<b>647,966</b>

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)

	2014 Budget (note 2)	2014 Actual	2013 Actual
<b>Surplus for the year</b>	<b>7,439</b>	<b>15,583</b>	<b>3,545</b>
Acquisition and improvements of tangible capital assets (note 8)	(29,744)	(25,962)	(33,070)
Adjustment of tangible capital assets following a downward adjustment of the provision for the environmental cleanup of LeBreton Flats	–	–	11,896
Amortization of tangible capital assets (note 8)	17,891	17,443	21,095
Net (gain)/loss on disposal of tangible capital assets	(700)	902	(433)
Proceeds from disposal of tangible capital assets	1,000	1,773	926
Writedowns of tangible capital assets	–	808	248
Loss on transfer of tangible capital assets to Canadian Heritage	–	1,671	–
	<b>(11,553)</b>	<b>(3,365)</b>	<b>662</b>
Change in prepaid expenses	–	327	497
Consumption of other non-financial assets	177	178	177
	<b>177</b>	<b>505</b>	<b>674</b>
<b>Increase (decrease) in net financial assets</b>	<b>(3,937)</b>	<b>12,723</b>	<b>4,881</b>
<b>Net financial assets at beginning of the year</b>	<b>45,988</b>	<b>60,464</b>	<b>55,583</b>
<b>Net financial assets at end of the year</b>	<b>42,051</b>	<b>73,187</b>	<b>60,464</b>

The notes are an integral part of the financial statements.

## NATIONAL CAPITAL COMMISSION

**STATEMENT OF CASH FLOWS**

For the year ended March 31

(in thousands of dollars)

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Cash receipts from parliamentary appropriations for operating expenditures	78,505	81,470
Cash receipts from rental operations and easements	23,614	19,393
Cash receipts from other operations	9,686	12,743
Cash paid to suppliers	(61,878)	(63,565)
Cash paid to employees	(48,760)	(48,138)
Interest received	2,858	2,823
Disbursements for contaminated sites	(684)	(690)
<b>Cash flows provided by operating activities</b>	<b>3,341</b>	<b>4,036</b>
<b>CAPITAL ACTIVITIES</b>		
Cash receipts from light rail transit project	15	73,500
Cash receipts from parliamentary appropriations for tangible capital assets	27,971	27,258
Acquisition and improvements of tangible capital assets	(28,775)	(28,752)
Proceeds from disposal of tangible capital assets	147	926
Disbursements for environmental cleanup	(3,287)	(3,066)
Exchange settlement land	(1,626)	–
<b>Cash flows provided (used) by capital activities</b>	<b>(5,555)</b>	<b>69,866</b>
<b>INVESTING ACTIVITIES</b>		
Cash receipts for the light rail transit project	1,001	163
Disbursements for investments purchased	(2,198)	(18,870)
Cash receipts from investments sold	18,969	22,600
<b>Cash flows provided by investing activities</b>	<b>17,772</b>	<b>3,893</b>
<b>Increase in cash and cash equivalents</b>	<b>15,558</b>	<b>77,795</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>154,553</b>	<b>76,758</b>
<b>Cash and cash equivalents at end of the year</b>	<b>170,111</b>	<b>154,553</b>
<b>Represented by:</b>		
<b>Cash and cash equivalents</b>	<b>95,432</b>	<b>80,890</b>
<b>Cash and cash equivalents restricted to light rail transit</b>	<b>74,679</b>	<b>73,663</b>
	<b>170,111</b>	<b>154,553</b>

The notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2014

### 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 at September 30, 2013, the *National Capital Act* was amended, and the mission to organize, sponsor or promote such public activities and events related to the National Capital Region were transferred to Canadian Heritage. See note 17 for further details.

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

Activities that were part of the Capital Experience program, which remain with the NCC are activities relating to outdoor experience, as well as communications, marketing and design.

### 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 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 (PSAB), 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 2013–2014 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 2013–2014 projections and estimates used to establish the financial tables presented in the *2013–2014 to 2017–2018 Corporate Plan*. The budget figures reflected in the statement of operations and accumulated surplus have been adjusted to present the transferred activities separately, as explained in note 17.

