

In the lead

2005-2006 ANNUAL REPORT — NATIONAL CAPITAL COMMISSION



THE SYMBOLIC CAPITAL

“...something that will give some expression of all that is highest in the idealism of the nation and something which those from beyond our gates and those who may follow in the future years will come to recognize as an expression in some degree of the soul of the Canada of today.”

— PRIME MINISTER WILLIAM LYON MACKENZIE KING, 1928

FOR MORE INFORMATION

NATIONAL CAPITAL COMMISSION

202–40 Elgin Street
Ottawa, Canada K1P 1C7
Telephone: 613-239-5555 Toll-free: 1-800-704-8227
www.canadascapital.gc.ca

CAPITAL INFOCENTRE

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

CAPITAL GROUP RESERVATIONS

Telephone: 613-239-5100 Toll-free: 1-800-461-8020
Fax (tours and itineraries): 613-239-5758
Email: reservat@ncc-ccn.ca

VOLUNTEER CENTRE

Telephone (general information): 613-239-5373
Fax: 613-239-5133
Email: volunteer_benevoles@ncc-ccn.ca
www.canadascapital.gc.ca/volunteers_benevoles

NATIONAL CAPITAL COMMISSION LIBRARY

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

In the lead

2005-2006 ANNUAL REPORT NATIONAL CAPITAL COMMISSION



MESSAGE FROM THE CHAIRMAN

In 2005, the National Capital Commission (NCC) had the honour of hosting the Capitals Alliance, an association of leaders in capital planning and programming, who represent some of the world's great capitals. Our colleagues from Washington, Paris and other capitals came here to exchange information and experiences, as well as to see what we have achieved in Canada's Capital over the past century. Their admiration served as a useful reminder that, for over a century, Canadians have consistently taken the lead in the field of Capital planning.

In the 1950s, the NCC worked with pioneer planner Jacques Gréber to lay the groundwork for a Capital that would symbolize the nation. Just one of the revolutionary ideas that he promoted was our extraordinary system of parks, parkways and green spaces. In the 1980s, Parliament gave the NCC a new mandate: to present nationally meaningful programming in Canada's Capital Region. The NCC responded by launching a series of national festivals, building a system of recreational pathways, creating interpretive elements throughout the region and conceiving an award-winning ceremonial boulevard. In 2006, the NCC is preparing to work with Parliament to review the mandate once again and to lay the foundations for the next period of productive activity.

The NCC takes pride in the particular achievements of 2005–2006, especially in the area of planning, where the long-term vision of the NCC is given life and shape. A new version of the master plan for Gatineau Park was completed last year, and the corporation is now armed with up-to-date guidelines to help it to achieve a sharper, more sustainable balance of recreation and conservation in this extremely important park. As well, work continued on the Capital Urban Lands Master Plan (especially on Canada's Capital Core Area Sector Plan, which is the part that encompasses LeBreton Flats, the Ottawa River islands and the Quebec shoreline). The NCC also completed a programming vision to ensure that public lands will be used in a meaningful way to engage Canadians and to communicate national themes.

The NCC works with partners at both federal and municipal levels. In 2006, it entered into a new reporting relationship with Parliament, through the Minister of Transportation, Infrastructure and Communities. It also continued to meet with municipal governments in the context of the Tripartite National Capital Planning Committee. This is a vital forum for the exploration of common issues and directions in the region, notably in the area of sustainable transportation.

None of this work could be accomplished without the support of a first-class organization and dedicated employees. In 2005, the NCC was proud to be named one of the Top 100 Employers in Canada. That honour underlines the importance we give to the systems and procedures that support the skilled and knowledgeable people who deliver our programs. This recognition belongs to every one of us at the NCC.

A great Capital is not built overnight. Especially in Canada, the transformation of a rough-and-ready little industrial city into a cultural icon for the nation has taken — and will continue to take — many years. Since 1992, it has been my privilege to lead the NCC through what is just the latest era of Capital creation. As my term approaches an end, I am proud to have played my part in the history of the organization and of Canada's Capital Region. Much has been accomplished; much remains to be done. The NCC was created to build a Capital for future generations of Canadians. It will continue to build, inspire and innovate on their behalf.



Marcel Beaudry
Chairman



MESSAGE FROM THE EXECUTIVE VICE-PRESIDENT AND CHIEF OPERATING OFFICER

The NCC is an organization with deep roots. Since the creation of the Ottawa Improvement Commission in 1899, the corporation has continually evolved and constantly adapted to new requirements and conditions. That has been just as true in recent years as at any time in the organization's history.

The past year marked a watershed in many areas. In particular, the NCC made substantive progress in returning LeBreton Flats to productive life. Decontamination of the soil — something that was considered impractical only a few years ago — continued. The first parcels of land were sold, and the building of a new, sustainable community is about to begin. Confederation Boulevard standards were extended along Sussex Drive to Rideau Hall where, as the City of Ottawa rebuilt the Bytown Bridges, the NCC worked alongside to introduce Capital design features. The NCC also brought the boulevard to life with large, high-quality interpretive panels designed to introduce visitors to the life and work of national institutions in the central Capital. On Parliament Hill, the renewal of the Sound and Light Show brought new attention to the theme of Canada's cultural diversity, and audiences responded in record numbers.

As for heritage, new long-term funding was approved for the official residences, and the NCC immediately launched a series of urgent health and safety projects. The first projects included elements as fundamental as new roofs, masonry stabilization and new fire safety systems. These are just the beginning, however, of a long, carefully thought-out program of improvements that will ensure the permanent viability of the official residences as homes for Canada's highest officials and as places of public ceremony.

In 2006, the NCC approached yet another turning point. In the past half century, the corporation has enjoyed the leadership of nine extraordinary people. The latest of these is Marcel Beaudry. He has provided vision and know-how during a time of many acute challenges. During his 14 years at the helm, the Chairman has kept the faith. He has protected the heritage of Capital assets passed to him by previous generations, at the same time bringing imagination and courage to the task of creating a national Capital that will inspire Canadians with pride. As we address the next phase of work under new leadership, we pay tribute to Marcel Beaudry and thank him for his unshakeable commitment to Canada and its Capital.



Micheline Dubé
Executive Vice-President and Chief Operating
Officer



Table of Contents

ii	Message from the Chairman
iii	Message from the Executive Vice-President and Chief Operating Officer
1	Highlights of the Year
3	About the NCC: Pioneer in Capital Planning
9	Governance: Ahead of the Wave
17	The Year in Review: Leadership in Action
19	Sector I: Animating and Promoting the Capital
26	Sector II: Planning, Design and Land Use
31	Sector III: Real Asset Management
40	Sector IV: Corporate Services
45	Management Discussion and Analysis: Breaking New Ground
57	Financial Statements, 2005–2006
	Appendices
74	Appendix I: NCC Board of Directors and Committees
78	Appendix II: NCC Partners and Sponsors
80	Glossary of Terms

HIGHLIGHTS OF THE YEAR

CAPITALS ALLIANCE 2005

The NCC welcomed leaders in Capital planning and programming from seven of the world's great capitals for an exchange of ideas and experience. The delegates were impressed by what they found here, and went home proclaiming Canada's Capital Region as a model for their own cities. The American delegate to the conference had the following comment: "We'll be working very hard, and taking back many of these lessons as we proceed with a new Open Space program for Washington."

INSIGHT INTO THE CAPITAL

The NCC recruited federal partners to deliver a high-profile interpretive project called Streetscape. The partners — nine national institutions, such as the Royal Canadian Mint — collaborated to develop a series of 15 large, bronze plaques for installation on Confederation Boulevard. The panels introduce passersby to Capital architecture and personalities, and convey the function and significance of the institutions that define Canadian life.

CELEBRATING VICTORY

In 2005, 60 years after the restoration of peace, it was time for Canadians to remember. The NCC worked with Veterans Affairs Canada and the Canadian War Museum to weave the theme of remembrance into its year-long program, which included colourful commemorative banners, a commemorative wall of ice at Winterlude, a Canada Day program that honoured veterans, and a summer-long outdoor display of huge black and white images showing the jubilation of Canadians, coast to coast, as they celebrated victory in 1945.

PLANNING FOR THE FUTURE

The NCC continues to build, piece by piece, an integrated planning framework for tomorrow's Capital. The latest achievement was the completion of *Canada's Capital Core Area Sector Plan*, which will govern the continuing transformation of the core of the Capital over the next 20 years. One exciting element of this plan is the restoration of the Ottawa River islands and Chaudières Falls to public use. The NCC also completed an update to the *Gatineau Park Master Plan*, which will lead to a greater emphasis on conservation in the years to come.

A PLACE TO LIVE, WORK AND CELEBRATE CANADA

A major milestone was passed at LeBreton Flats, where the NCC negotiated the Phase I development and sold the first 4.3-hectare parcel of land to the private sector. Work began in spring 2006 on the construction of the first 800 housing units in this state-of-the-art sustainable community.

TOWARD FINANCIAL STABILITY

In order to protect its future viability in the face of rising costs, the NCC undertook to cut 5 percent from its operating costs over three years. Although this initiative involved the clarification of priorities, which resulted in the cancellation of some programs, it will produce a leaner, tighter corporation, better prepared to face the challenges of the future.

FIVE-YEAR KEY FINANCIAL AND OPERATING HIGHLIGHTS

for the fiscal years ending March 31

KEY FINANCIAL HIGHLIGHTS

(in thousands of dollars)

	2006	2005	2004	2003	2002
	As restated				
Operating Funding					
Parliamentary appropriations for operating expenditures	70,195	68,404	67,936	66,374	65,653
Operating income	51,675	33,429	32,580	35,044	34,607
	121,870	101,833	100,516	101,418	100,260
Capital Funding					
Parliamentary appropriations for capital expenditures*	22,898	33,263	46,441	58,295	36,234
Transfer from Acquisition and Disposal Fund to capital program	5,589	7,366	13,964	5,666	992
	28,487	40,629	60,405	63,961	37,226
Cost of Operations	125,585	133,679	116,417	114,016	105,184
Capital Assets					
Land	267,161	285,716	305,964	276,885	243,276
Buildings, works and infrastructure (net of amortization)	237,493	249,099	248,346	219,480	215,978
Purchases and improvements to capital assets	19,424	35,438	64,023	26,916	35,425
Major Capital Projects					
LeBreton Flats redevelopment	7,022	24,697	25,787	20,767	2,143
Official residences	2,530	568	5,352	7,257	5,744
Real property acquisitions	–	–	36,112	–	10,833
Champlain Bridge reconstruction	–	–	250	3,500	9,520
Acquisition and Disposal Fund	43,655	19,130	21,308	33,170	32,999
Equity of Canada	600,206	598,617	596,256	564,963	518,903

KEY OPERATING HIGHLIGHTS

	2006	2005	2004	2003	2002
Number of employees	437	453	452	458	431
Number of visitors to NCC flagship events (estimates**)					
Winterlude	600,000	800,000	616,000	656,000	656,000
Canada Day	303,000	303,000	303,000	291,000	291,000
Christmas Lights illumination ceremony	10,000	10,000	10,000	6,000	7,000
Sound and Light Show on Parliament Hill	227,000	158,000	133,000	146,000	***

* Including funding for special projects

** Based on observation or survey data

*** No Sound and Light Show

PIONEER IN CAPITAL PLANNING

More than a hundred years ago, an experiment in urban planning was launched in Canada, when Parliament decided to invest in the creation of a distinctive Capital for a new kind of country. From 1899 onward, the people involved and the plans they created have broken new ground in urban planning. In 2005–2006, the NCC continued its record of innovation and achievement.



FORGING LINKS

When the Capitals Alliance met in Canada's Capital last year, leaders in planning and programming from some of the world's great capitals came here to share knowledge and experience in urban planning that relates very specifically to capital cities. The meeting also gave foreign experts a chance to see what Canadians have achieved over the past 100 years. The visitors were impressed, and their comments confirm that, in the eyes of the world, the NCC and its predecessors have indeed played a pioneering role in the area of "Capital" development.

PLANNING A CAPITAL FOR CANADIANS

The work of the National Capital Commission (NCC) is premised on the idea that Canadians — as citizens of a free, prosperous, peaceful and diverse nation — deserve to be represented by a great Capital. The specific mandate of the NCC is to plan, develop and use federal lands in Canada's Capital Region in the national interest. The NCC's vision is to use the Capital as a means to create pride and unity in this diverse land. To that end, the corporation works to develop the Capital as a national meeting place; it programs and interprets the Capital as a means of communicating Canadian themes to Canadians; and it safeguards natural and heritage treasures in the region on behalf of future generations.

PLANNING OVER THE YEARS

The NCC inherited the role of Capital builder from predecessors who began work in 1899 to transform a small, industrial town into a Capital. The challenges that faced the planners in yesterday's Capital — a city choked with industry, railway lines and uncontrolled development — were substantial. However, during the past 107 years, careful, consistent, long-term planning has yielded results. One master plan has succeeded another over the years, each one building on the achievements of those past. A coherent pattern has gradually emerged, a pattern composed of expansive parks and green spaces connected by miles of parkways, pathways and a ceremonial boulevard, a region adorned with monuments and heritage buildings, and enlivened with interpretation and national programming that communicate Canada to Canadians and visitors alike.

PLANNING FOR TOMORROW

The work continues. The achievements of the past focused primarily on the creation of large systems: Gatineau Park, the Greenbelt, the parkway and pathway systems, a ceremonial boulevard. However, the focus in the immediate future will be on specific parts of the downtown area, where industry still mars the Capital shoreline, heritage buildings are endangered, and streets that are central to the historical and aesthetic identity of the Capital are in urgent need of renewal. Current plans address the particular issues of today, such as the need for sustainable forms of public transportation, and environmental remediation and protection. The country has also changed and diversified enormously in the past century. New ideas are needed to ensure that the Capital continues to represent Canadians in all their diversity, including the range of cultural and ethnic communities and geographic distribution.

THE PLAN FOR CANADA'S CAPITAL

To confront the issues of today, the NCC issued a master plan in 1999, the *Plan for Canada's Capital*, along with a commissioning plan, *Canada's Capital in the Twenty-First Century* (formerly *Capital Agenda 21*). Together, these plans will guide the continuing development of federal lands in the region over the next 50 years. The *Plan for Canada's Capital* builds on the achievements of the past and addresses the challenges of the future. In particular, it aims to achieve the following:

- to create vital neighbourhoods around the downtown area;
- to enhance public access to the Ottawa River shoreline;
- to ensure that Canada's diverse peoples are represented in the Capital;
- to work with municipalities to deal with rapid growth; and
- to address emerging challenges of the 21st century, such as the need for sustainable development.

LEGISLATION

Canada's Parliament created the NCC through the *National Capital Act* (enacted in 1958 and amended in 1988). This legislation established the NCC as a Crown corporation, with two primary objectives:

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

The NCC's mandate includes coordinating the policies and programs of the Government of Canada respecting the organization, sponsorship or promotion by federal departments of public activities and events related to Canada's Capital Region and approving the design of buildings, as well as any changes in use relating to federal lands in Canada's Capital Region.

CROWN CORPORATION STATUS

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

FROM THE CAPITALS ALLIANCE

"A city like Ottawa seems to be a paragon in a way. It is a model that I think a lot of other cities would like to emulate. I've come to Ottawa and I think it's the most beautiful city I've ever been in. There are all of the high-order services, and yet in a very civilized environment... and yet we were in Gatineau Park yesterday and you've got wolves and bears on your doorstep. Quite astonishing."

— DENNIS HARDY, MIDDLESEX UNIVERSITY, GREAT BRITAIN

Today, the NCC is the single-largest landowner in Canada's Capital Region. It owns more than 470 square kilometres of land, or 10 percent of all land in the region, on both Ontario and Quebec sides of the Ottawa River. Its assets include over 90 kilometres of scenic parkways, more than 170 kilometres of recreational pathways, over 2,100 hectares of urban green space and 63 heritage buildings. The NCC also owns or manages more than 36,000 hectares in Gatineau Park and over 21,000 hectares of Greenbelt.

PRODUCTS AND ACTIVITIES

SECTOR I: ANIMATING AND PROMOTING THE CAPITAL

The NCC generates pride and promotes unity by presenting the Capital to visitors as a place to experience Canadian heritage, culture and achievements. Products include events and public programming (notably Canada Day and Winterlude), and interpretation and youth programs. The NCC also reaches out through national marketing and communications campaigns to deliver the Capital message to Canadians across the country.

SECTOR II: PLANNING, DESIGN AND LAND USE

The NCC guides the physical development and use of federal lands in Canada's Capital Region, and plans development that is appropriate to the region's national role and significance. Products include long-range visionary plans with policies to guide ownership, use and development of federal lands in Canada's Capital Region. It also prepares area and site plans, concepts and guidelines to shape the development of specific areas within the Capital. It is responsible for reviewing and granting approvals for land-use and design transactions on federal lands in the region.