### 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 if there 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 of the year, if contamination occurred after acquisition. Management costs of contaminated sites are charged to the cost of operations of the year. If the likelihood of the obligation to incur these costs is high, but the amount of the loss cannot be reasonably estimated, or the likelihood of the obligation to incur these costs is not determinable, the 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** In February 2013, a new collective agreement was signed, and the accumulation of severance benefits has 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 had

the option of collecting, during the 2013–2014 fiscal year, 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. As at March 31, 2014, the NCC recorded a liability for employees who decided to delay the payment of their severance benefit until the time of termination. Management uses the employee's salary in effect at March 31, 2014, to calculate the value of the remaining obligation for the severance benefits.

**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 an 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
Parkways and roadways	25 years
Bridges	25 and 45 years
Park landscaping and improvement	20 and 25 years
Leasehold improvements	The shorter of either the term of the lease or the estimated useful life of the asset
Office equipment, machinery and equipment	5 and 10 years
Vehicles	5 years
Computers and software	3 years

#### **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, and 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. Contingent Liabilities**

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made by the NCC, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**M. Financial Instruments**

The NCC identifies, assesses and manages financial risks in order to minimize their impact on the NCC's results and financial position. The NCC manages its financial risks in accordance with specific criteria, as disclosed in note 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, 2014, the cash and cash equivalents include \$95.4 million (\$80.9 million in 2013) in cash.

**B. Investments**

As at March 31, 2014, there was no short-term portfolio investment, while at March 31, 2013, it included bearer deposit notes, which amounted to \$17.3 million at a weighted average rate of 1.4 percent and had an average term-to-maturity of 12 months.

As at March 31, 2014, long-term portfolio investments include bonds of the Government of Canada and of provincial governments, which amounted to \$28.0 million (\$27.8 million in 2013) at a weighted average interest rate of 3.7 percent (3.7 percent in 2013).

(in thousands of dollars)

	2014		2013	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Federal government	260	261	940	946
Provincial governments	27,684	28,887	26,742	28,483
Bankers' acceptances and bearer deposit notes	–	–	17,263	17,272
Other	13	13	150	150
	<b>27,957</b>	<b>29,161</b>	<b>45,095</b>	<b>46,851</b>

### C. Designated Funds

As at March 31, 2014, included in the cash and cash equivalents and long-term investments mentioned above, \$53.7 million (\$38.8 million in 2013) and \$8.5 million (\$8.2 million in 2013), respectively, are designated. As at March 31, 2014, there was no short-term investment included in the designated funds (\$17.3 million in 2013). 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, nil in 2014 (\$9,417 in 2013);
- ii. funds of \$0.6 million (\$0.8 million in 2013) for the revitalization of Sparks Street in Ottawa;
- iii. funds of \$0.3 million (\$1.0 million in 2013) for the rehabilitation of the official residences;
- iv. funds of \$10.2 million (\$11.0 million in 2013) for the redevelopment of LeBreton Flats;
- v. funds of \$1.7 million (\$1.4 million in 2013) for the Federal Contaminated Sites Action Plan;
- vi. funds of \$2.5 million (\$2.5 million in 2013) for the redevelopment of industrial lands on the north shore of the Ottawa River;
- vii. funds of \$10.0 million (\$10.0 million in 2013) for improvements to the shoreline area of Jacques-Cartier Street in Gatineau; and
- viii. funds of \$36.9 million (\$37.6 million in 2013) 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 \$0.6 million (\$1.5 million in 2013), whereas acquisitions and disposal expenses were \$1.3 million (\$1.2 million in 2013).

### 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 represents 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.

During the year, an additional security deposit of \$15,000 was received from the City due to an adjustment to the memorandum of understanding. This amount is also held in a separate interest-bearing account.

As at March 31, 2014, the NCC has recognized a revenue totalling \$1.1 million to give the City access to the properties relating to the light rail transit for a limited time. The liability "Light rail transit" has been reduced accordingly.



The following table presents in detail the amounts received and the related interest earned during the year for \$1.0 million (\$0.2 million in 2013) that are included in the financial assets under “Cash and cash equivalents restricted to light rail transit” as of March 31, 2014.

(in thousands of dollars)

	Amount received	Interest	2014 Total	2013 Total
Security deposit	49,015	776	49,791	49,109
Performance deposit	24,500	388	24,888	24,554
<b>Total</b>	<b>73,515</b>	<b>1,164</b>	<b>74,679</b>	<b>73,663</b>

## 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 required employer contribution rate for 2014 was dependent on the employee’s employment start date. For employment start dates before January 1, 2013, the NCC’s contribution rate effective at year-end was 1.45 times (1.64 times in 2013) the employee’s contribution; and for employment start dates after December 31, 2012, the NCC’s contribution rate effective at year-end was 1.43 times the employee’s contribution. The NCC’s and employees’ contributions to the Plan for the year were as follows.

(in thousands of dollars)

	2014	2013
NCC’s contributions	4,795	5,317
Employees’ contributions	2,932	3,386

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, and Maternity or Parental Benefits

The severance benefits had ceased to accumulate when the new collective agreement was signed in February 2013. As at March 31, 2014, the severance benefit is the obligation for employees who decided to delay the payment until the time of termination.

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 actuarial 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 \$4.2 million (\$10.1 million in 2013) 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)

	2014	2013
Accrued benefit obligation, beginning of year	10,124	8,603
Cost for the year	100	1,087
Adjustment due to plan change	–	1,873
Adjustment due to Canadian Heritage transfer	(472)	–
Benefits paid during the year	(5,509)	(1,439)
Accrued benefit obligation, end of year	<b>4,243</b>	<b>10,124</b>

## 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 for the current agreements was established using discount rates of 6.01 percent and 6.5 percent. During the year, an additional \$4.0 million was recorded as a long-term deferred rental revenue for which a discount rate of 4.27 percent was used. 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, \$0.2 million (\$0.1 million in 2013) of deferred rental revenue was recognized in income.

## 7. OTHER LIABILITIES

Other liabilities comprise the following.

(in thousands of dollars)

	2014	2013
Deferred revenue	1,513	1,379
Deferred rent inducement	1,035	1,217
Unsettled land exchanges <sup>1</sup>	1,000	2,626
Unsettled expropriation <sup>2</sup>	181	179
Other liabilities	765	630
	<b>4,494</b>	<b>6,031</b>

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					March 31, 2014 Net Book Value	March 31, 2013 Net Book Value
	Opening Balance	Acquisitions	Disposals/ Adjustments	Closing Balance	Opening Balance	Amortization Expense	Disposals/ Adjustments	Closing Balance		
Land <sup>1</sup>	282,500	1,495	2,561	281,434	–	–	–	–	281,434	282,500
Buildings and infrastructure <sup>2</sup>										
Greenbelt	35,375	536	622	35,289	27,850	743	530	28,063	7,226	7,525
Gatineau Park	23,763	908	3	24,668	15,528	561	2	16,087	8,581	8,235
Parkways, bridges and roadways	240,500	6,133	354	246,279	142,118	4,859	18	146,959	99,320	98,382
Parks	93,003	3,068	–	96,071	48,619	2,527	–	51,146	44,925	44,384
Historical properties	105,567	5,909	460	111,016	55,807	2,232	–	58,039	52,977	49,760
Recreational properties	30,985	671	201	31,455	20,768	659	–	21,427	10,028	10,217
Rental properties	106,122	5,303	10	111,415	58,730	2,090	20	60,800	50,615	47,392
Development properties	23,218	79	–	23,297	10,910	980	–	11,890	11,407	12,308
Administrative and service buildings	26,529	1,204	345	27,388	14,222	713	335	14,600	12,788	12,307
Leasehold improvements	11,892	45	–	11,937	7,546	586	–	8,132	3,805	4,346
Equipment										
Office equipment, machinery and equipment	12,393	311	5,316	7,388	8,753	640	4,035	5,358	2,030	3,640
Vehicles	1,888	155	710	1,333	1,566	135	722	979	354	322
Computers and software	6,828	145	1,315	5,658	4,969	718	1,081	4,606	1,052	1,859
	<b>1,000,563</b>	<b>25,962</b>	<b>11,897</b>	<b>1,014,628</b>	<b>417,386</b>	<b>17,443</b>	<b>6,743</b>	<b>428,086</b>	<b>586,542</b>	<b>583,177</b>

1. The land cost includes \$0.2 million in 2013) of unsettled expropriation and land exchanges.

2. The total cost of land, buildings and infrastructure includes \$15.1 million (\$25.6 million in 2013) 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, 2014, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$1.4 million (\$1.5 million in 2013). 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)

	2014 Budget	2014 Actual	2013 Actual
Salaries and employee benefits	41,820	42,426	51,331
Goods and services	64,223	54,361	56,125
Goods and services in-kind	120	44	4,452
Payments in lieu of municipal taxes	9,260	8,942	10,628
Amortization	17,891	17,443	21,095
Net loss on disposal of tangible capital assets	–	902	–
Writedowns of tangible capital assets	–	808	248
Net loss on transfer to Canadian Heritage	–	964	–
	<b>133,314</b>	<b>125,890</b>	<b>143,879</b>
Less: Transferred activities	(8,868)	(10,639)	(19,172)
	<b>124,446</b>	<b>115,251</b>	<b>124,707</b>

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, 2014, antiques, works of art and monuments amounted to \$0.6 million (\$4.3 million in 2013).