SECTOR III: REAL ASSET MANAGEMENT

The NCC manages and protects physical assets of national significance on behalf of present and future generations of Canadians. Examples of these assets include Gatineau Park, the Greenbelt, the official residences, the grounds of Parliament Hill, and a large portfolio of urban lands and parks. The sector generates a stream of revenues from these assets (e.g. through leases, the disposal of surplus properties and development initiatives) to complement federal appropriations in support of the NCC's work.

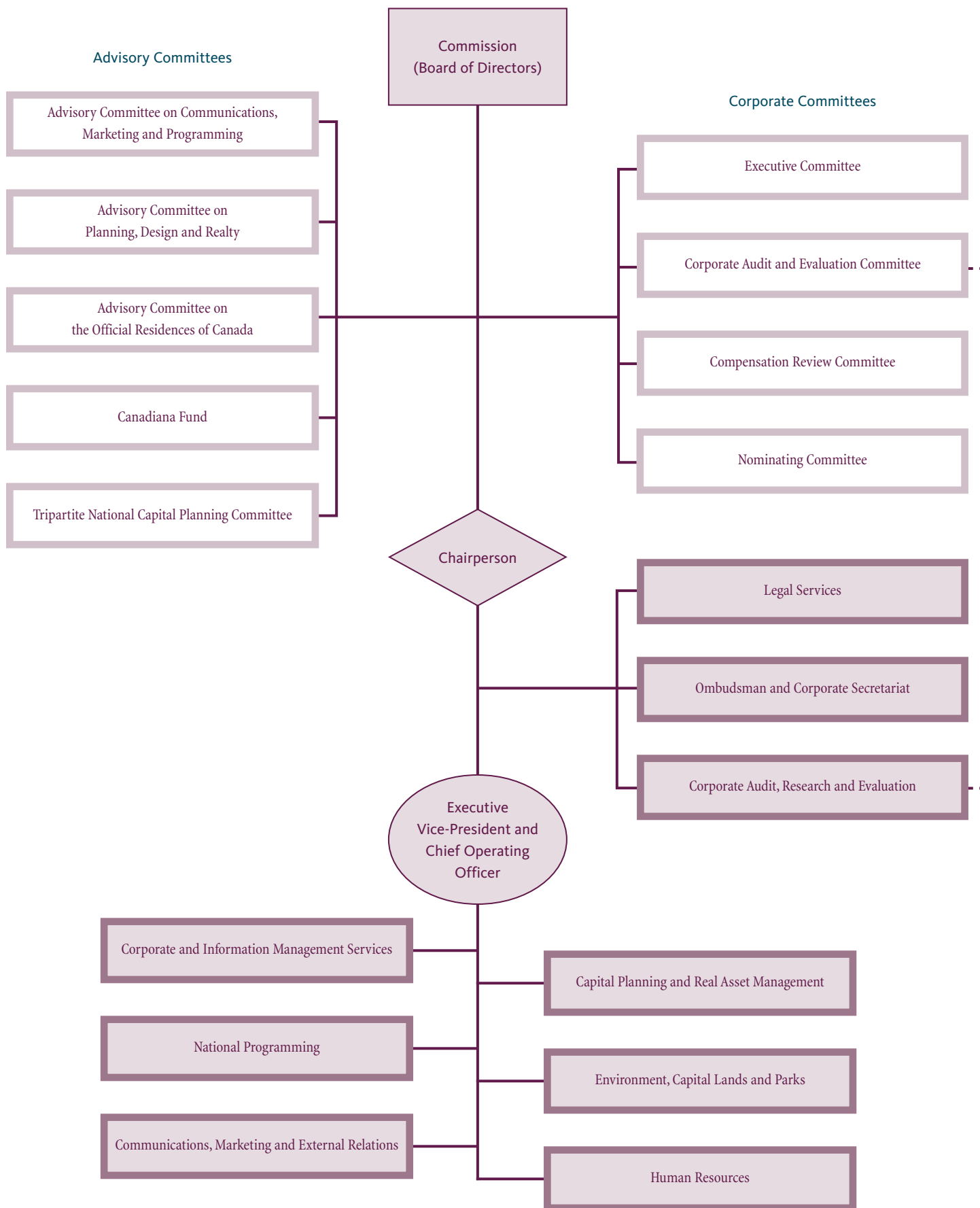
SECTOR IV: CORPORATE SERVICES

The NCC promotes the efficient and productive use of resources through the centralized provision of services. Products include corporate and financial planning and reports, information technology, financial and procurement services, internal audits, human resources management, research, administration, and communications.

STRUCTURE

The organizational chart on the following page illustrates the relationships between the Commission (board of directors), its committees (both corporate and advisory), senior executive and various sector areas. The corporation has approximately 450 employees who work to achieve the planning, building, promotion and meaningful use of Canada's Capital Region.

STRUCTURE OF THE NATIONAL CAPITAL COMMISSION



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

OPERATING ENVIRONMENT

The NCC shapes its annual programs in light of emerging challenges and opportunities in Canada and the world. In 2005–2006, the overall picture was one of strength and confidence. Canada today leads the world in terms of economic growth. Levels of education are the highest in the industrialized world, and crime levels are steadily dropping. At the same time, the country is struggling to deal with social change and diversification, mushrooming cities, and an aging population.

WORLD AND CANADIAN TRENDS

Worldwide economic growth continued during the past year, despite the high cost of energy and other factors such as the Iraq War, increased security requirements and the prevalence of new, contagious diseases. The strong Canadian dollar continued to dampen growth in manufacturing and tourism. As for social factors, the Canadian population is aging, the birth rate is low and growth is increasingly reliant on immigration. At the same time, our cities — where most Canadians live — are expanding rapidly, and municipal governments are challenged to find the financial resources necessary to develop infrastructure and services (especially transportation and health care) to accommodate growth.

FEDERAL GOVERNMENT

In its 2005 budget, the government launched a number of initiatives, including a government-wide expenditure review to strengthen its financial management and accountability and to identify funding for reallocation to high-priority items. In addition, it undertook to review Crown corporation governance to strengthen oversight and review accountability frameworks. A change of government early in 2006 brought with it a number of new priorities and some uncertainty, though the emphasis on accountability remained. Changes to the *Canadian Environmental Assessment Act* and new upcoming regulations will involve the NCC in new activities and expenditures.

CANADA'S CAPITAL REGION

For a number of years, Ottawa and Gatineau have experienced record-high real estate markets, fuelled by low interest rates, and resulting in higher residential rental vacancy rates. The NCC continues to consult with municipalities in both Ontario and Quebec to ensure that its plans for the Capital dovetail with evolving municipal plans. Rapid urban growth has put pressure on the regional transportation system, and municipalities need to identify additional funding for infrastructure and urban transit initiatives. Various stakeholders in the area of transportation are working in partnership with the NCC to study transportation issues.

AHEAD OF THE WAVE

The NCC is leading the way in good governance. It has worked hard, especially since the completion of a major governance study in 2000, to deliver the highest levels of corporate accountability, openness and transparency. To that end, the NCC has effected many changes and meets or exceeds government requirements. It will continue to evolve and to adapt to new conditions and requirements as they arise.



LEGITIMACY, TRANSPARENCY AND ACCOUNTABILITY

Good governance is central to the creation and maintenance of trust between a corporation and its stakeholders. In February 2005, the Treasury Board of Canada Secretariat tabled a report entitled *Meeting the Expectations of Canadians — Review of the Governance Framework for Canada's Crown Corporations*. The report identified 31 measures recommended to enhance governance practices in Canada's Crown corporations. In 28 areas, the NCC found that, after implementing the recommendations of its own governance study (2000), it already met or exceeded the new federal requirements for accountability, openness and transparency. The other areas require legislative change or further government direction for implementation.

The corporation has also established many new mechanisms to improve transparency, including an annual public meeting that is open to the general public. The NCC organizes an annual meeting of the board with community interest groups, as well as regular media briefings and public consultations on all major initiatives. The NCC also chairs the Tripartite National Capital Planning Committee with the mayors of Ottawa and Gatineau, where issues and initiatives of common interest are discussed. With regard to accountability, the NCC has had an audit committee in place since 1981. In 2005, the President of the Treasury Board asked the Chairman to share with the heads of Crown corporations and agencies the successes and innovative measures that the NCC had implemented to increase its openness to the public.

The record is good, and the corporation will continue to make improvements in years to come. In particular, it will regularly review its practices to ensure that they remain in line with clarified accountabilities, and it will enact changes where required.

BOARD OF DIRECTORS

The NCC is headed by a national commission, which is responsible for ensuring that corporate resources are safeguarded, and used effectively and efficiently. The Commission meets in Ottawa every few months and consults even more frequently by conference call. In addition to being responsible for overseeing and providing strategic direction to the corporation, the Commission also strives to foster good relations with other governments and the public, as well as monitoring, evaluating and reporting on performance. It also oversees and responds to advice from the corporate and advisory committees. (*For a list of committees and members, please refer to Appendix I.*) Each year, the Commission submits a summary of the corporate plan, including operating and capital budgets, and an annual report to Parliament, thereby adhering to requirements for public accountability. In 2005–2006, the Commission maintained its focus on examining and implementing improvements in the areas of leadership and good governance.

ACCOMPLISHMENTS OF THE BOARD, 2005–2006

The Commission met four times during the year and participated in five conference calls. One of the meetings constituted the corporation's fifth annual public meeting. At another meeting, the Commission also consulted with local interest groups. The Commission's achievements included approval of the NCC's annual report and corporate plan, including financial statements, major real estate transactions and lease agreements, and authority approvals as per the *National Capital Act* and the corporation's by-laws. In addition, during the year, the Commission considered and approved a number of significant plans, reports and strategies:

- the Environmental Action Plan (annual update),
- Canada's Capital Core Area Sector Plan (2005),
- a public programming and activities vision,
- an approach for the development of an integrated risk management framework,
- the 2005 Gatineau Park Master Plan, and
- the Strategic Transportation Initiative for Canada's Capital Region.

The Commission also approved a plan to reduce operating expenditures by 5 percent over three years. It provided oversight on a number of key initiatives, including the environmental assessment for the Interprovincial Crossing Study, the redevelopment of LeBreton Flats and plans for Brasserie Creek (Brewery Creek).



BOARD OF DIRECTORS (left to right): Michael Kusner, James Yamashita, Jagtar Bains, Claudia Chowaniec, Marcel Legault, Jacques Carrière, François Pichard, Frieda Martselos, Allison Fisher, Robert Guibord, Irving Schwartz, Anne Fry, Heather Chiasson, Marcel Beaudry.

ROLE OF THE CHAIRPERSON

Under the terms of the *National Capital Act*, the Governor-in-Council appoints the NCC chairperson to head the Commission and to serve as chief executive officer (CEO) of the corporation. Marcel Beaudry has held this dual position since 1992, with the current term due to expire in September 2006. The by-laws of the corporation and related administrative resolutions define the chairperson's authority and management responsibilities. The NCC is awaiting new legislation from the Government of Canada that will henceforth divide the responsibilities of chairperson and CEO.

PUBLIC ACCOUNTABILITY

The NCC is accountable to Parliament, and thereby to the Canadian people, through the Commission. Until the change of government in early 2006, the corporation reported to Parliament through the Minister of Canadian Heritage; it now reports through the Minister of Transport, Infrastructure and Communities. The government takes the interests of Canadians into account in communicating federal policy and priorities to the Commission. The Commission responds by advising on and approving a series of five-year corporate plans (revised annually) and by reporting annually to Parliament on performance in relation to objectives, strategies and performance targets.

RENEWAL

Board recruitment is guided by a forward-looking definition of the skills and expertise needed to govern the corporation effectively. Qualified directors, chairs and CEOs are chosen in a transparent, professional manner, as specified in the government's merit-based appointment process. The NCC's Nominating Committee examines potential candidates, and recommends a short list of names for each vacant position for consideration by the Minister of Transport, Infrastructure and Communities. In selecting candidates, the committee ensures that regional representation is respected and that candidates meet competency and selection criteria.

ORIENTATION

The NCC welcomes new Commission members with a presentation on accountability, reporting structures and by-laws. Incoming members tour the operations and discuss processes and products, and review current issues with the vice-presidents. They also receive copies of federal guidelines and related documents on corporate governance (i.e. *Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities* and *Conflict of Interest and Post-Employment Code for Public Office Holders*). The NCC's general legal counsel delivers an information session for new Commission members, with the discussion centring on roles and responsibilities, ethics, and conflict of interest. New members of the Commission also receive specific training. For example, four new members appointed to the Commission in 2005–2006 participated in a course on governance endorsed by the Treasury Board of Canada Secretariat.

INDEPENDENCE

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

MANAGEMENT RELATIONSHIP

Quarterly Commission meetings begin with a briefing on current issues and projects, followed by discussion. The Commission participates fully in strategic planning for the NCC. The results of an annual strategic retreat are discussed with the Commission, and the collective wisdom of members is captured in annual revisions to a five-year corporate plan. As well, the Commission reviews corporate performance three times a year in the form of period review reports, which relate accomplishments to objectives and performance targets in the corporate plan, and identify variances. The Commission reviews and approves the corporate plan and the annual report before these documents are submitted to the Minister.

PERFORMANCE EVALUATION

The Commission undertook its fourth annual process of self-assessment, during which the members evaluated their performance in various categories, including roles and responsibilities, communications, financial oversight, and risk management. In 2005–2006, in order to ensure that the process was fully comprehensive, objective and confidential, the corporation also gathered input, in the form of responses to confidential questionnaires, from senior management, and added peer evaluation to the process. An action plan will be developed in 2006–2007 to implement the opportunities for improvement that were identified.

OBJECTIVE, ARM'S-LENGTH ASSESSMENT

The Office of the Auditor General of Canada serves as the independent auditor of the NCC and conducts the annual financial audits. It also undertakes periodic reviews of the NCC's corporate performance. Every five years, the Auditor General conducts a special examination (most recently in 2002) to identify significant deficiencies. None was observed in the last examination, but the Auditor General did suggest minor improvements in the areas of governance, land planning, communications, external relations, project management and procurement. The NCC responded by developing and implementing a management action plan.



EXECUTIVE MANAGEMENT COMMITTEE (left to right): Suzanne Gustafsson, Gilles Lalonde (retiring), Deborah Tudin (retiring), Pierre Désautels, Guy Laflamme, Margaret Strysio, Curry Wood, Diane Dupuis, Richard Fajarczuk, Michelle Comeau, Micheline Dubé, Marcel Beaudry.

BOARD COMMITTEES

A number of committees support the Commission, as authorized by the *National Capital Act*.

EXECUTIVE COMMITTEE

The Commission may delegate to the Executive Committee certain powers and functions, including the approval and recommendation of routine land-use, development, leasing and procurement transactions. It also approves the membership of all advisory and corporate committees, except for the Executive Committee itself.

CORPORATE AUDIT AND EVALUATION COMMITTEE

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

In 2005–2006, the Corporate Audit and Evaluation Committee approved the multi-year audit and evaluation plan, which was based on a comprehensive risk assessment. The committee monitored the implementation of this plan and approved the resulting reports and recommendations in the areas of security, the NCC's website, real estate transactions, human resources, occupational health and safety, the management of agreements, and legal services billings.

In the coming year, the committee will initiate the NCC's fifth special examination, and receive audit and evaluation reports regarding project management, information holdings, public consultation and the volunteer program, as well as a number of follow-up reports.

NOMINATING COMMITTEE

In keeping with the federal government's merit-based appointment process for board members and CEOs of Crown corporations, the NCC has a permanent committee responsible for the identification of candidates for the appointment, or reappointment, of members of the Commission and the NCC's chairperson/CEO. The committee's role is to examine and update the competency profile of the Commission and to define detailed selection criteria for Commission members and the chairperson/CEO position. The committee met twice to review resumés, evaluated the qualifications of more than 60 candidates for the Commission, and developed a short list of recommendations for consideration by the Commission and the Minister.

COMPENSATION REVIEW COMMITTEE

This committee meets twice a year to review and approve the chairperson's performance evaluation, based on achievements for the previous year, and to identify new objectives based on a new government format. Remuneration and benefits granted to full-time Governor-in-Council appointments, such as the chairperson, are also reviewed and recommendations are made directly to the Privy Council Office.

ADVISORY COMMITTEES

The NCC recruits advisers who are recognized experts in Canada's professional, academic and business communities to provide technical guidance to the NCC and to other federal and private sector organizations in Canada's Capital Region. Four committees provide national perspective and professional breadth:

- **Advisory Committee on Communications, Marketing and Programming** Advises on cultural programming, marketing, sponsorships, partnerships and communications.
- **Advisory Committee on Planning, Design and Realty** Advises on the use, development and management of public lands and properties, including architecture, public works, banners, signs and statuary.
- **Advisory Committee on the Official Residences of Canada** Advises on maintenance and operational issues for the six official residences in Canada's Capital Region.
- **The Canadiana Fund** Solicits donations of funds, heritage art and furniture for the enhancement of state rooms in official residences.