For the period ended March 31, 2014, sponsorship expenses in goods and services, included under “Goods and services in-kind,” amounted to \$23,685 (\$0.2 million in 2013).

**11. PARLIAMENTARY APPROPRIATIONS**

(in thousands of dollars)

	2014	2013
<b>Parliamentary appropriations for operating expenditures</b>		
Amount received during the year	77,795	80,866
Amount receivable at the end of the year	395	710
	<b>78,190</b>	<b>81,576</b>
Less: Transferred activities	(6,351)	(13,936)
	<b>71,839</b>	<b>67,640</b>
<b>Parliamentary appropriations received during the year for tangible capital assets</b>		
	27,971	27,258
Less: Transferred activities	(148)	(336)
	<b>27,823</b>	<b>26,922</b>
<b>Parliamentary appropriations approved and recorded during the year</b>	<b>99,662</b>	<b>94,562</b>

**12. CONTRACTUAL OBLIGATIONS**

- i. The NCC has entered into agreements for services that amount to \$48.3 million (\$53.1 million in 2013) and office accommodation leases that amount to \$61.5 million (\$71.4 million in 2013). These agreements, which amount to \$109.8 million (\$124.5 million in 2013), have different termination dates, with the latest ending in 2047. As at March 31, 2014, all agreements for services entered are contracts related to the management and maintenance of a portion of the NCC's lands and properties, while at March 31, 2013, \$49.1 million were contracts related to management and maintenance.

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

(in thousands of dollars)

	Leases	Services	Total
2014–2015	9,466	13,370	<b>22,836</b>
2015–2016	10,146	10,389	<b>20,535</b>
2016–2017	10,268	8,072	<b>18,340</b>
2017–2018	10,394	4,297	<b>14,691</b>
2018–2019	10,523	2,898	<b>13,421</b>
2019 and thereafter	10,656	9,310	<b>19,966</b>

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 in the next year, since the contract to start the work was awarded in May 2014.



- ii. The NCC has entered into contracts for capital expenditures of approximately \$7.9 million (\$10.3 million in 2013). 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 \$6.7 million (\$5.3 million in 2013), 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 1,491 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 \$24.2 million (\$27.6 million in 2013). In addition, the NCC assesses at \$477.8 million (\$471.2 million in 2013) 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 to 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, 2014, is as follows.

(in thousands of dollars)

	2014	2013
Cash and cash equivalents	95,432	80,890
Cash and cash equivalents restricted to light rail transit	74,679	73,663
Accounts receivable		
Federal departments and agencies	5,632	3,221
Tenants and others	2,098	2,707
Investments	27,957	45,095
	<b>205,798</b>	<b>205,576</b>

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, 2014, there was no financial asset 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.

There has been no change, other than that previously mentioned, in the level of risk compared with the previous fiscal year, and there has been no change in the practice used for managing credit risk.

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, 2014, accounts receivable from federal, provincial or municipal entities comprised 76 percent (64 percent in 2013) of the total amounts due.

The following table presents an analysis of the age of accounts receivable not impaired for as at March 31, 2014.

(in thousands of dollars)

	2014	2013
<b>Accounts receivable net of allowance for doubtful accounts:</b>		
Less than 30 days past billing date	1,269	1,939
30–60 days past billing date	1,381	453
61–90 days past billing date	1,169	69
Greater than 90 days past billing date	1,827	323
	5,646	2,784
Allowance for doubtful accounts	(346)	(311)
Other receivables	2,430	3,455
	<b>7,730</b>	<b>5,928</b>

The NCC must make estimates in respect of the allowance for doubtful accounts. Type of clients, historical payment trend, economic conditions, reasons for the accounts being past due and line of business from which the receivable arose are all considered in the determination of when to 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)

	2014	2013
<b>Allowance for doubtful accounts</b>		
Balance at beginning of year	311	244
Bad debt expense	201	67
Amounts written off and recoveries	(166)	–
<b>Balance at end of year</b>	<b>346</b>	<b>311</b>

The NCC believes that this allowance for doubtful accounts is sufficient to cover the risk of default. There are no other financial assets past due or impaired as at March 31, 2014.