BOARD OF DIRECTORS REMUNERATION

Commission members are not remunerated for attending or participating in meetings of the Commission. For the performance of other duties, Commission members are paid an annual retainer and per diem amounts, which are set by the Governor-in-Council pursuant to the *Financial Administration Act* on the recommendation of the Minister of Transport, Infrastructure and Communities.

The Vice-Chairperson receives an annual retainer of \$7,500 and \$375 per day for committee meetings attended, professional development and special duties. Chairpersons and all other members receive an annual retainer of \$4,000 and \$375 per day for committee meetings attended, professional development and special duties. The Chairperson of the Corporate Audit and Evaluation Committee receives an additional retainer of \$2,000 per year. Per diems are paid for time spent performing NCC business in accordance with corporate policies. Members are reimbursed for all reasonable out-of-pocket expenses including travel, accommodation and meals while performing their duties on behalf of the NCC. These expenses vary from member to member, according to committee responsibilities and distance travelled to participate in Commission meetings.

REMUNERATION EARNED FROM APRIL 1, 2005, TO MARCH 31, 2006¹

Commission Members	Retainer ¹		Per Diems ¹		For Travel ²		Remuneration		Board Meetings Attended		Committee Meetings Attended ³															
	(\$)	(A)	(\$)	(B)	(\$)	(C)	(\$)	(A + B + C)	(10 days)	Attended	EC	(3.5 days)	CAEC	(1.5 days)	CRC	(0.5 day)	NC	(1 day)	ACPD ^R	(10.5 days)	ACCMAP	(2 days)	ACORC	(2 days)		
Jagtar Bains	-		1,125		375		1,500		1 of 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Jacques Carrière	8,000		1,500		-		9,500		9	-	-	-	1.5	0.5	-	-	-	-	-	-	-	-	-	-	-	
Heather Chiasson	11,500		2,063		-		13,563		9.5	3	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
Claudia Chowaniac	8,000		1,688		-		9,688		9.5	-	-	-	1.5	-	-	-	1	-	-	-	-	-	-	-	-	
Eric Denhoff	1,385		187		375		1,947		1.5 of 2	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	
Roland des Grosseilliers	4,989		1,688		-		6,677		7 of 7.5	-	-	-	-	0.5	-	-	-	-	-	-	-	2	-	-	-	
Harry Doyle	4,000		1,500		704		6,204		10	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	
Ruth Carol Feldman	4,978		938		375		6,291		2 of 4.5	1/1	-	1/1	1/1	0.5	-	-	-	-	-	-	-	-	-	-	-	
Allison Fisher	-		-		-		-		0 of .5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Anne Fry	5,659		2,250		938		8,847		10	2.5/2.5	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	
Robert Guibord	8,000		1,500		-		9,500		9.5	-	-	-	1.5	-	-	-	1	-	-	-	-	-	-	-	-	
Michael Kusner	4,000		3,562		844		8,406		10	-	-	-	-	-	-	-	-	-	7.5/9.5	-	-	-	-	-	-	
Marcel Legault	4,000		3,750		375		8,125		10	-	-	-	-	-	-	-	-	-	8/9.5	-	-	-	-	-	-	
Frieda Martselos	-		1,125		375		1,500		4.5 of 6.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
François Pichard	8,000		2,250		-		10,250		9.5	3.5	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Irving Schwartz	14,000		3,000		625		17,625		10	3.5	-	-	1.5	0.5	-	-	-	-	-	-	-	-	-	-	-	
Ruth Spence	769		188		375		1,332		2 of 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0/1	-	
James Yamashita	-		1,125		375		1,500		4.5 of 4.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	87,280		29,439		5,736		122,455																			

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

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

3. EC: Executive Committee; CAEC: Corporate Audit and Evaluation Committee; CRC: Compensation Review Committee; NC: Nominating Committee; ACPDR: Advisory Committee on Planning, Design and Realty; ACCMAP: Advisory Committee on Communications, Marketing and Programming; ACORC: Advisory Committee on the Official Residences of Canada.

OPERATIONS

The NCC is divided into branches, each headed by a senior executive responsible for ensuring that the policies and values of the NCC are fully implemented and well managed. The branches carry out work as defined in a one-year memorandum of understanding with the chairperson, a memorandum that captures agreed-upon objectives and performance measures as outlined in the corporate plan. Results against these objectives are monitored and reported three times a year, in order to verify progress or identify variances as a basis for corrective action. The chief operating officer (COO) sets operational and management objectives, prepares implementation strategies, oversees day-to-day operations, and ensures that the Plan for Canada's Capital is being realized. Senior branch executives, the COO and the chairperson meet weekly as the Executive Management Committee (EMC) to review new projects and ongoing work and to translate the strategic decisions of the Commission into action at the operational level. The EMC participates in an annual strategic retreat where long-term directions, priorities and key strategic issues are discussed, and the foundations of the corporate plan established.

OMBUDSMAN

The ombudsman acts as an advocate of fairness and source of information and referral, assists in answering individuals' questions, and helps to resolve concerns and critical situations. The ombudsman also maintains an effective liaison with an external network of representatives in the field of ethics and integrity (a role that is now being re-evaluated and refined). In 2005–2006, the ombudsman was involved in drafting a code of conduct for discussion with the Commission and participated in the evaluation of the NCC's corporate values initiative.

VALUES AND ETHICS

The NCC has worked hard over the past few years and collaborated intensively with employees to define corporate values and integrate them into the ethical fabric of the corporation. In 2005–2006, the NCC evaluated progress to date. Consultants met with target groups of employees to discuss accomplishments and to identify where more or new work is needed.

EMC REMUNERATION

In accordance with the terms of the *National Capital Act*, the NCC pays the chairperson/CEO a fixed salary within the range set by the Governor-in-Council for Order-in-Council appointees, as published on the Privy Council Office website. No special remuneration is paid for the chairperson's board-related duties. The current salary range of the incumbent is \$180,500 to \$212,300. The incumbent is also eligible for performance pay in the range of 0 to 10 percent of the base salary, according to the achievement of key performance objectives, as determined by the Compensation Review Committee. Other EMC members receive a compensation package that includes a base salary, performance pay eligibility of 0 to 10 percent and employment benefits similar to those received by executives within the larger public service (including health, dental and insurance benefits, and a pension plan). Executive compensation is approved by the chairperson in consultation with the Executive Committee.

LEADERSHIP IN ACTION

The NCC works to shape Canada's Capital Region as a national symbol of Canada. Its strategic outcome is to optimize the contribution of federal lands and public programs in creating a Capital as a source of pride and of national significance. In the past year, it moved steadily forward in the long-term task of building a beautiful, meaningful and sustainable Capital for the 21st century. With pride in the achievements of the past, and an understanding of the challenges ahead, the NCC finalized important plans in 2005–2006, strengthened partnerships and laid the groundwork for the next great era of Capital building.



In the lead

Window on a working Capital

How many Canadians know what the Privy Council Office does, or how the Bank of Canada affects them? Thanks to “Streetscape,” visitors to the Capital now know the answer. In conceiving this project, the NCC had a new idea about how to “convey” the Capital, and promoted it to nine federal partners. The plan embodies a novel approach to outdoor interpretation. Essentially, it treats Confederation Boulevard — the Capital’s circular ceremonial route — as an outdoor museum, with 15 large bronze panels, united by theme, look and approach, set out along it. The central “artifacts” are buildings that house Canadian institutions (organizations that define our government, law, finance and heritage). In effect, the panels open a window on what transpires behind the façade of Capital architecture. They introduce the working Capital and the people within it. In terms of the experience offered, Streetscape transcends the traditional bronze plaque as profoundly as a poem surpasses a street sign. The project was also a model of partnership, with the NCC providing vision and interpretive know-how, while federal partners offered specific knowledge and funding support.

Program Activity

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

Objective

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

MIGHTY SKATERS COME NORTH

During Winterlude 2006, the Rideau Canal Skateway welcomed the Anaheim Mighty Ducks Hockey Club for a one-hour practice on the frozen canal. Crowds gathered on the banks to watch the famous NHL team in action.

EVENTS, INTERPRETATION PROGRAMS AND COMMEMORATIONS

STRATEGY

Deliver events, interpretation programs and commemorations that reflect Canadian values and achievements.

CELEBRATING CANADA, SUMMER AND WINTER

In 2005–2006, the NCC produced three flagship events in Canada's Capital Region. Canada Day brought some 300,000 Canadians to the heart of the Capital on July 1 for a day-long program centring on the Year of the Veteran. The day began with the flag-raising ceremony and ended with a traditional display of fireworks. In December, Canada's Capital once again joined 13 other Canadian capitals for Christmas Lights Across Canada, an annual event that the NCC conceived in 1985 as a means to link Canadians across

REFLECTIONS ON SOUND AND LIGHT

“...It weaves the many strands of what constitutes Canada: its vast geography, First Nations, Inuit, English, French and immigrants.... It leaves the viewer with a sense that Canada really does manage to blend all these different strands into a strong fabric of diversity.”

—CARSTEN QUELL, DIRECTOR OF RESEARCH,
CENTRE FOR RESEARCH AND INFORMATION ON CANADA

the country. Winterlude, held over three weekends in February, attracted approximately 600,000 visits. The Snowbowl, in its second year as an outdoor amphitheatre on the Rideau Canal, once again offered a glittering lineup of Canadian performers. Canada’s poet laureate, Pauline Michel, graced the opening with an original poem in honour of Canadian veterans. Ten countries participated in the Crystal Garden ice-carving competition in Confederation Park. At Jacques-Cartier Park, in Gatineau, where children played on the snowy slopes, programs focused on Northern and Aboriginal themes.

SHINING A LIGHT ON CANADIAN DIVERSITY

The Peace Tower — the single-most recognizable symbol of Canadian nationhood — was a fitting backdrop for a new, bilingual Sound and Light Show, called “Canada: The Spirit of a Country.” The revamped program is a 30-minute medley of lights, set to a new original score by award-winning Canadian composer Glenn Morley. It incorporates words and giant images from across the country that depict Canada as a nation of communicators and honour the diversity of the Canadian people, including First Nations peoples, early European settlers and recent immigrants. Nearly a quarter of a million people — a 48 percent increase over attendance in the previous year — turned out to enjoy the show. Over 85 percent of attendees reported that the show increased their sense of pride in being Canadian and their appreciation of the diversity in Canada.

FACES OF VICTORY

In 1945, Canadians across the country took to the streets to celebrate victory in Europe and Japan. Sixty years later, thousands of passersby on Confederation Square stopped to look at a stunning display (produced with Veterans Affairs Canada) of 30 huge, black and white images showing the victory celebrations of Canadians. To mark the Year of the Veteran, the NCC also displayed 77 commemorative banners featuring the bright flowers of remembrance and, during Winterlude, erected a commemorative wall of ice, inset with small artifacts of war. The Commission also readied a new public square, called Vimy Place, for the opening ceremony of the new Canadian War Museum, and presented a commemorative exhibit, The Tulip Legacy, in Commissioners and Major’s Hill parks. The Tulip Legacy told the story of Princess Juliana, the liberation of the Netherlands by Canadian troops and the Dutch gift of tulips that continues to arrive each year in the Canadian Capital.

COMMUNITY ENGAGEMENT

The NCC works hard to build local awareness and approval. A concrete measure of its success is the number of local people who turn out annually to volunteer in support of NCC programs. In 2005–2006, 1,112 people volunteered for NCC events and activities, donating a total of 16,245 hours. Interestingly, in terms of the NCC’s appeal to youth and to new Canadians, 25 percent of the volunteers were born in another country, and 42 percent were younger than 18 years of age.

EVENTS, INTERPRETATION PROGRAMS AND COMMEMORATIONS

TARGETS	ACCOMPLISHMENTS
<p>Over the planning period, the NCC will develop and deliver programs in the Capital that enhance the symbolic value of federal lands and assets in order to foster a sense of belonging among Canadians by:</p> <p>(a) maintaining high levels of attendance at flagship events and programs (Sound and Light, 150,000; Canada Day, 300,000; and Winterlude, 600,000);</p> <p>(b) maintaining public satisfaction levels in events and programs at 85%;</p> <p>(c) maintaining a high degree of representation of diverse Canadian society (i.e. gender, provinces and region, cultures and languages) in NCC program content; and</p> <p>(d) establishing national broadcasting agreement(s) for Canada Day.</p>	<p>Attendance targets were met or surpassed:</p> <ul style="list-style-type: none"> – 227,000 spectators attended the new Sound and Light Show; – an estimated 300,000 people attended Canada Day 2005; – Winterlude attendance was estimated to be at 600,000 visits, despite record warm temperatures. <p>In 2005–2006, a survey conducted for the NCC by Decima Research revealed that the Sound and Light Show achieved high satisfaction levels (90%). An intercept survey conducted during the Fall Rhapsody program showed that 96% of visitors expressed satisfaction with the experience.</p> <p>Programming at all Canada Day and Winterlude sites focused on national and international themes, included performers from across Canada, and featured multicultural communities, particularly First Nations, Inuit and Metis. A study was launched to determine how to make the Capital more representative of Canadians.</p> <p>The NCC was not successful in securing a national broadcast agreement for Parliament Hill shows on Canada Day 2005, but will look at new technologies and innovative broadcast approaches for the 2006 show.</p>
<p>The NCC will maintain an 85% satisfaction rate and 700,000 visits per year for Parliament Hill programs.</p>	<p>This target was met. Parliament Hill programs surpassed visitation targets with 760,000 contacts established, and 89% of respondents strongly agreeing that the NCC's Parliament Hill programs made their experience in the Capital more enriching, informative and memorable.</p>
<p>Phase II of the Streetscape Interpretation Program on Confederation Boulevard and Phase I of the Quebec Shore Interpretation Program will be completed by 2006.</p>	<p>These targets will be met, with all panels for Streetscape and the Quebec shore scheduled for installation in 2006.</p>
<p>The NCC will attract 325,000 visitors annually at the Capital Infocentre (CIC) and maintain 85% service standard levels at the Capital Contact Centre.</p>	<p>CIC visitation fell slightly short of target with some 315,000 visits during 2005–2006, compared with 329,032 in the previous year. The decrease may be attributable to closure of the retail boutique within the CIC. The Capital Contact Centre sustained service standards of 80%. A 15% decrease in contacts was recorded, possibly due to reduced marketing and the availability of alternative sources of information (e.g. Internet).</p>
<p>In 2005–2006, the NCC will complete a comprehensive plan for commemorations within the Capital. The Valiants Memorial will be completed by spring 2006.</p>	<p>The completion of this target was deferred to 2006–2007. Consultations took place and feedback was received on the draft commemorations plan in 2005–2006, with the final plan scheduled for approval in early 2006–2007. The Valiants Memorial will be completed by late summer 2006, with unveiling expected in the fall.</p>

MARKETING AND COMMUNICATIONS

STRATEGY

Communicate the message of Canada's Capital as a place to experience our heritage, culture and achievements.

STAYING IN SIGHT

Good signage — attractive, useful and easily grasped — is a key means for the NCC to communicate with its public. Signage helps to achieve visibility, communicate Capital messages, orient the users of roads and pathways, and protect public safety. Last year, the NCC completed its refurbishment of roadway information and site identification signage (aluminum blade panels that can be easily and economically updated). It completed the design and development of a new system of signs to enhance safety on the Capital Pathway, and designed a prototype sign for the identification of and orientation within the Sussex Courtyards.

CAPTURED ON FILM

Once again last year, the cameras were rolling in Canada's Capital. The NCC's efforts to establish strong broadcasting relationships continued to multiply the number of programs that focus on Capital events or that use Capital landmarks as a backdrop for local and national television. In 2005–2006, Winterlude broadcasts included such national favourites as CBC Kids, the Discovery Channel's "Daily Planet" and "Salut Bonjour Week-end" (TVA) — each with an audience of some 800,000 viewers, and stations as far away as Edmonton picking up segments from the Rideau Canal Skateway. The Ottawa meeting of the Capitals Alliance, which involved planners and programmers from some of the world's great capitals, also attracted broadcasting attention (from CPAC).

WORKING WITH THE COMMUNITY

The NCC experimented with new ways to reach out to the local constituency last year. For the first time, it published the results of public consultation (relating to the landscape study for the Rockeries and Hillisdale Park) on its website. With regard to the future of the Moore Farm — an important heritage site in the Quebec part of the region — the NCC organized a workshop with community groups. It also made a postal drop to 1,500 residences in the vicinity of the Moore Farm to solicit input on the site's future vocation. The Speakers' Bureau continued to be active, with NCC personnel participating in 22 separate events organized by business and the local community, discussing topics such as LeBreton Flats, the Capitals Alliance and conservation practices in Gatineau Park.