## 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. 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, 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.

There has been no change in the level of risk compared with the previous fiscal year, and there has been no change in the practice used for managing liquidity risk.

The following table presents an analysis of the estimated maturities of the financial liabilities as at March 31, 2014.

(in thousands of dollars)

	2014	2013
<b>Accounts payable and accrued liabilities</b>		
Less than 90 days	13,668	19,096
90–365 days	4,049	4,043
	17,717	23,139
<b>Unsettled expropriation</b>		
More than 365 days	181	179
	<b>17,898</b>	<b>23,318</b>

## C. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The NCC is exposed 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, 2014.

(in thousands of dollars)

	2014	2013
<b>Cash and Cash Equivalents and Portfolio Investments</b>		
Cash and cash equivalents — Market interest rate	95,432	80,890
Cash and cash equivalents restricted to light rail transit — Market interest rate	74,679	73,663
Investments less than 365 days — Fixed interest rate	–	17,263
Investments more than 365 days — Fixed interest rate	27,957	27,832
	<b>198,068</b>	<b>199,648</b>

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, that are highly liquid, that are made with financial institutions, and 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, 2014, had been 50 basis points lower or higher, with all other variables held constant, interest revenue for the same period would have been \$490,369 (\$529,565 in 2013) 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, 2014, 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 \$371,052 (\$61,284 in 2013) 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 4.3 years (5.0 years in 2013). 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 the interest revenue that the NCC derives from long-term investments.

There has been no change in the level of risk compared with the previous fiscal year, and there has been no change in the practice used for managing market risk.

## 15. NON-MONETARY TRANSACTIONS

### Non-Monetary Exchanges and Non-Monetary Non-Reciprocal Transfers

The NCC exchanged lands with the Government of Quebec several years ago under an agreement signed in 1972 regarding financial assistance toward the improvement of the road system in the Quebec part of the National Capital Region. The NCC had one last parcel of land in its possession that was related to these exchanges and had to be transferred to Public Works and Government Services Canada. This transaction was executed during the year, and resulted in a loss on disposal of tangible capital assets of \$0.6 million. This amount is included in note 10 under “Net loss on disposal of tangible capital assets.”

## 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 \$9.8 million (\$10.2 million in 2013) for utilities, rental of space, tangible capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$7.3 million (\$7.6 million in 2013) 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. TRANSFER TO CANADIAN HERITAGE

The Government of Canada announced on March 21, 2013, that the mandate to promote Canada’s Capital Region would 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, would be transferred from the NCC to Canadian Heritage. These dispositions came into force on September 30, 2013, and are presented as transferred activities.

Further to analyzing the impact of this bill at March 31, 2014, revenues related to the transferred activities totalled \$3.0 million (\$4.6 million at March 31, 2013), the funding from the Government of Canada totalled \$6.5 million (\$14.3 million at March 31, 2013) and expenses totalled \$10.6 million (\$19.2 million at March 31, 2013).

As at September 30, 2013, the tangible capital assets transferred include machinery and equipment, software and vehicles, which had a total net book value of \$1.7 million (\$2.0 million at March 31, 2013). The employee future benefits transferred include severance benefits which had a book value of \$0.5 million (\$1.2 million at March 31, 2013) and liabilities for accrued vacation which had a book value of \$0.2 million (\$0.3 million at March 31, 2013). The transfer of all the assets and liabilities has led to a net loss of \$1.0 million and is included in the expenses for the current year.



The deficit of the year corresponding to the activities transferred to Canadian Heritage, as presented in the following table, totals \$1.1 million (\$0.3 million at March 31, 2013).

(in thousands of dollars)

	2014			2013		
	Operations of the year	Operations of activities transferred to Canadian Heritage	Operations of remaining activities	Operations of the year	Operations of activities transferred to Canadian Heritage	Operations of remaining activities
<b>REVENUES</b>						
Rental operations and easements	21,281	–	21,281	18,988	–	18,988
Interest	2,371	–	2,371	2,464	–	2,464
Sponsorship						
Monetary	806	570	236	1,496	1,303	193
Goods and services	24	24	–	174	174	–
Headquarters sublease	2,338	–	2,338	2,104	–	2,104
User access fees	2,728	–	2,728	2,462	–	2,462
Recoveries	4,640	2,349	2,291	5,284	2,984	2,300
Donations of antiques, works of art and monuments	20	–	20	4,277	–	4,277
Other revenues	1,104	51	1,053	1,341	115	1,226
	<b>35,312</b>	<b>2,994</b>	<b>32,318</b>	<b>38,590</b>	<b>4,576</b>	<b>34,014</b>
<b>EXPENSES</b>						
Capital Planning	4,335	–	4,335	4,861	–	4,861
Capital Stewardship and Protection	69,982	–	69,982	73,162	–	73,162
Capital Experience	21,776	10,113	11,663	34,876	17,996	16,880
Internal Services	29,797	526	29,271	30,980	1,176	29,804
	<b>125,890</b>	<b>10,639</b>	<b>115,251</b>	<b>143,879</b>	<b>19,172</b>	<b>124,707</b>
<b>Deficit before funding from the Government of Canada</b>	<b>(90,578)</b>	<b>(7,645)</b>	<b>(82,933)</b>	<b>(105,289)</b>	<b>(14,596)</b>	<b>(90,693)</b>
<b>Funding from the Government of Canada</b>						
Parliamentary appropriations for operating expenditures	78,190	6,351	71,839	81,576	13,936	67,640
Parliamentary appropriations for tangible capital assets	27,971	148	27,823	27,258	336	26,922
	<b>106,161</b>	<b>6,499</b>	<b>99,662</b>	<b>108,834</b>	<b>14,272</b>	<b>94,562</b>
<b>Surplus (deficit) for the period</b>	<b>15,583</b>	<b>(1,146)</b>	<b>16,729</b>	<b>3,545</b>	<b>(324)</b>	<b>3,869</b>

The following table presents the budget figures reflected in the statement of operations and accumulated surplus adjusted for the transferred activities.

(in thousands of dollars)

	2014 Budget		
	Approved budget as per the corporate plan	Budget for activities transferred to Canadian Heritage	Budget for remaining activities
<b>REVENUES</b>			
Rental operations and easements	19,427	–	19,427
Interest	2,665	–	2,665
Sponsorship			
Monetary	595	580	15
Goods and services	120	120	–
Headquarters sublease	2,022	–	2,022
User access fees	1,900	–	1,900
Recoveries	3,130	1,212	1,918
Other revenues	1,176	61	1,115
	<b>31,035</b>	<b>1,973</b>	<b>29,062</b>
<b>EXPENSES</b>			
Capital Planning	4,799	–	4,799
Capital Stewardship and Protection	78,655	–	78,655
Capital Experience	20,789	8,246	12,543
Internal Services	29,071	622	28,449
	<b>133,314</b>	<b>8,868</b>	<b>124,446</b>
<b>Deficit before funding from the Government of Canada</b>	<b>(102,279)</b>	<b>(6,895)</b>	<b>(95,384)</b>
<b>Funding from the Government of Canada</b>			
Parliamentary appropriations for operating expenditures	72,153	6,358	65,795
Parliamentary appropriations for tangible capital assets	37,565	381	37,184
	<b>109,718</b>	<b>6,739</b>	<b>102,979</b>
<b>Surplus (deficit) for the year</b>	<b>7,439</b>	<b>(156)</b>	<b>7,595</b>

## 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

##### **Chairperson**

Russell Mills

##### **Members**

Dr. Mark Kristmanson  
Richard P. Jennings  
Eric D. Mackenzie  
Jason M. Sordi

#### Audit Committee

##### **Chairperson**

Jason M. Sordi

##### **Members**

Richard P. Jennings  
François Paulhus  
Michael Poliwoda  
Denys Rivard  
Kay Stanley

##### **Ex-Officio Members**

Russell Mills  
Dr. Mark Kristmanson

#### Governance Committee

##### **Chairperson**

Kay Stanley

##### **Members**

Jacquelin Holzman  
Jason M. Sordi

##### **Ex-Officio Members**

Russell Mills  
Dr. Mark Kristmanson

#### Advisory Committee on Planning, Design and Realty

##### **Chairperson**

Larry Beasley, Vancouver, B.C.

##### **Vice-Chairperson**

Eha Naylor, Toronto, Ont.