IN SHOPS ACROSS THE NATION

The NCC continued to build Capital visibility through licensing agreements with two of Canada's retailing giants: Hudson's Bay Company and Zellers. In 2005–2006, a total of 375 retail outlets across the country carried NCC merchandise to promote the Capital and NCC events.

MARKETING AND COMMUNICATIONS

TARGETS	ACCOMPLISHMENTS
By the end of 2007–2008, bring the unaided awareness of the NCC in Canada’s Capital Region to 60%; and maintain Canadians’ level of pride in the Capital at a minimum level of 80%.	Progress has been made toward achieving the first of these long-term targets. A survey of local residents in 2005 showed that 40% are aware, without prompting, of the corporation (representing a 1% increase since 2004, and a 4% increase since 2002). Awareness of the NCC’s role in events and activities has increased significantly: by 8% for Winterlude, by 6% for Gatineau Park and by 5% for the recreational pathways. A national omnibus survey (September 2005) measured the pride of Canadians in their Capital at 68% (a decrease of 8% since 2002), the decrease likely attributable to public perception of the seat of the government in the wake of the sponsorship scandal. Some 80% said the Capital has national significance as a centre of Canadian heritage.
By the end of 2007–2008, increase positive perception ratings of the NCC to 76% among residents of Canada’s Capital Region.	A total of 61% of respondents had a positive perception of the organization (a decrease of 3% since 2004), although 81% of local residents say that they benefit personally from the presence of the NCC in Canada’s Capital Region.
By the end of 2009–2010, increase positive perception ratings of the NCC’s public consultations to 41% among residents of Canada’s Capital Region.	Progress is being made toward achieving this long-term target. Although the past year recorded a 1% decrease in approval ratings, there has been a 4% increase in approval since 2002, with total approval ratings of 32%. Note that 26% of respondents rated public consultations as fair, and 18% did not know.
The NCC will achieve the following cash sponsorship targets over the planning period: in 2005–2006, \$1.1 million; and 2006–2007 to 2009–2010, \$971,000 a year.	This target was surpassed, with \$1.4 million being secured as cash sponsorships in 2005–2006 and \$1.1 million in non-monetary support.

WELCOMING YOUNG CANADIANS

“Since the first Adventurers set foot in Ottawa in the spring of 1951, over 11,000 high school students from across the country have been given the unique opportunity to take part in the Adventures in Citizenship program. Many of them, such as Adrienne Clarkson, Joe Clark and Ed Broadbent, answered the call....”

— ROBIN SPENCER, ROTARY COMMITTEE PRESIDENT

AWARDS

Trudeau Medal (from the University of Ottawa, School of Management)

- To Guy Laflamme, Vice-President, Communications, Marketing and External Relations, NCC, for outstanding contributions to business, the community and the University of Ottawa.

Gold Pinnacle Awards (from the International Festivals and Events Association)

- Confederation Boulevard Banners for 2005 — Best Street Banners (Canada's Provinces and Territories, Year of the Veteran, and Alberta and Saskatchewan Centenaries)
- *Discover Confederation Boulevard: Self-Guided Tour Map* — Best Promotional Brochure
- "Mélanie Renaud au Bal de Neige": Winterlude — Best Full-Length TV Program

OUTLOOK

CELEBRATION

In 2007, programming will centre on two important anniversaries: the 150th year since the creation of Ottawa as the Capital of a new Canada (1857) and the 175th year since the completion of the Rideau Canal (1832). The Rideau Canal is still regarded as one of the engineering marvels of the 19th century.

PROGRAMMING

The NCC will use the public programming and activities vision as a reference to create programming, interpretation, commemorations and visitor services that reflect the increasingly diverse Canadian identity. The NCC will incorporate into its programming the results of a study to determine how to increase the representation of all Canadians in the Capital.

INTERPRETATION

The NCC will continue to install meaningful interpretation throughout the Capital, notably on LeBreton Flats, at Leamy Lake Park (an extraordinary ecological area, and site of the first settlement in the Capital region) and along the Quebec shoreline.

ALLIANCES

In 2006, the NCC will host the 51st Congress of the International Festivals and Events Association, with some 1,200 delegates attending from all parts of the world.

COMMEMORATION

The Valiants Memorial, consisting of 14 statues and busts of Canadian military heroes, will be unveiled in 2006 at Confederation Square. When the Capital Commemoration Plan is approved, the NCC will use this new tool to work with Canadians to identify new sites and develop commemorative designs that truly reflect the Canadian experience.

In the lead

A place for our First Peoples

The NCC is planning a Capital that will represent all Canadians, now and in the future. Planning of this nature can take many decades, and it requires great patience and willingness to reconcile different points of view. Some years ago, as planning for the core area intensified — especially in the western area, which has long been empty or occupied by industry — the NCC adopted the concept of using Victoria Island as a meeting place in the Capital for First Peoples (First Nations, Inuit and Metis). Victoria Island is a place that has been sacred to Canada's Aboriginal peoples since time immemorial. In the preliminary stages of planning, the centre's vocation was defined as a meeting ground and place of peace, healing and reconciliation for First Peoples from across Canada. The building of an Aboriginal centre on Victoria Island is part of the long-term plan for Canada's Capital Region.

Program Activity

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

Objective

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

A MODEL FOR WASHINGTON

"I was particularly thrilled to see the beautiful open spaces, the trail system, Gatineau Park. We in Washington, D.C., have quite a bit of open space but it is not of the character and quality that we've seen in this city, and we'll be working very hard and taking back many of these lessons as we proceed with a new Open Space program for Washington."

— PATRICIA GALLAGHER, AMERICAN DELEGATE, CAPITALS ALLIANCE MEETING, 2005

PLANNING

STRATEGIES

1. Position the *Plan for Canada's Capital* as the overriding vision for the future development of Canada's Capital Region and as the framework for the completion of various supporting plans and implementation strategies.
2. Facilitate and orchestrate federal strategies and programs that affect urban transportation and public transit in Canada's Capital Region, while ensuring that broader federal goals and objectives are met.

CAPITAL AMONG CAPITALS

The Capitals Alliance was created as an international initiative of the NCC in 2002, with the inaugural meeting of planners and programmers from four of the world's great capitals. In 2005, it was the NCC's turn to host the annual meeting in Canada's Capital Region, with 40 delegates attending from Washington, Brasilia, Canberra, Moscow, Tshwane (formerly Pretoria), London and Paris. The purpose of the association is to create links and encourage the sharing of information, vision and ideas among those who face the very specific challenges of capital development. Major themes at the conference included the importance of partnerships and public involvement in planning a capital; the movement toward green capitals and healthy living; the challenges of managing growth; and the need for leadership, political commitment and a solid, long-term vision. The conference concluded with a joint commitment to sustainable development by the world's capitals.

PRESERVING GATINEAU PARK

In 2005, the NCC brought the work of years to a successful conclusion when it finalized an updated master plan for Gatineau Park. The previous master plan dates back to 1990, and the NCC needed to fine-tune its policies, as planning had evolved in the Capital at large. This is particularly the case since the launch of the overarching *Plan for Canada's Capital* in 1999. Nearly 1,000 people participated in public consultations during the preparation of the updated plan, which focuses on maintaining the park as a place where recreation, heritage and conservation will continue to coexist. The plan also provides for enhanced conservation and environmental protection, hence the phasing out of certain activities (e.g. off-road vehicles) and the return to nature of certain unused roads and informal trails.

A LIVING CAPITAL

Planning at the NCC is strongly linked to programming, with the goal being to create a physical framework within which to live, work and celebrate Canada in the Capital. In 2005, this link was most apparent in the consultation process, where the NCC engaged in public discussions for two draft plans: one outlining the planning framework for the downtown Capital (*Canada's Capital Core Area Sector Plan*), and the other defining future programming (*Reflecting a Nation: Programming and Activities Vision*). The NCC worked with members of the public, and with municipalities, federal government partners and local interest groups to finalize these documents, which have now been approved. *Canada's Capital Core Area Sector Plan*, strongly grounded in the principles of sustainable development, will govern development of the downtown area over the next 10 years. The programming and activities vision suggests the kind of activities that will bring life and meaning to the renewed core.

GETTING AROUND — SUSTAINABLY

The future is now, as far as transportation is concerned: functional public transit is an essential feature of the evolving Capital. As the only planning organization in the region with an interest in interprovincial transportation, the NCC represents the federal government in this area. It is a leader and partner of the cities of Ottawa and Gatineau, the Société de transport de l'Outaouais, and provincial governments in a number of important transportation planning studies. Three of these studies (the Interprovincial Rapid Transit Integration Study, the Origin-Destination Study and the Environmental Assessment Study for Future Interprovincial Crossings in the National Capital Region) aim to promote sustainable urban transportation, protect the environment and improve the Capital experience for visitors.

PLANNING

TARGETS	ACCOMPLISHMENTS
In collaboration with relevant stakeholders, complete key elements of the Capital Planning Framework, specifically: by the end of 2005–2006, the <i>Gatineau Park Master Plan</i> review and commissioning; and by the end of 2007–2008, the Capital Urban Lands Master Plan.	Progress has been made toward meeting these targets. The updated <i>Gatineau Park Master Plan</i> was approved in 2005 and the draft commissioning plan is under review. The approach developed for the Capital Urban Lands Master Plan is under review, while planning work continues on the Ottawa River Parkway and La Baie sectors.
By the end of 2005–2006, in collaboration with relevant stakeholders, advance the planning of the core area by completing the commissioning of <i>Canada's Capital Core Area Sector Plan</i> .	This target has virtually been met. <i>Canada's Capital Core Area Sector Plan</i> was approved in 2005, and the draft commissioning plan will be finalized in early 2006–2007.
By the end of 2005–2006, obtain NCC board approval of Strategic Transportation Initiative White Paper and ensuing action plan.	This target was met, with approval of the White Paper in 2005. Work on the action plan was initiated and will be completed in 2006–2007.
During the planning period, in collaboration with relevant stakeholders and subject to partner involvement and funding, complete environmental studies, as well as preliminary and functional designs for two new interprovincial bridges in the east and west of Canada's Capital Region.	Progress has been made toward achieving this long-term target. The NCC and the provinces of Ontario and Quebec signed an agreement to conduct an environmental assessment study and a tender call has been made for consulting support.

DESIGN AND LAND-USE APPROVALS

STRATEGY

Implement federal plans, legislation and policies to safeguard and enhance Canada's Capital Region's built and natural environment through the Federal Land Use, Transaction and Design Approvals process.

DESIGN AND LAND USE-APPROVALS

TARGET	ACCOMPLISHMENTS
In 2005–2006, review approximately 300 land-use, design and land transaction submissions for federal approval.	During 2005–2006, 127 submissions for federal review were approved or files closed, while the review process was initiated for 210 land-use, transaction and design requests. Notable approvals included an integrated growth management facility of the Central Experimental Farm, the Aerial Adventure Park at Camp Fortune in Gatineau Park, the rehabilitation of the official residence at Lac Mousseau (Harrington Lake), the McConnell-Laramée extension and master plans for the RCMP campuses.

AWARDS

Award of Planning Excellence for Downtown Planning (Canadian Institute of Planners)

- Canada's Capital Core Area Sector Plan

Fellowship (Royal Architectural Institute of Canada 2006)

- To John N. Abel, Director of Design and Land Use, NCC, in recognition of an outstanding career and personal contributions to the architectural profession, and of dedication to the betterment of communities and the profession.

OUTLOOK

ALLIANCES

To sustain its links with other world capitals, the NCC will participate in the 2006 meeting of the Capitals Alliance in Canberra, Australia.

RENEWAL

The NCC will complete the Capital planning framework through development of the Capital Urban Lands Master Plan. Over the next 20 years, it will work to apply the policies of the new *Canada's Capital Core Area Sector Plan* to create a connected, dynamic centre for Canada's Capital Region. It will continue to plan the restoration of key industrial areas, notably LeBreton Flats, the Victoria and Chaudières islands and Chaudières Falls, and Brasserie Creek (Brewery Creek) to public use as communities, as sites for public institutions and as national parkland. In doing so, it will preserve industrial heritage buildings, improve access to the Ottawa River shoreline and encourage public use. It will seek to create a place in the Capital for Canada's First Peoples on traditionally sacred lands at Victoria Island. It will undertake a comprehensive study of Nepean Point and the Astrolabe Theatre, with a view to rehabilitation or redevelopment.

TRANSPORTATION

The NCC will work with the provinces and municipalities to introduce modern, sustainable transportation to Canada's Capital Region. It will plan for the creation of efficient, environmentally friendly public transit, and new pedestrian and bicycle pathways in the core.

GATINEAU PARK

With a new master plan in place, the NCC will take steps to enhance the ecological protection of flora and fauna in the park. It will work with interest groups and experts to develop and apply detailed new plans for the conservation of natural resources, heritage conservation and the development of recreational services. To protect the integrity of the park over the long term, it will take steps to strengthen its jurisdictional authority.

LAND-USE AND DESIGN APPROVALS

The NCC will continue to exercise its legislative authority to ensure that the federal presence in Canada's Capital Region is worthy of the nation it represents.

In the lead

Common sense for contaminants

The NCC has been a leader in land management since the 1950s, when it began to reshape the Capital for the automobile (for instance, removing railway lines from the downtown and planning the Queensway). It was landmark work in its time. The NCC continues to lead the way as it builds one of Canada's first "post-automobile" communities: LeBreton Flats (a neighbourhood designed for pedestrians, with high-density housing within easy reach of shops and state-of-the-art transit). The project also broke new ground in the reclaiming of brownfield (moderately contaminated) sites. Where soils had been tainted by early industry and fire, the high cost of wholesale decontamination threatened to condemn LeBreton Flats to permanent disuse. The NCC broke the deadlock by adopting a new, common sense approach, called "risk management": a combination of bio-remediation and soil removal in residential-commercial areas and containment (burying contaminated soils under a protective layer) for less heavily used sectors.

Program Activity

The NCC owns a large real asset portfolio, consisting of more than 470 square kilometres of land, or 10 percent of Canada's Capital Region, as well as roads, pathways, buildings and bridges. It is also responsible for the maintenance, management and rehabilitation of the six official residences located in Canada's Capital Region, as well as Gatineau Park, the Greenbelt, and other parks and green spaces. It manages and protects these physical assets through a life-cycle management program to enhance the rich cultural heritage and natural environment of Canada's Capital. It also aims to optimize the contribution of these assets in support of its programs and mandate, while ensuring that NCC assets are appropriately accessible to the public. The NCC manages more than 650 leases, and carries out the grounds maintenance for most federal organizations in Canada's Capital Region. Activities also include the acquisition of national interest properties, disposal of surplus properties and undertaking of land development projects to enhance the Capital for future generations.

Objective

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

AHEAD OF THE GRAFFITI

In 2005, the NCC commissioned the painting of two murals on the pilings of the new Champlain Bridge. The idea was to provide interest, as well as to prevent the accumulation of graffiti. Murals of this kind have proven to be very successful in Toronto, Québec and Philadelphia.

CORE CAPITAL PROJECTS

STRATEGY

Undertake core area projects that enhance the heart of the Capital.

RETURN TO LIFE

LeBreton Flats used to be one of the Capital's oldest communities. Ironically, in 2005, it is on the verge of returning to life as the Capital's newest neighbourhood. To illustrate this extraordinary continuity, the NCC unveiled a temporary exhibit called "LeBreton Flats: Past, Present and Future." The exhibit provides context for the progress achieved in 2005, notably the completion of an event square, a riverside park and recreational pathways that link into the Capital Pathway system. The NCC also entered into an agreement with Claridge Homes for the development of 800 new housing units on a 4.3-hectare site (Phase I of the redevelopment). The competitive process was overseen by a former Chief Justice of the Supreme Court of Canada and involved representatives from the affordable housing community and the Canada Lands Company. The successful proposal included 25 percent affordable housing and met the energy and environmental design standards imposed by the NCC.

A GIFT OF TULIPS

As the official gardener in Canada's Capital Region, the NCC plants nearly a million tulips annually, some 300,000 of them in Commissioners Park. In 2005, Princess Margriet of the Netherlands, who was born in Ottawa during the Second World War, visited that park to rededicate a tulip bed to her mother, Queen Juliana, who had lived in Ottawa as an exile during the Second World War. After Canadians had liberated her country, she sent thousands of tulip bulbs as a gift of gratitude to the Capital. Today, the Dutch Royal Family and the International Flower Bulb Centre in the Netherlands continue to send an annual gift of 20,000 bulbs to Canada's Capital Region. In 2005, they sent 30,000 bulbs to mark the 60th anniversary of the restoration of peace. Of these, 17,000 bulbs were planted in the Princess Juliana tulip bed, which the Queen herself originally unveiled in 1967.