##### **Members**

Paul J. Bedford, Toronto, Ont.  
Sarah Bonnemaïson, Halifax, N.S.  
Anne Cormier, Montréal, Que.  
Clément Demers, Montréal, Que.  
Gordon Harris, Vancouver, B.C.  
Marc Letellier, Québec, Que.  
Vivian Manasc, Edmonton, Alta.  
Ann McIlroy, Toronto, Ont.

##### **Ex-Officio Members**

Russell Mills  
Dr. Mark Kristmanson

##### **Board Members**

Jacquelin Holzman

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

##### **Chairperson**

Christina Cameron, Montréal, Que.

##### **Vice-Chairperson**

Richard Alway, Toronto, Ont.

##### **Members**

Richard Lindo, Ottawa, Ont.  
Germain Matthieu, Ottawa, Ont.  
Gerry McGeough, Vancouver, B.C.

##### **Ex-Officio Members**

Russell Mills  
Dr. Mark Kristmanson

##### **Board Members**

Richard A. Aubry  
Eric D. Mackenzie

#### Canadiana Fund

##### **Chairperson**

Cynthia Price, Montréal, Que.

##### **Vice-Chairperson**

Grant Jameson, Ottawa, Ont.

##### **Members**

Anne Fotheringham, Toronto, Ont.  
Shane O'Dea, St. John's, N.L.  
Gerald Pittman, Calgary, Alta.  
Douglas B. Richardson, Saskatoon, Sask.  
Joan Richardson, Winnipeg, Man.  
Fei Wong, Vancouver, B.C.

#### Advisory Committee on Universal Accessibility<sup>1</sup>

##### **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

1. At March 31, 2014, the chairperson position for the Advisory Committee on Universal Accessibility was vacant.

## APPENDIX II

### Partners and Sponsors

The success of the National Capital Commission'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 2013–2014.

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  
Aga Khan Foundation Canada  
Agriculture and Agri-Food Canada  
Algonquin to Adirondacks Collaborative  
Alpine Club of Canada  
Alta Vista Animal Hospital  
Animals in War Dedication Committee  
ArcticNet  
Association des stations de ski du Québec  
Atomic Energy of Canada Limited  
Avant-Garde Bar & Gift Shop  
Beaver Cup  
Bell Media (Astral: Rouge 94.9 FM and NRJ 104.1 FM)  
Bird Studies Canada  
Bytown Museum  
ByWard Market BIA  
Cabaret La Basoche (Ville de Gatineau)  
Canada Agriculture and Food Museum  
Canada Aviation and Space Museum  
Canada Science and Technology Museum  
Canadian Broadcasting Corporation  
Canadian Building Trades  
Canadian Capital Cities Organization  
Canadian Fallen Firefighters Foundation  
Canadian Film Institute  
Canadian Food Inspection Agency  
Canadian Football League  
Canadian Forces  
Canadian Heritage  
Canadian Museum of History  
Canadian Museum of Nature  
Canadian Red Cross  
Canadian Ski Marathon  
Canadian Space Agency  
Canadian Tulip Festival  
Canadian War Museum  
Canadian Wildlife Federation  
Canadian Wildlife Service  
Cape Farewell  
Capital Cruises  
Carleton Regional Snowmobile Club  
Carleton University  
CBC Radio 1  
Cégep de l'Outaouais  
CentrepoinTE theatres (City of Ottawa)  
Chelsea Pub  
Chelsea Trails  
Child and Youth Friendly Ottawa

Chorale Gospel Outaouais  
Citizenship and Immigration Canada  
City of Ottawa  
Club des Débrouillards  
Club optimiste de Hammond  
Commonwealth Games Canada  
Communities in Bloom  
Coopérative des paramédics de l'Outaouais  
Cracking-Up the Capital  
Cross Country Canada  
Cube Gallery  
Currency Museum of the Bank of Canada  
Downtown Rideau BIA  
Eastern Chapter of the Society of Ontario Nut Growers  
École secondaire Mont-Bleu  
Embassy of Mexico in Canada  
Embassy of Spain in Canada  
Embassy of the Republic of Turkey  
Environment Canada  
Espace René-Provost (Ville de Gatineau)  
Exposure Gallery  
Festival de montgolfières de Gatineau  
Fisheries and Oceans Canada  
FloraQuebeca  
Foreign Affairs, Trade and Development Canada  
Forêt Québec  
French Embassy in Ottawa  
Friends of Gatineau Park  
Fritzi Gallery  
Funatorium Explorium  
Gallery 3  
Gatineau Loppet  
Gatineau Police Service  
Gatineau Valley Historical Society  
George Weston Limited  
Girl Guides of Canada  
Glebe BIA  
Gordon Harrison Gallery  
Government of Ontario  
Government of the Northwest Territories  
Government of Yukon  
Gowling Lafleur Henderson LLP  
Great Canadian Theatre Company  
Groupe Poliquin-Wakefield Group Inc.  
Guid'Amies franco-canadiennes  
Hardwood Ski and Bike  
Haunted Walks of Ottawa  
Health Canada  
Heart of Orléans BIA  
House of Commons  
Hydro One Inc.