REJUVENATING THE GATINEAU SHORES

The NCC is discussing plans with the City of Gatineau to create a scenic entry to the Capital, 3 kilometres in length, using the existing Jacques-Cartier Street instead of des Draveurs Parkway. These discussions follow studies to update the vocation of la Baie Park, which concluded that the entry should be aligned closer to the shoreline to take advantage of the scenic Ottawa River. The rehabilitation works will enhance the street quality; include a recreational path along the shore, as part of the Capital Pathway; naturalize the shore, and make it accessible to the public. The City of Gatineau would manage the construction, and the NCC would provide a contribution to cover the federal requirements, such as works on the riverbank and street embellishments above municipal standards.

EARTH DAY

Volunteers gathered on April 22, internationally recognized as Earth Day, to clean up Canada's Capital Region. For the seventh year in a row, the NCC participated as a good citizen in a program organized by the cities of Gatineau and Ottawa. Hundreds of volunteers turned out to clean up NCC shorelines, specifically along the banks of the Ottawa River and the shores of Leamy Lake, and near Brasserie Creek (Brewery Creek).

CORE CAPITAL PROJECTS

TARGETS	ACCOMPLISHMENTS
<p>At LeBreton Flats, by the end of 2005–2006, complete the construction of the riverfront park, The Common and Event Square; the sale of Blocks U and T in accordance with the deadlines of the consent decision of the City of Ottawa; and the archaeological investigation and removal of sedimentation, rubble, mounds and berm of Blocks J, K, L, M, N and O.</p>	<p>These targets were met at LeBreton Flats. The Event Square was ready for use during the opening ceremony for the new Canadian War Museum in May 2005. The Phase I sale of land for residential-commercial development was completed. Archaeological investigations were completed, and materials removed according to the plan.</p>
<p>By the end of 2005–2006, receive approval of the works from the City of Ottawa for the infrastructure constructed at LeBreton Flats.</p>	<p>This target was met, except for the approval of surface works needed for the Booth Street sidewalks.</p>
<p>By the end of 2005–2006, with partners' involvement, complete the reconstruction of the Bytown Bridges and Sussex Drive North, and the rehabilitation of Phase I of Sussex Drive and MacKenzie Avenue South once negotiations with partners are concluded.</p>	<p>The first of these targets was met, and the second substantially so. Construction of Confederation Boulevard from the Bytown Bridges to Rideau Hall was completed. The finalization of Phase I of the Sussex Drive and MacKenzie Avenue South rehabilitation is not expected until 2006–2007 because of delays in government approvals.</p> <p>A Decima survey of the Confederation Boulevard experience found that 67% of visitors felt more pride in being Canadian; 78% had an increased appreciation of the Capital; and 66% had a better understanding of Capital sites and institutions.</p>
<p>By the end of 2005–2006, the NCC will enter into a ground lease with a developer for the 113 Queen Street site (Sparks Street).</p>	<p>This target was not met. The successful proponent withdrew after winning the bid, and a new proposal call was issued.</p>
<p>By the end of 2006–2007, the NCC will contribute \$3 million to redeveloping Saint-Laurent and Maisonneuve boulevards in Gatineau; and initiate a proposal call, subject to successful completion of an environmental assessment, for the Jacques-Cartier Park (south) development.</p>	<p>The first target has been met. The NCC contributed \$3 million (from an anticipated project total of \$7 million) to the Saint-Laurent and Maisonneuve project in Gatineau, where Phase I work was completed in 2005–2006. Work on Phase II is ahead of schedule, and completion is expected in early 2006–2007. The plan to develop Jacques-Cartier Park (south) and related work will be addressed over the longer term.</p>

LAND AND REAL ASSET MANAGEMENT

STRATEGY

Protect federal assets and public services under the responsibility of the NCC, through development, maintenance, management and rehabilitation that takes into account environmental, heritage, and health and safety regulations and standards.

A NEW ERA IN GATINEAU PARK

With an updated plan for Gatineau Park, the NCC launched a new era of park management with the emphasis on balancing human activity (recreation) with the long-term health of flora and fauna (conservation). To implement the renewed plan, the NCC will need expert advice. To that end, it established a committee of scientific advisers, and initiated a number of natural resource studies (i.e. biodiversity, valued ecosystems and species at risk). Public support is also vital. The NCC renewed its agreement with the Friends of Gatineau Park, a group that is thriving. It also intensified efforts to protect vulnerable plant species (notably wild leek) and laid a record number of charges for illegal collecting. Certain forms of recreation will be phased out of the park in the next few years (e.g. the use of off-road vehicles) or at least modified. The NCC began the process by negotiating an agreement with rock climbers. In order to clarify jurisdiction (a park owned by the federal government on behalf of the nation, but not a “national park”), the corporation reviewed the park’s legal status.

GATINEAU’S GREEN OASIS

Every summer, over 150,000 people enjoy the beach at Leamy Lake. In 2005, the NCC built an elegant new beach pavilion to serve them. When the NCC was created in 1959, one of its first initiatives was to acquire land for a park at Leamy Lake. This small body of water not far from downtown Gatineau, lies at the heart of an extraordinary oasis of green space in the downtown Capital. The park is a focus for water sports, a refuge in the city for plant and animal communities, and (as the site of Philemon Wright’s 1800 homestead) it is an area of great heritage significance. The NCC also launched a major interpretive project at the site last year.

HAPPY TRAILS

The area around Mud Lake, near Britannia Beach, is one of the most significant natural landscapes in Canada’s Capital Region and a wonderful place to see woodland animals and water birds. In 2005, the NCC built a new walking trail in the natural heritage area at Mud Lake. By channelling hikers onto a defined route, the trail will protect the area from the ravages of increasing use, while offering people a greater opportunity to enjoy nature. The route includes viewing platforms and a boardwalk over wet areas and is universally accessible.

NATURAL WEALTH

Although Leamy Lake Park is only minutes from downtown Gatineau, it is possible to see deer grazing there. In 2005–2006, studies in Canada’s Capital Region revealed 28 separate ecosystems, that is, rich, natural habitats where wildlife and vegetation exist in mutually supportive balance. Studies also identified ecological danger points, and pinpointed 27 species at risk.

WORLD FAMOUS

The Rideau Canal Skateway, which marked its 36th season in 2005, has made it into Guinness World Records as the world's "largest, naturally frozen ice rink." Equal in size to 90 Olympic-sized rinks (165,621 square metres), the Skateway was inaugurated in 1971 and, in its early years, was cleared by hand. Today, management of the ice is a large-scale, mechanized operation. Over the years, NCC experts have shared their knowledge about creating a skating rink on natural ice. In the 2005–2006 skating season, skaters made an estimated 850,000 visits to the ice during a relatively short season (39 days compared with an average of 50 days, over the past five years).

WATER, EARTH AND AIR

As a major landlord in Canada's Capital Region, the NCC is responsible for protecting the safety of tenants and the environmental health of its properties. To protect regional groundwater and comply with Ontario regulations, the NCC evaluated 55 wells in the Greenbelt in 2005–2006: 15 wells were closed and 8 were rehabilitated to provide drinking water. Water systems at Philippe Lake and the Old Chelsea Visitor Centre were also evaluated and approved by provincial authorities. The contaminated well at the Mackenzie King Estate will be replaced by a new system, which is awaiting approval. During the year, the NCC responded to the identification of radon gas and uranium at many of the 28 leased sites in Gatineau Park and launched a series of tests. It will continue to monitor gas levels, and is working with regulatory authorities to determine future action and mitigation. In the meantime, bottled water is being provided to tenants.

LAND AND REAL ASSET MANAGEMENT

TARGETS	ACCOMPLISHMENTS
During the planning period, rehabilitate appropriately major and minor assets in Canada's Capital Region as part of the Multi-Year Capital Construction Program (MYCCP).	This target has been met, with the NCC successfully addressing the following work defined in the MYCCP: engineering required to stabilize existing structures (e.g. repairs to the underside wall of the Portage Bridge), as well as new architectural projects (e.g. Leamy Lake Pavilion) and landscape architecture (e.g. significant links in the pathway system).
By the end of 2005–2006, complete the core components of the Integrated Asset Management Information System by implementing an environment module to support administrative and operational obligations under new environmental legislation.	This target has been deferred to 2006–2007 to allow for ascertaining the system's ability to support the posting of environmental assessment data on the Canadian Environmental Assessment Registry. The environment module is in production.
By the end of 2008–2009, revise the National Capital Commission Traffic and Property Regulations to enhance the corporation's ability to govern the use of NCC property.	Progress has been made toward achieving this long-term target. A project brief was prepared for Phase I, and work was begun to identify members of the steering and working committees.
The NCC will achieve the following leasing and revenue targets over the planning period: 2005–2006, \$14.7 million; and 2006–2007 to 2009–2010, \$14.9 million per year.	This target for 2005–2006 was surpassed, with \$15.3 million being generated in leasing revenues.
The NCC will achieve the following revenue targets over the planning period: land disposals revenues of \$6 million per year; and easement and licence of occupation revenues of \$750,000 annually.	Both targets were surpassed in 2005–2006, with an exceptional \$29.5 million in disposal revenue proceeds being received (notably relating to the disposal of lands for LeBreton Flats Phase I, Prince of Wales Phase II and Woodroffe Avenue widening), and \$1.3 million generated from easements and licences of occupation, primarily due to major projects by the City of Ottawa.

LAND AND REAL ASSET MANAGEMENT (continued)

TARGETS	ACCOMPLISHMENTS
<p>By the end of 2005–2006, the NCC will complete the requisite studies, including those applying to infrastructure, environmental assessment, urban design and transportation, and apply for rezoning of the Hurdman Lands.</p>	<p>This target was substantially met with completion of initial studies of infrastructure, transportation, urban design and planning. The environmental assessment was also completed. However, rezoning negotiations were deferred to 2006–2007.</p>
<p>Under the Contaminated Sites Management Program: complete audits for all known storage tanks on NCC lands by the end of 2006–2007; complete the preliminary assessment (Phase I) of remaining low-priority sites by the end of 2007–2008; and implement the required follow-up and mitigation measures for identified contaminated sites.</p>	<p>Completion of the storage tank inspections on NCC lands has been extended to March 2008, in line with the completion of preliminary assessments (Phase I) of remaining low-priority sites. Conducting storage tank inspections concurrently with Phase I assessments enhances the efficiency of the inventory program. Also, it is expected that some low-priority sites will require Phase II studies starting in 2007–2008 and possibly 2008–2009.</p> <p>By the end of 2005–2006, inspections were completed for 531 fuel storage tanks on NCC lands, of which 110 must be inspected on a yearly basis because of their environmental sensitivity. In addition, 119 Phase I environmental site assessments on low-priority sites were completed and enhanced with storage tank audits, and 27 Phase II environmental site assessments were completed. There are 175 properties left to investigate in order to fulfill the original objective of assessing 90% of NCC-owned properties. The required follow-up and mitigation measures were conducted or are ongoing.</p> <p>Five NCC environmental projects met the funding eligibility criteria for the Federal Contaminated Site Action Plan Program. Confirmation of Treasury Board funding is expected in 2006–2007.</p>
<p>During 2005–2006, develop and implement processes and tools required to meet all corporate requirements under the <i>Canadian Environmental Assessment Act</i>, effective June 2006 for Crown corporations.</p>	<p>This target was met. An assessment report was completed, along with detailed analysis of the impact in specific business areas, and the recommendations were approved.</p>
<p>During the planning period, update the Environmental Action Framework and monitor programs to ensure environmental stewardship principles are integrated into all activities.</p>	<p>This target was met. A new component, Valued Ecosystems, which combines species at risk and habitat, was added to the Environmental Action Framework.</p>
<p>By the end of 2005–2006, together with partners, the NCC will enhance visitors' experience of the Rideau Canal Skateway by continuing to improve health and safety conditions and the market positioning of the Skateway; and complete an update of the <i>Strategic Development Plan for an Integrated Network of Recreational Pathways for the National Capital Region</i> (1994).</p>	<p>These targets were essentially met. Efforts continued to enhance the experience and protect public safety on the Skateway through crowd control and visitor services. The international recognition attached to the Guinness World Record designation was used as the focus for the 2005–2006 marketing campaign. Public consultations for the new pathways strategic plan were completed, and finalization is expected in 2006–2007, following anticipated approvals from the city councils of Ottawa and Gatineau.</p>
<p>By the end of 2008–2009, enhance users' experience on the Capital's recreational pathway system by rehabilitating existing pathways, completing new links, implementing safety measures and improving the market position of the pathway system.</p>	<p>Progress was made toward this long-term target. The public safety campaign was strengthened, 15 kilometres of trail were rehabilitated and 6 kilometres of new pathway constructed in the Greenbelt and Gatineau Park.</p>

OFFICIAL RESIDENCES

STRATEGY

Furnish, maintain and rehabilitate the official residences to safeguard their national heritage value, to provide safe and appropriate accommodation for Canada's official leaders and to create inspiring venues for state events and ceremonies.

IN PERPETUITY

With long-term federal funding approved by the government, the NCC was able to continue a program of urgently needed rehabilitation at the official residences, focusing on health and safety issues. There are six residences in Canada's Capital Region, including some of the most important heritage buildings in Canada. Their preservation and maintenance is an obligation that the NCC addresses on behalf of future generations of Canadians. The most urgent priorities last year included fire protection, windows and life-cycle upgrades at 24 Sussex; the rehabilitation of the roof, and installation of fire detection and electrical systems at the prime minister's country residence at Lac Mousseau (Harrington Lake); and the temporary stabilization of masonry on the Mappin Wing façade at Rideau Hall.

OFFICIAL RESIDENCES

TARGETS	ACCOMPLISHMENTS
During the planning period, depending on federal funding, complete a multi-year plan that prioritizes capital works for the official residences to ensure the protection and continuing availability of these national assets for use.	Progress was made toward this long-term target. Federal funding was approved for a multi-year capital works plan, and high-priority work began at 24 Sussex Drive, Lac Mousseau (Harrington Lake) and Rideau Hall.

PAYMENTS IN LIEU OF TAXES

STRATEGY

Ensure that payments to municipalities in Canada's Capital Region and school boards in Quebec are made in a timely manner.

PAYMENTS IN LIEU OF TAXES

TARGETS	ACCOMPLISHMENTS
In accordance with the <i>National Capital Act</i> and the <i>Payments in Lieu of Taxes Act</i> , pay 100% of payments in lieu of taxes on municipal properties by the due date, except for those properties that are challenged.	This target was met, except for those properties under challenge.

OUTLOOK

LEBRETON FLATS

The NCC has begun negotiations for the second phase of development. When completed, LeBreton Flats will be a green, pedestrian-friendly, diverse community where people can live, work and play in a sustainable environment. The area will provide housing (with 25 percent affordable housing) to thousands of residents in a downtown community designed for “smart growth.” It will also include sustainable public transit, as well as bicycle and pedestrian pathways linking to the larger community. Residential, office and retail buildings will meet the silver standards of the Leadership in Energy and Environmental Design rating system. A 3.6-hectare festival park (the largest festival site in Canada’s Capital Region) will be established south of the Canadian War Museum. Lands north of Wellington Street will be retained in the national interest in the form of a riverside park and sites for major national institutions.

OFFICIAL RESIDENCES

With long-term federal funding in place as of 2005, the NCC has begun a long-term program to address the backlog of rehabilitation and development at the official residences. This work will take many years to complete.

CONFEDERATION BOULEVARD

The NCC will once again partner with the City of Ottawa to upgrade Sussex Drive between George and St. Patrick streets to Confederation Boulevard standards.

RECREATIONAL PATHWAYS

The NCC will continue to develop the pathway system and to market it more widely as an avenue into the “Green Capital,” and it will work with partners to enhance the safety of pathway users.

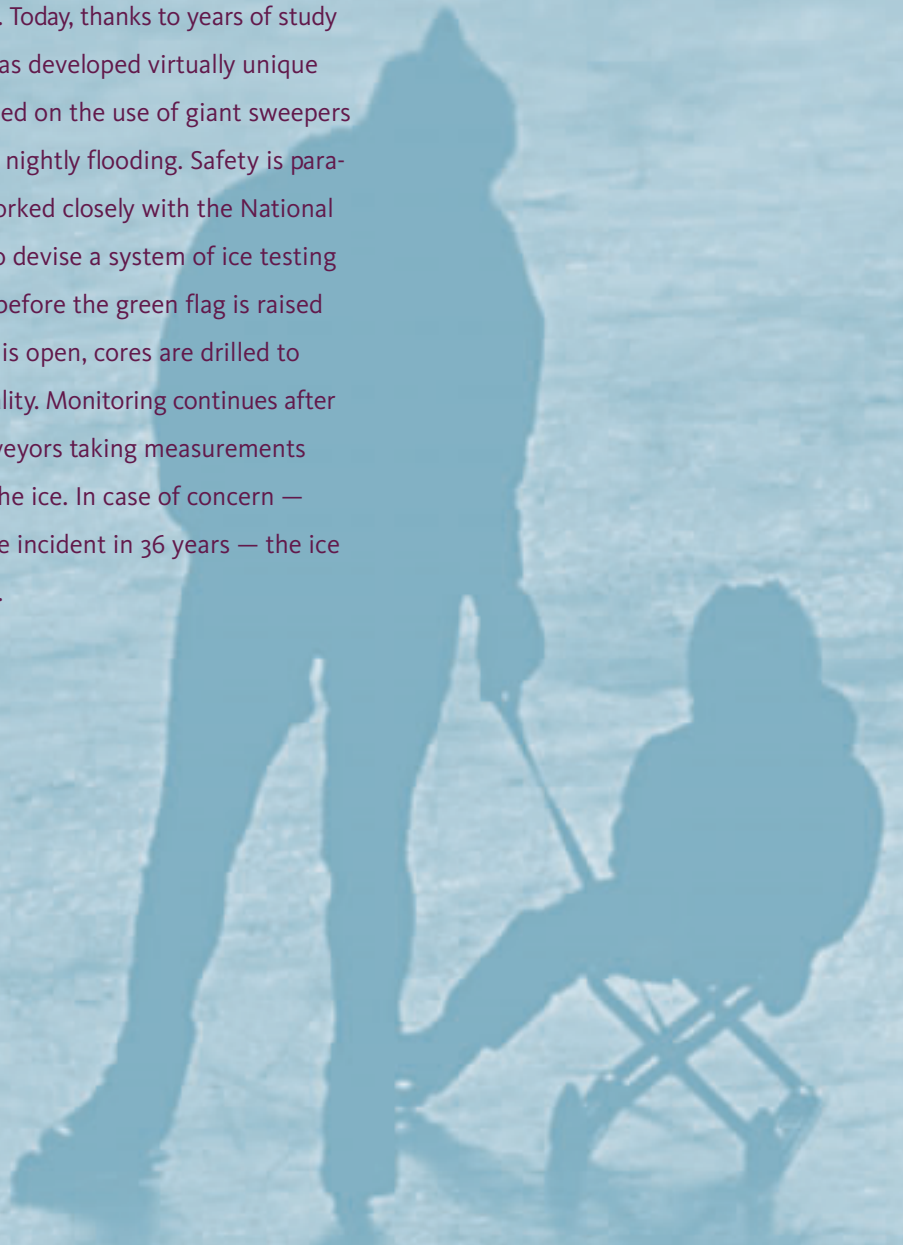
GATINEAU PARK

Implementation of the updated master plan will help the NCC manage the park in a manner appropriate to current pressures on the environment. For example, the NCC will be involved in collecting new data, building new partnerships and working toward a more sustainable balance between public use and the protection of valued ecosystems.

In the lead

Green flags on the ice

In 2005, the Rideau Canal Skateway made it into Guinness World Records. That honour marks the culmination of 36 years of steady evolution in the techniques needed to prepare natural ice and protect public safety. Things were different in 1971, when a team of NCC employees first turned out with shovels to clear the ice. Today, thanks to years of study and experiment, the NCC has developed virtually unique expertise, and a system based on the use of giant sweepers and scrapers, in addition to nightly flooding. Safety is paramount, and the NCC has worked closely with the National Research Council Canada to devise a system of ice testing and monitoring. Every day, before the green flag is raised to signal that the Skateway is open, cores are drilled to assess ice thickness and quality. Monitoring continues after the crowds arrive, with surveyors taking measurements to check the deflection of the ice. In case of concern — and there has been only one incident in 36 years — the ice is rapidly cleared of skaters.



Sector IV

Corporate Services

Program Activity

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

Objective

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

Two Executive Committee members are leaving the NCC for retirement. The NCC would like to thank Gilles Lalonde, retiring Vice-President of National Programming, and Deborah Tudin, retiring Executive Director of Corporate Audit, Research and Evaluation, for their significant contributions to the corporation over the past 17 and 16 years, respectively.



CENTRAL SERVICES

STRATEGY

Deliver central services that provide strategic advantage to the corporation and facilitate effective and efficient management (in keeping with best practices).

BALANCING THE BOOKS

In 2005–2006, the federal government required many areas of the public service to achieve reductions in operating costs in order to fund new priorities. Though the NCC was exempt from specific program reductions, it undertook voluntarily to achieve the savings in order to address significant funding pressures and ensure its long-term financial viability. The cuts meant that priorities had to be clearly defined, and difficult decisions were made. In the end, some successful programs (e.g. the Canada and the World Pavilion) had to be sacrificed. However, reductions in personnel have been, or will be, to the extent possible, addressed through natural attrition or reassignment.

QUESTIONS AND ANSWERS

In 2005, the NCC invited the public to its fifth annual public meeting. The NCC is one of the only Crown corporations in Canada to organize an annual meeting to give the public an opportunity to communicate directly with the Commission. Presentations were made by both the NCC and members of the public, followed by a question and answer session. The NCC also organized seven public consultations during the year (e.g. to discuss the Strategic Transportation Initiative and the Integrated Capital Pathway Strategy). It also met with interest groups to discuss specific concerns. These meetings have generated useful concrete action, for instance, the launching of urgent stabilization work and historic evaluation at the Moore Farm (at one time the property of the Wright family in Gatineau), as well as increased investment in pathway safety programs. Though no formal survey was undertaken, the tenor of discussions and comments during these meetings made it clear that the public appreciates these opportunities to learn about NCC projects and to express their views.

A SINGLE, ONLINE GATEWAY

In 2005, the NCC integrated its two websites (corporate and touristic) to form a single, electronic gateway into the work of the NCC in Canada's Capital Region. With 2.8 million visits recorded annually to the NCC website, the Internet is clearly established as a means to communicate with the public. The renewed website includes information about the NCC: its mandate and structure, an outline of current plans and projects, information on how to get involved in public consultations, and so on. It also offers all the information that visitors need to enjoy the sites, events and heritage treasures of the Capital.

COUNTING HEADS, MEASURING SATISFACTION

Each year, the NCC undertakes a full program of research in order to understand its clientele, measure the impact of programs and pinpoint needed improvements. Research initiatives completed during 2005–2006 include a visitor satisfaction survey of the new Sound and Light Show on Parliament Hill; a public awareness survey of NCC programs, conducted among local residents; a national survey on pride and identity; a visitor intercept survey and participation in an omnibus survey for the Fall Rhapsody program; and an on-site intercept survey of visitors to Snowflake Kingdom during Winterlude. The results from a number of studies will support performance targets set within the NCC's Program Activity Architecture. The NCC also participated in a study entitled *The Vulnerability of Tourism and Recreation in the National Capital Region to Climate Change*, which was funded by the federal Climate Change Action Fund, in collaboration with the University of Waterloo.

CENTRAL SERVICES

TARGETS	ACCOMPLISHMENTS
Respect all applicable legislative requirements, in particular those of the <i>Financial Administration Act</i> , Government Contracts Regulations, <i>Access to Information Act</i> and <i>Privacy Act</i> .	The NCC met deadlines for all legislative reporting and responded within legislated time frames to all Access to Information requests submitted during the year.
In 2005–2006, finalize the corporation’s Code of Ethics and the disclosure process for wrongdoings.	This target was deferred, as discussions with the Office of Public Service Values and Ethics continue regarding the NCC’s emerging Code of Ethics, and in light of disclosure protection legislation. A Code of Conduct manual for members of the Commission was drafted and will be finalized in 2006–2007.
During the planning period, implement the recently updated five-year Corporate Research Framework and the Corporate Research Plan.	This target was met. The five-year Corporate Research Framework (2005–2006 to 2009–2010) was approved and work initiated on the next Corporate Research Plan (2006–2007 to 2009–2010). Research outlined in the plan for 2005–2006 was completed.

HUMAN RESOURCES

STRATEGY

Provide human resources management services that position the NCC as an employer of choice.

EXCEPTIONAL EMPLOYER

In its annual listing of the “Top 100 Employers of Canada,” *Maclean’s* magazine chose the NCC as a national model in 2005. In selecting the NCC from among 1,200 candidates, the magazine considered a number of criteria. For example, it looked at the physical workplace, the state of internal communications, social programs, benefits, the number of women in the workforce, employee turnover and so on. In almost every area, the NCC rated as “above average.” In the area of training, however, it was “exceptional,” with succession planning, career planning services, and annual training and development targets of up to 3 percent of salary or five days of training.

HUMAN RESOURCES

TARGETS	ACCOMPLISHMENTS
During the planning period, Human Resources will implement applicable principles and components of the human resources modernization legislation.	Progress has been made toward achieving this long-term target, notably in reviewing the implications of modernization with reference to NCC practices.
By 2009–2010, implement an Integrated Human Resources Management Framework.	Progress has been made toward achieving this long-term target, with new plans emerging in the areas of employment recognition, equity, health and safety, and succession management.

OUTLOOK

MANDATE REVIEW

Every 20 years, it is normal for Crown corporations to work with Parliament to review the mandate and, if necessary, to make adjustments to the enabling legislation, in keeping with current conditions and requirements. The NCC will cooperate with the government in conducting a review of its mandate in 2006–2007.

GOVERNANCE

The NCC will respond to measures as required by the coming into force of the proposed Federal Accountability Act.

REORGANIZATION

The NCC responded to federal directions on governance, accountability and professional certification by effecting a series of changes at the senior executive level, which will come into effect in 2006–2007. These changes will provide clearer points of responsibility within the organization, strengthen the existing accountability regime, further define and respond to public concerns in planning the Capital, and focus accountability for financial management.

RISK MANAGEMENT

The NCC will develop and implement Enterprise Risk Management, formalizing and strengthening risk management practices that are currently in use, and integrate it into the strategic management and reporting process.

SUCCESSION PLANNING

The NCC will continue to help employees to train and prepare themselves for opportunities emerging through the retirement of senior managers over the next five years.

TRANSITION SUPPORT

Support will be provided to affected employees, as the NCC implements its expenditure reductions.

CODE OF ETHICS

The NCC will finalize a new Code of Ethics, along with a policy for implementing the new legislation when Bill C-25: The Public Servants Disclosure Protection Act comes into force.

BREAKING NEW GROUND

The NCC garnered recognition last year, not only as a pioneer in the field of urban planning, but also as an employer of excellence. In a year of transition, the corporation continued to build a strong hierarchy of plans and to act on those plans in concrete terms. Across the board, the corporation was successful in, or made substantial progress toward, achieving its annual targets.



DISCLAIMER

This section, Management Discussion and Analysis, dated March 31, 2006, should be read in conjunction with the audited financial statements (on page 56) and related notes (on page 61) of the present annual report.

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

2005–2006 OVERVIEW

For the NCC, 2005–2006 was a year marked by recognition, the completion or near completion of a number of significant corporate objectives, as well as transition and change. Performance targets were generally achieved, or significant progress was made.

The NCC continues to review, update and strengthen its corporate governance practices. The Nominating Committee reviewed and evaluated more than 60 candidates for positions on the NCC Commission, submitting its recommendations to the government for consideration in order to address the renewal of the Commission. Assessment of the Commission was improved and now comprises a formal, three-part evaluation process. The Chief Operating Officer is managing the operational aspects of the NCC's business, and providing the basis for the smooth transition and retention of corporate memory during the upcoming appointment of a new chairperson and the splitting of the role of chairperson and chief executive officer.

NCC programs and events were successfully delivered, with high attendance throughout, particularly the newly revamped Sound and Light Show on Parliament Hill.

Significant long-term plans were also completed in 2005–2006. The Gatineau Park Master Plan update will provide long-term direction to ensure the protection and ecological integrity of Gatineau Park, and Canada's Capital Core Area Sector Plan provides the framework for transforming the core of the Capital over the next 20 years, including returning the Ottawa River islands to public use. In addition, a public programming and activities vision was approved, and a new plan for commemorations is nearing completion; both provide new vision for public activities into the future. Finally, the coordination of transportation planning in the Capital is taking shape, with a number of transportation studies being undertaken in partnership with municipalities and the provinces of Ontario and Quebec.

Major real asset projects were completed during the year, reflecting the continuing evolution of the Capital as a place to live, celebrate and remember. At LeBreton Flats, the new Canadian War Museum was opened, and construction on public lands surrounding the museum was substantially completed, including the event square. A new section of Confederation Boulevard, including the Bytown Bridges, was completed in collaboration with the City of Ottawa. The NCC is contributing to the redevelopment of Saint-Laurent and Maisonneuve boulevards in Gatineau, which is progressing ahead of schedule.

New funding for a multi-year capital works plan was approved for the official residences, with a number of urgent works completed at 24 Sussex Drive, Lac Mousseau (Harrington Lake) and Rideau Hall. Securing multi-year funding will allow the NCC to continue the pace of much-needed rehabilitation as well as ensure the preservation of these important heritage buildings.

Targets were surpassed for the proceeds from the sale of surplus land, as well as for easement and leasing revenues, in large part due to major transactions associated with the LeBreton Flats development and the widening of Woodroffe Avenue by the City of Ottawa.

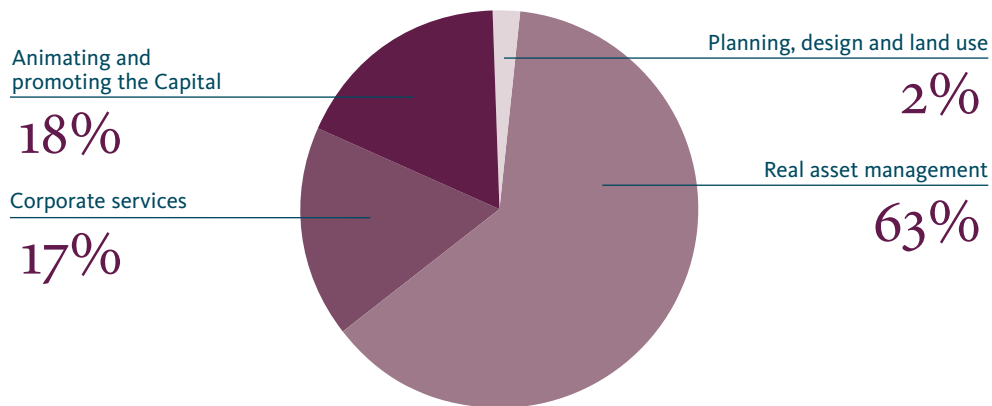
Finally, 2005–2006 was marked by the need to restructure and change. The NCC undertook a review of program priorities and approaches to absorb the cumulative effect of government funding reductions, unfunded increases in salary costs, and the renewal of contracts for land maintenance and headquarters accommodation. Implementation will be phased in over the next three years.

Overall funding decreased in 2005–2006, primarily due to the decreasing activity on the LeBreton Flats rehabilitation project. The cost of operations continued to escalate, notwithstanding the transfer of LeBreton Flats infrastructure to the City of Ottawa, and funding shortfalls were actively managed through re-prioritization. The NCC continued to rely on the proceeds from the sale of surplus lands to assist in funding its capital program.

OUR BUSINESS

The NCC works to plan, build and program a Capital for Canadians that is beautiful, alive and symbolically meaningful. It strives to make the Capital a source of pride and unity for the country at large. In order to achieve its mandate, the NCC sets objectives and defines strategies within four sectors, for which the proportional expenses are shown below.

PROPORTION OF NCC EXPENSES BY SECTOR for 2005–2006



KEY PERFORMANCE DRIVERS

Key performance drivers are critical to enabling the NCC to carry out its mandate and create value for Canadians. These are described below.

UNDERSTANDING CANADIAN SOCIETY

To ensure that the Capital reflects Canada's evolving character, the NCC must constantly review and renew its programming. Research and examination of the operating environment are key to identifying trends and changing views of the Canadian public. Consideration is given to environmental factors, such as Canada's increased reliance on immigration for growth, an aging population, issues related to fitness and obesity, as well as the pressure that rapid urban growth puts on infrastructure and urban transportation. The NCC measures its performance by tracking attendance, levels of satisfaction, and impact at NCC sites and events. In addition, it looks at the extent to which Canadians identify the Capital as a source of pride and national significance, and NCC programs as enriching their understanding and appreciation of the Capital.

STEWARDSHIP OF CAPITAL ASSETS

To achieve its mandate, the NCC must find the appropriate balance between the use of lands and buildings, and the need to preserve these assets for future generations. The NCC must also address expanding environmental responsibilities. It must put strong, yet flexible plans in place to deal with emerging threats to public health and safety. Performance is monitored through the level of availability of public assets for use, as well as through user satisfaction levels and public feedback surveys, maintenance quality standards, and the periodic evaluation of long-term land planning.