Institut national de la recherche scientifique  
 Kanata Nordic Ski Club  
 Katökh Synthetic Ice  
 Kettle Boys  
 Kitigan Zibi Anishinabeg  
 Kiwanis Club of Ottawa  
 Korean Veterans Association  
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 Laurier House  
 Le réseau d'étude et de surveillance des  
 écosystèmes forestiers québécois  
 Leave No Trace Canada  
 Library and Archives Canada  
 Library of Parliament  
 Maison de la culture de Gatineau  
 McGill University  
 Mental Health Commission of Canada  
 Ministère de l'Énergie et des Ressources  
 naturelles du Québec  
 Ministère du Développement durable, de  
 l'Environnement et de la Lutte contre les  
 changements climatiques du Québec  
 Montcalm Gallery (Ville de Gatineau)  
 Montréal Biodôme  
 Mont-Sainte-Anne  
 MRC des Collines-de-l'Outaouais  
 Municipality of Chelsea  
 Municipality of La Pêche  
 Municipality of Pontiac  
 National Arts Centre  
 National Capital Craft Beer Week  
 National Film Board of Canada  
 National Gallery of Canada  
 Natural Resources Canada  
 Nature Conservancy of Canada  
 Nordik Spa-Nature  
 Nuit Blanche Ottawa  
 OC Transpo  
 Office of the Secretary to the Governor General  
 Orange Art Gallery  
 Orchestre symphonique de Gatineau  
 Orchid Specialist Group (North America  
 Regional Group)  
 Orienteering Ottawa  
 Orléans Nordic Ski Club  
 Ottawa Art Gallery  
 Ottawa Cameron Highlanders  
 Ottawa Chamber Music Society  
 Ottawa Fashion Week  
 Ottawa Fire Services  
 Ottawa International Airport  
 Ottawa Junior Youth Orchestra

Ottawa Little Theatre  
 Ottawa Paramedic Service  
 Ottawa Police Service  
 Ottawa Public Health  
 Ottawa Tourism and Convention Authority  
 (OTCA)  
 Ottawa Valley Kite Club  
 Ottawa Winter Jazz Festival  
 Outaouais Birding Club  
 Para Transpo  
 Parks Canada  
 Pecco's  
 Pizza de Luigi  
 Pontiac Equestrian Association  
 Premiers Soins Medtrakevac  
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 Queen's University  
 Ramsayville Equestrian Club  
 Relais plein air du parc de la Gatineau  
 Rideau Valley Conservation Authority  
 Rogers Media (Y101.1 FM and 105.3 KISS FM)  
 Rotary Club of Ottawa  
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 Royal Canadian Mounted Police  
 Royal Canadian Navy  
 Royal Norwegian Embassy  
 Salle Jean-Després (Ville de Gatineau)  
 SAR Global 1  
 SAW Video Media Art Centre  
 Scouts Canada  
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 Services de prévention des incendies  
 de Gatineau  
 Shenkman Arts Centre (City of Ottawa)  
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 Société des établissements de plein air  
 du Québec  
 Société Radio-Canada  
 Somerset Street Chinatown BIA  
 Sparks Street Mall  
 Sparks Street Mall Business Improvement Area  
 Supreme Court of Canada  
 TakingITGlobal  
 Telefilm Canada  
 The Independent Filmmakers Co-operative  
 of Ottawa  
 The Royal Canadian Geographical Society  
 Théâtre de l'Île (Ville de Gatineau)

Tourisme Outaouais  
 Trans Canada Trail Foundation  
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 Turtle Island Tourism Company  
 Université Laval  
 Université de Montréal  
 Université du Québec à Montréal  
 University of Ottawa  
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 Writers in Electronic Residence  
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