PUBLIC SUPPORT

To generate public support for the long-term task of building the Capital, the NCC must ensure that public input is gathered and incorporated into its decision-making processes, and that the results and benefits of its work are broadly understood. National perspectives must be balanced with those of local concern. Openness and a solid consultative process allow clear and timely public interaction. Openness also contributes to a good relationship with local authorities, residents and interest groups, allowing productive and mutually supportive partnerships to exist and flourish. Awareness and appreciation of NCC efforts and accomplishments on behalf of the Capital and all Canadians are necessary to ensure ongoing support for its programs, and to facilitate their implementation. To help meet this objective, the NCC hosts a public annual general meeting and a special interest group meeting with the Commission. Performance measures include the number of public consultations held, public feedback on the NCC's role and its consultation process, the level of public awareness of NCC activities, and the strength of the NCC's volunteer program.

STRONG PARTNERSHIPS

Because the task of planning and building the Capital is so multi-faceted, it requires close collaboration with other federal organizations, different levels of government, community groups, the private sector and special interest groups. Similarly, partnerships enable the NCC to give optimal value to Canadians through the contribution of others in a variety of ways — including sponsorship, provision of expertise, joint initiatives for mutual benefit, or contribution of a programming element. (*For a list of partners and sponsors, please refer to Appendix II.*) The NCC relies heavily on its partnerships to deliver a number of its activities, and creates or supports several mechanisms for nurturing those partnerships. These include the Tripartite National Capital Planning Committee, meetings with federal partners, the Forum for Federal Planning Liaison in the NCR and the Friends of Gatineau Park. Performance in this area is measured annually by the number and value of partnership contributions.

SUSTAINABLE FUNDING

The NCC faces the ongoing challenge of safeguarding and preserving its large asset base at an appropriate level, while at the same time continuing to deliver a range of meaningful programs to Canadians. To succeed, the NCC must continue to strive for greater efficiency in all its activities, and particularly in the resource-intensive area of asset management. At the same time, it must identify new sources of permanent funding to address urgent maintenance, rehabilitation and repairs related to health and safety. Performance is monitored through the NCC's achievements in delivering its mandate with limited resources.

CAPABILITY TO DELIVER RESULTS

The NCC must appropriately plan and manage its human and financial resources to meet its challenges and effectively deliver its mandate. Like many organizations, the NCC increasingly relies on technology and a sound corporate research program. The following presents a discussion of the NCC's key resource issues and the steps that are being taken to ensure that these issues are addressed.

FUNDING MODEL

To fund its operations, the NCC relies on parliamentary appropriations and revenues in a ratio of approximately 2:1, notwithstanding fluctuations in the net gain on capital asset disposals. Revenues are earned primarily from rental operations and easements from the real asset portfolio, and other fees and recoveries associated with the public use of NCC properties and facilities.

Capital asset rehabilitation and development are funded through capital appropriations and proceeds from the sale of surplus properties. Proceeds are used to acquire properties of national significance and to complement government funding for reinvestment in NCC capital assets. Capital appropriations include funding provided for the continuing capital program and funding approved for delivering special projects.

FUNDING CHALLENGES

In delivering its mandate, the NCC's most significant challenge is to overcome recurring funding shortfalls. Operating income, excluding fluctuating gains on the sale of surplus assets, is expected to remain static, with minimal increases from slightly higher rental income and parliamentary appropriations to cover higher salaries and benefits. Even the small increase in appropriations has been partially offset by the government-wide expenditure reduction exercise to reallocate resources to higher federal priorities. On the expense side, costs are rising sharply for accommodation, utilities, fuel, and contracts for property and land maintenance.

To control rising costs, the NCC reviewed and prioritized programs in 2005–2006 and approved expenditure reductions that will be phased in over the next three fiscal years. The NCC will move out of retail merchandising and focus its business development activities on long-term arrangements with large sponsors. The Canada and the World Pavilion was closed. In addition, the NCC will phase in the withdrawal, reduction or cost recovery of grounds maintenance formerly provided to government departments and agencies free of charge, and will finalize options to improve the performance of the leasing portfolio. Gains will also be made by rationalizing and streamlining administration and corporate services. Specific challenges are outlined below.

Accommodation The NCC is committed to a long-term lease for its headquarters building until 2019, with base rent increases every five years, and the additional burden of rising utility and maintenance costs. The latest increases, which were previously funded centrally, added some \$1.2 million to annual accommodation expenses.

The NCC continues to manage the impact of escalating accommodation costs by optimizing the use of its office space, and through the use of an earlier sublease agreement. Without government funding to offset inflation and base rent increases, existing resources must be used to cover them.

Land and Property Maintenance The NCC maintains an extensive portfolio of land and property, including a wide variety of parks, parkways, recreational facilities, civil assets and rental properties. Their maintenance represents a significant cost pressure. In response to the federal government's Program Review initiative, this activity was commercialized in the mid-1990s, and is now delivered primarily through multiple-year maintenance and property management contracts. As a result, the NCC no longer receives additional government funding to cover increases in the salary component of these costs. Major contracts already committed total over \$12 million for 2006–2007. In addition, important cost increases are expected over the next two years upon renewal of other contracts, including those currently under negotiation.

To manage cost pressures, the NCC continues to review and adjust maintenance standards in low-impact areas (mostly outside the core of the Capital), and cut back on non-imperative services. As noted above, the NCC will further cope with cost pressures by withdrawing, reducing or recovering costs of grounds maintenance services formerly provided free of charge to government departments and agencies, and develop options to improve the performance of the leasing portfolio. Service delivery options have been reviewed to encourage increased competition in the next round of contract tendering.

Asset Rehabilitation There is an annual shortfall of about \$6 million in government funding to deliver the NCC's regular capital program. This shortfall continues to be funded through the proceeds from the sale of surplus properties. However, the number of surplus properties is finite, and disposal activity is constrained both by the market for these lands and by government review and public pressure. Although the NCC has identified surplus lands sufficient to generate adequate proceeds in the short term, a solution will need to be found to address the capital funding shortfall on a permanent basis.

Environment The liability for environmental cleanup is significant (\$18.4 million in 2005–2006, \$24.8 million in 2004–2005). As the NCC's assessment of work on contaminated sites progresses, long-term planning will be required for works based on program priorities and costs, which are expected to rise. The NCC received notice that its proposed projects for 2006–2007 (five risk assessments) qualified under the Federal Contaminated Sites Action Plan, and funding approval is now pending. In 2006, the NCC becomes subject to the *Canadian Environmental Assessment Act*, which will involve additional processes and reporting.

HUMAN RESOURCES

Since the corporation operates in diverse sectors, it requires a range of specialized skills and support from its employees to successfully deliver its mandate. As such, the NCC invests in the development of its employees to ensure that they possess the knowledge and skills required. In 2005–2006, training activities averaged 37.5 hours per employee or 2.9 percent of salary expenses. Over the next five years, the pace of retirements for long-term staff is expected to accelerate, and the NCC is developing a program to ensure that corporate memory is not lost. Steps are also being taken to ensure continuity at senior levels in the organization. In 1999, the NCC developed the Succession Management Program, and seven participants have moved into or up the management ranks, while a pool of participants continues to be involved in a development program. The NCC believes it has programs in place to ensure that the required human resources are available to succeed in the future.

RISK

The NCC actively manages risks through a number of new and existing measures, including corporate analysis of management submissions; a defined process for project management; a corporate planning process that identifies, reviews and monitors risks through the year and reports results to the Commission; annual plans and reports in areas of higher risk, such as health and safety and environmental management; and, finally, risk and evaluation studies conducted by internal audit and evaluation, which are reviewed and approved by the Audit and Evaluation Committee.

Among the principal risks faced and managed by the NCC are public and employee health and safety; legal claims and litigation; environmental threats, liability and cleanup; project and partnership management risk; loss of public image, credibility and support; and funding issues in meeting its mandate.

The Commission has approved the development of an integrated risk management framework to create a more structured, systematic and disciplined approach to risk, in keeping with best practices, and the desire of the federal government to strengthen its practice in this area. The framework will be developed with the following goals:

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

OUTLOOK 2006–2007 AND BEYOND

The NCC will continue to develop the plans and strategies needed to guide it confidently forward in all aspects of its business. In light of existing funding pressures, the NCC will continue to review and prioritize its programs, as well as improve its efficiency and optimize its return on investment.

The recently updated Gatineau Park Master Plan will see the park maintained for the enjoyment of all Canadians, while intensifying the conservation of natural elements. Efforts to protect the integrity of ecosystems are already under way, through a variety of studies, agreements with interest groups, and intensified efforts by conservation officers to enforce existing regulations to protect flora and fauna. Work has been completed by finalizing *Canada's Capital Core Area Sector Plan* and advancing the Capital Urban Lands Master Plan, which will ultimately guide the future of the Capital's core.

In programming, the NCC will focus on renewing its flagship events and increasing their national representation. Also, it will build on the public programming and activities vision for the core area of Canada's Capital by continuing to invest in and promote a series of animation initiatives to bring new life to the central part of Canada's Capital Region. A new Commemorations Plan will be finalized to guide the representation of diverse themes, design, location and building of commemorations in the Capital.

The NCC will maintain the "Green Capital" through continuing investments in the recreational pathway network, the Rideau Canal Skateway and Gatineau Park. It will invite all Canadians to come and experience Canada's Capital Region, particularly to celebrate the 150th anniversary of Ottawa's being named capital of Upper and Lower Canada, as well as the 175th anniversary of the Rideau Canal in 2007.

In addition, the NCC will embark on the next phases of the LeBreton Flats revitalization project. With the opening of the new Canadian War Museum, the area is attracting tourism, and planned residential-commercial development will soon bring new life to an old neighbourhood. The NCC will look for opportunities to acquire and return the Ottawa River islands to public use.

A number of organizational changes have already been made to restructure in response to program and budget reduction decisions, as well as to strengthen governance and accountability. Further organizational changes are anticipated in response to pending retirements.

A number of external factors will have an impact on the NCC. Draft legislation of the *Federal Accountability Act* has proposed changes to the *National Capital Act*, including formalizing a split of the role of chairperson and chief executive officer. In addition, the government has announced a review of the NCC's mandate. While it is too early to predict any impact, management is optimistic that it will strengthen and enhance the role of the corporation in its ability to plan, develop, protect and communicate Canada's Capital for Canadians.

The ongoing success of the NCC will depend on open and continuous communication with the public. The corporation will, as a priority, continue to improve the public consultation process and to strengthen public support.

FINANCIAL PERFORMANCE

PARLIAMENTARY APPROPRIATIONS

The NCC received total parliamentary appropriations of \$93.1 million in 2005–2006, an \$8.6-million decrease from last year's amount of \$101.7 million (see Chart 1 and Table 1 below).

Operating appropriations of \$70.2 million during 2005–2006 were \$1.8 million greater than last year, to cover higher salaries resulting from the collective agreement (\$1.1 million) and to address urgent operating requirements at the official residences (\$0.7 million).

Capital appropriations of \$22.9 million decreased by \$10.4 million from 2004–2005, primarily due to a decline of \$10.2 million in funding for the LeBreton Flats project.

Total appropriations are expected to decline slightly in 2006–2007 to \$91.4 million (\$92.0 million in 2007–2008), with the expiry of funding for the LeBreton Flats project in 2005–2006 (\$9.6 million) being mostly offset by new ongoing appropriations to support the official residences program (\$8.0 million).

CHART 1: PARLIAMENTARY APPROPRIATIONS, 2001–2002 to 2007–2008
(in millions of dollars)

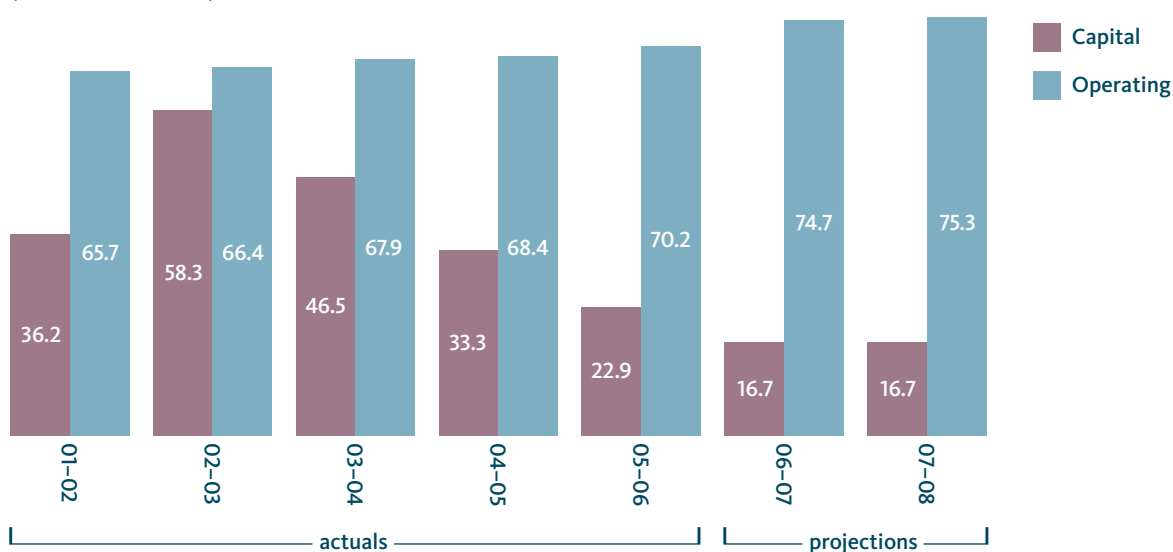


TABLE 1: PARLIAMENTARY APPROPRIATIONS, 2004–2005 to 2007–2008
(in thousands of dollars)

	ACTUALS			PROJECTIONS	
	2004–2005	2005–2006	Variance	2006–2007	2007–2008
Operating	67,178	66,494	(684)	74,657	75,323
Supplementary operating	1,226	3,701	2,475	–	–
Subtotal	68,404	70,195	1,791	74,657	75,323
Capital	64,393	22,063	(42,330)	16,713	16,713
Supplementary capital	(31,130)	835	31,965	–	–
Subtotal	33,263	22,898	(10,365)	16,713	16,713
Total appropriations	101,667	93,093	(8,574)	91,370	92,036

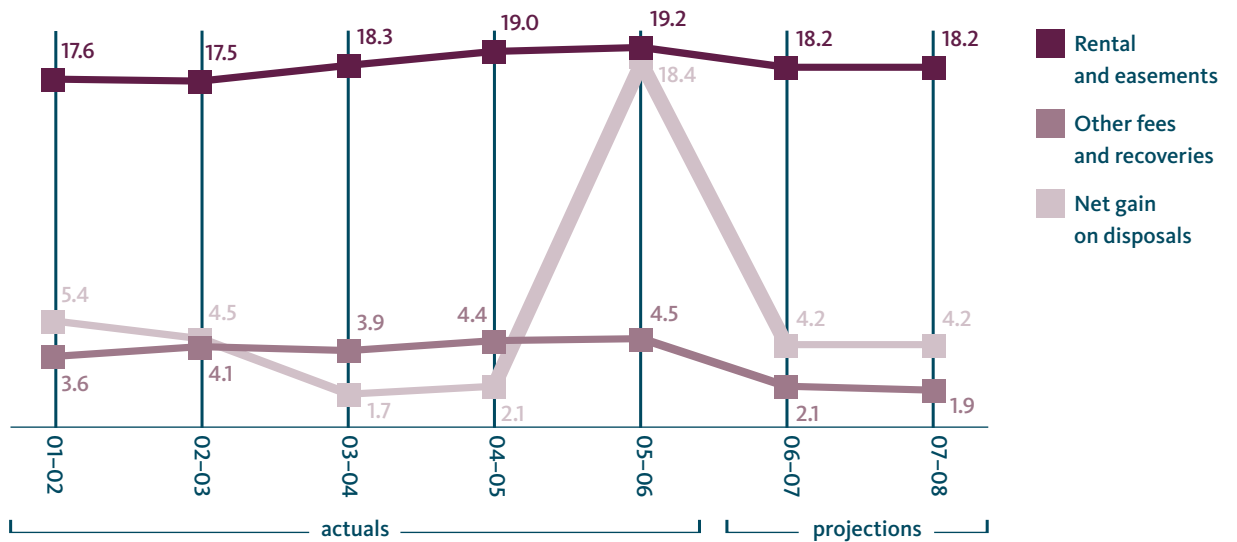
OPERATING INCOME

As shown in the statement of operations, the NCC generated \$51.7 million in operating income in 2005–2006, compared with \$33.4 million in 2004–2005. The increase is mainly attributable to higher gains on property disposals (\$16.3 million) and greater interest revenue earned (\$1.1 million) from higher interest rates and increased cash investments, as a result of a reduced level of capital works investment.

Excluding the net gain on the disposal of capital assets, the most significant source of operating income comes from rental operations and easements at 58 percent, compared with 61 percent in 2004–2005. All sources of operating income are expected to remain relatively stable over future years, except for variations in the net gain on the disposal of capital assets (see Chart 2).

The NCC was able to sustain high levels of sponsorship and promote increased partner contributions. Cash sponsorships increased to \$1.4 million, from \$1.2 million the previous year, despite unfavourable market conditions.

CHART 2: MAIN SOURCES OF OPERATING INCOME, 2001–2002 to 2007–2008
(in millions of dollars)



Total funding for operations (appropriations plus income) has remained relatively flat in recent years (see Chart 3), excluding large fluctuations in the net gain on the disposal of capital assets. With revenue streams having limited growth potential, the NCC is challenged as it strives to maintain high-quality products and services, while facing constant inflationary cost pressures.

COST OF OPERATIONS

As indicated in the statement of operations and detailed by major classification in Note 11 to the financial statements (see Chart 4), the total cost of the NCC's operations for 2005–2006 decreased by 6 percent to \$125.6 million, from \$133.7 million a year earlier (figure restated). The \$8.1-million decrease is attributable to a reduction of \$12.1 million in the expenditure related to the transfer of LeBreton Flats infrastructure to the City of Ottawa (\$2.1 million compared with \$14.2 million last year) less \$4.0 million in increases in other costs (primarily salaries and employee benefits, \$1.3 million, and goods and services, \$1.5 million, from increased accommodation costs and consulting fees related to the commodity tax review).

In future years, the NCC will face greater cost pressures for its headquarters accommodation and renewal of the property maintenance contracts.

CHART 3: TOTAL OPERATING FUNDING, 2001–2002 to 2007–2008
(in millions of dollars)

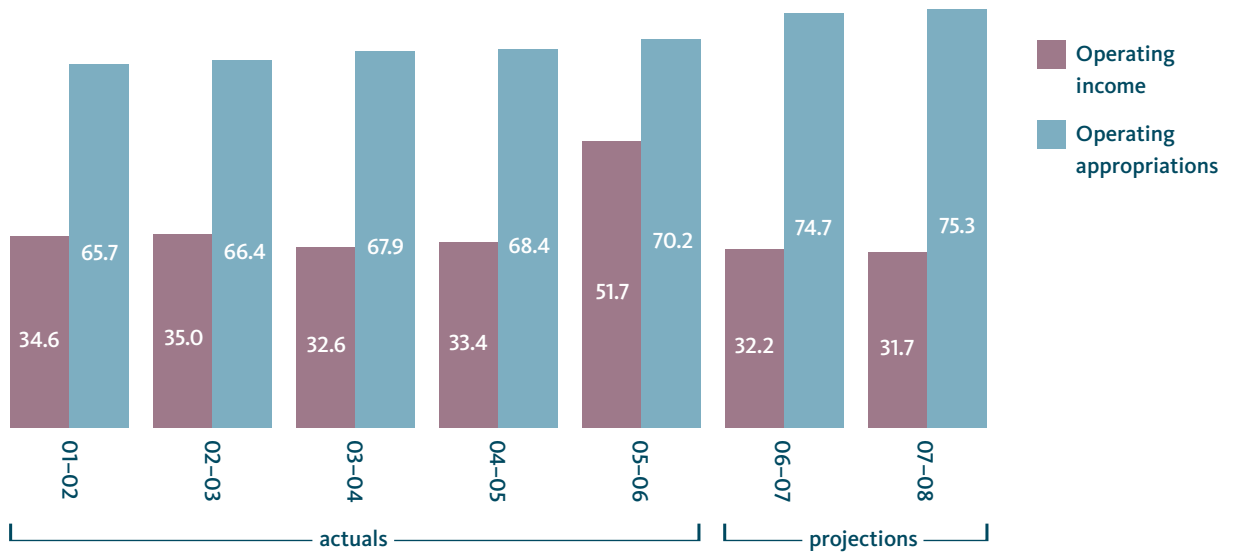
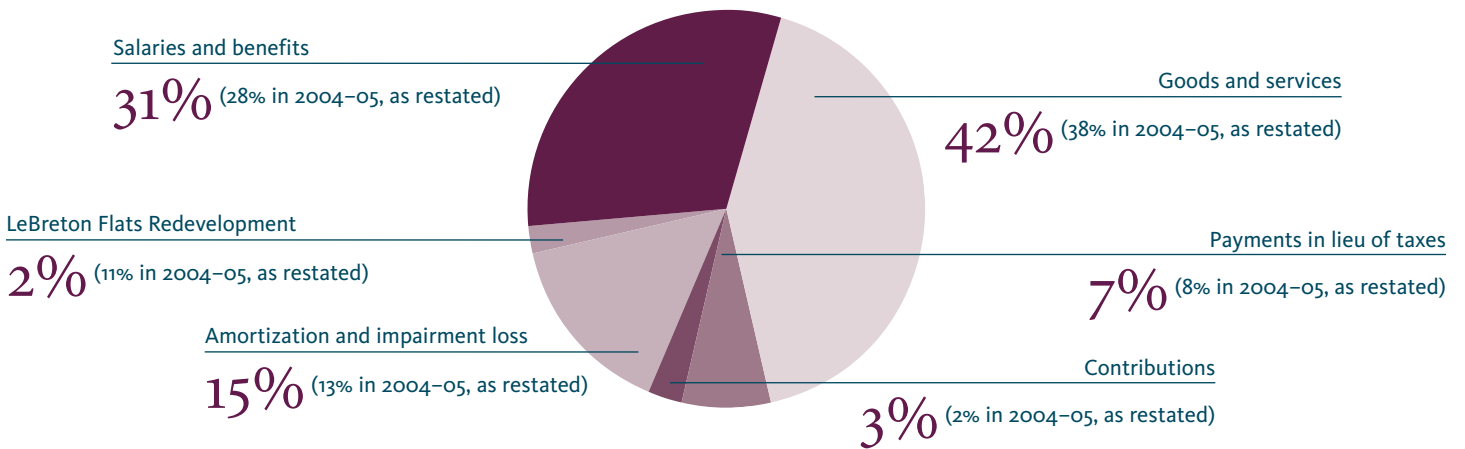


CHART 4: EXPENSES BY MAJOR CLASSIFICATION for 2005–2006 (and 2004–2005)



CAPITAL EXPENDITURES

In 2005–2006, \$19.4 million in capital purchases and improvements were made, compared with \$35.4 million in 2004–2005. The \$16.0-million decrease results primarily from lower expenditures at LeBreton Flats (\$7 million in 2005–2006, compared with \$24.7 million last year) following the completion last year of major components of the project, including the site for the new Canadian War Museum. In addition, spending increased slightly for official residences, from \$0.6 million in 2004–2005 to \$2.5 million in 2005–2006.

The LeBreton Flats redevelopment project is expected to be extended over the next few years to better coordinate development with municipal and private sector plans.

A transfer of \$5.6 million was made from the Acquisition and Disposal Fund (A&D Fund) to help fund purchases and improvements to capital assets in 2005–2006. This compares with \$7.4 million drawn from the A&D Fund in 2004–2005.

BUDGETARY ANALYSIS

Table 2 compares the forecast operating results presented in the 2005–2006 to 2009–2010 Summary of the Corporate Plan with the actual results for 2005–2006 and the resulting variances. A similar comparison of budget and actual results is provided for 2004–2005 (based on the 2004–2005 to 2008–2009 Summary of the Corporate Plan). Forecast operating results for 2006–2007 are also presented based on the 2006–2007 to 2010–2011 Summary of the Corporate Plan.

TABLE 2: STATEMENT OF OPERATIONS, 2004–2005 to 2006–2007
(in thousands of dollars)

	2006–2007	2005–2006			2004–2005		
	Budget	Budget	Actual	Variance	Budget	Actual As restated	Variance
Income							
Rental operations and easements	18,209	17,931	19,176	1,245	17,826	18,959	1,133
Net gain on disposal of capital assets	4,200	4,200	18,405	14,205	4,200	2,092	(2,108)
Interest	3,008	1,200	3,764	2,564	1,088	2,685	1,597
Sponsorship							
Cash	966	1,091	1,373	282	1,321	1,197	(124)
Goods and services	750	500	1,137	637	500	1,012	512
Headquarters' sublease	1,881	1,536	1,655	119	1,308	1,474	166
User access fees	1,115	1,090	1,690	600	1,000	1,602	602
Other fees and recoveries	2,087	2,286	4,475	2,189	1,671	4,408	2,737
	32,216	29,834	51,675	21,841	28,914	33,429	4,515
Cost of Operations							
Animating and promoting the Capital	21,236	18,356	23,227	(4,871)	18,133	22,700	(4,567)
Planning, design and land use	2,568	2,349	2,300	49	2,130	1,974	156
Real asset management	80,361	73,004	79,234	(6,230)	73,042	85,033	(11,991)
Corporate services	27,313	27,092	20,824	6,268	26,086	23,972	2,114
	131,478	120,801	125,585	(4,784)	119,391	133,679	(14,288)
Net cost of operations before parliamentary appropriations	(99,262)	(90,967)	(73,910)	17,057	(90,477)	(100,250)	(9,773)
Parliamentary appropriations	74,338	66,494	70,195	3,701	66,948	68,404	1,456
Net Loss	(24,924)	(24,473)	(3,715)	20,758	(23,529)	(31,846)	(8,317)

The NCC exceeded its revenue budget by \$21.8 million, due to higher revenues generated from all sources. The most notable increase was the net gain on the disposal of capital assets resulting from high-value surplus property disposals (\$14.2-million increase). Above-budget revenues were achieved in rental operations and easements (\$1.2 million) due to new leases and lease renewals, and in interest revenues (\$2.6 million) earned as result of higher interest rates and investments due to delays in capital projects, primarily the LeBreton Flats redevelopment. Other items contributing to the favourable variance include merchandising revenues from the nationwide distribution of Canada Day merchandise (\$0.8 million) and partnership contributions (\$1.3 million), which were not budgeted in other fees and recoveries.

The actual cost of operations exceeded the budget forecast by \$4.8 million, the net effect of a number of unbudgeted expenditures and other expenses that were lower than planned. The major increase results from expenditures that were originally planned as capital being charged to operations for programs and activities in the real asset management and the animating and promoting the Capital sectors (\$7.5 million). In the capital budgeting process, all expenditures related to the Multi-Year Capital Construction Program are budgeted as capital expenses. In practice, the nature of project works undertaken determines the accounting treatment, which is identified only at the time of the actual commitment.

Under real asset management, other unbudgeted expenses included a \$2.2-million adjustment to the environmental liability, as well as an amount of \$2.1 million related to the LeBreton Flats redevelopment. Cost increases in the animating and promoting the Capital sector also resulted from unbudgeted expenditures related to merchandising activities (\$0.9 million) and programs funded from partners (\$1.3 million). Actual expenses in the corporate services sector were partly offset by one-time input tax credits of \$5.7 million, resulting from a change in the calculation methodology.

Affecting all sectors, but primarily real asset management, actual expenditures reflected amortization that was lower than budgeted (\$4.2 million), which was partly offset by personnel costs and employee benefits that were higher than budgeted (\$1.1 million).

An additional \$3.7 million in parliamentary appropriations was received to fund salary and employee benefit increases (\$3 million) and urgent operating requirements for the official residences (\$0.7 million). The variance between parliamentary appropriations related to salaries and benefits (\$3 million) and the higher-than-budgeted personnel costs (\$1.1 million) stems essentially from the fact that a large portion of the impact of the new collective agreement was reflected in the 2005–2006 budget, further to the ratification of the collective agreement, while 2005–2006 appropriations were adjusted later through supplementary estimates.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the National Capital Commission (NCC) are the responsibility of management and have been approved by the Board of Directors. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and, where appropriate, they include amounts that have been estimated according to management's best judgment. Financial information presented elsewhere in this annual report is consistent with that shown in the financial statements.

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

The NCC's external auditor, the Auditor General of Canada, has audited the financial statements and reports to the Minister of Transport, Infrastructure and Communities.

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



Marcel Beaudry
Chairperson



Micheline Dubé
Executive Vice-President
and Chief Operating Officer

June 12, 2006



AUDITOR'S REPORT

To the Minister of Transport, Infrastructure and Communities

I have audited the balance sheet of the National Capital Commission (NCC) as at March 31, 2006 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the NCC's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the NCC as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

John Wiersema, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada

June 12, 2006

National Capital Commission
BALANCE SHEET as at March 31, 2006

(thousands of dollars)

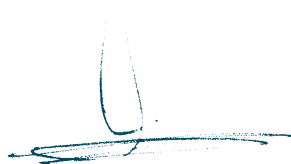
	2006	2005
		As restated (note 3)
ASSETS		
Current		
Cash and cash equivalents (note 4)	31,100	55,191
Short-term investments (note 4)	89,389	29,936
Accounts receivable		
Federal government departments and agencies	889	2,718
Tenants and others	3,582	4,663
Prepaid expenses	3,987	3,527
Current portion of capital assets held for sale (note 7)	-	228
	128,947	96,263
Long-term investments (note 4)	5,695	8,427
Long-term receivables (note 5)	2,617	2,795
Capital assets (notes 6 and 17)	516,383	545,099
Capital assets held for sale (note 7)	-	8,002
	653,642	660,586
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Federal government departments and agencies	1,939	2,303
Others	15,936	17,135
Current portion of provision for environmental cleanup (note 14)	2,481	5,404
Current portion of unsettled expropriations of property and land exchanges	2,837	2,837
	23,193	27,679
Provision for environmental cleanup (note 14)	15,951	19,422
Employee future benefits (note 8)	5,760	6,126
Deferred rental revenue (note 9)	5,128	5,231
Deferred rent inducement	2,495	2,678
Other long-term liabilities	749	676
Unsettled expropriations of property and land exchanges	160	157
	53,436	61,969
Commitments and contingencies (notes 13 and 14)		
Equity of Canada	600,206	598,617
	653,642	660,586

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Marcel Beaudry
 Chairperson



Irving Schwartz
 Chairperson, Corporate Audit
 and Evaluation Committee

National Capital Commission
STATEMENT OF OPERATIONS for the year ended March 31, 2006

(thousands of dollars)

	2006	2005
		As restated (note 3)
REVENUE		
Rental operations and easements	19,176	18,959
Net gain on disposal of capital assets	18,405	2,092
Interest	3,764	2,685
Sponsorship		
Cash	1,373	1,197
Goods and services	1,137	1,012
Headquarters' sublease	1,655	1,474
User access fees	1,690	1,602
Other fees and recoveries	4,475	4,408
	51,675	33,429
COST OF OPERATIONS (notes 10, 11 and 17)		
Animating and promoting the Capital	23,227	22,700
Planning, design and land use	2,300	1,974
Real asset management	79,234	85,033
Corporate services	20,824	23,972
	125,585	133,679
Net cost of operations before parliamentary appropriations	(73,910)	(100,250)
Parliamentary appropriations (note 12)	70,195	68,404
Net Loss	(3,715)	(31,846)

The notes are an integral part of the financial statements.

STATEMENT OF EQUITY OF CANADA for the year ended March 31, 2006

(thousands of dollars)

	2006	2005
		<i>As restated (note 3)</i>
OPERATIONS		
Balance at beginning of year	593,162	591,050
Net loss	(3,715)	(31,846)
Parliamentary appropriations to acquire and improve capital assets (note 12)	22,898	33,263
Transfer of capital assets to a Crown corporation (note 15)	(18,198)	-
Donation of works of art	-	695
Balance at end of year	<u>594,147</u>	<u>593,162</u>
CANADIANA FUND (note 1)		
Balance at beginning of year	5,455	5,206
Donations	604	249
Balance at end of year	<u>6,059</u>	<u>5,455</u>
Total balance at end of year	<u>600,206</u>	<u>598,617</u>

The notes are an integral part of the financial statements.

National Capital Commission
STATEMENT OF CASH FLOWS for the year ended March 31, 2006

(thousands of dollars)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations for operating activities	72,093	67,386
Cash receipts from rental operations and easements	18,953	18,809
Cash receipts from other operations	10,073	8,303
Cash paid to suppliers and employees	(102,908)	(95,792)
Interest received	3,275	2,963
Cash flows from operating activities	1,486	1,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and improvements to capital assets	(19,424)	(35,438)
Proceeds from disposal of capital assets	29,604	5,403
Net change in short-term investments	(59,453)	7,980
Disbursements for long-term investments	(1,422)	(2,475)
Cash receipts from long-term investments	4,089	2,004
Disbursements for environmental cleanup	(1,869)	(8,444)
Cash flows used in investing activities	(48,475)	(30,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	22,898	33,263
Cash receipts for Canadiana Fund	-	14
Cash flows from financing activities	22,898	33,277
Increase (Decrease) in cash and cash equivalents	(24,091)	3,976
Cash and cash equivalents at beginning of year	55,191	51,215
Cash and cash equivalents at end of year	31,100	55,191

The notes are an integral part of the financial statements.

Notes to Financial Statements

as at March 31, 2006

1. AUTHORITY AND OBJECTIVES

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

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

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

The NCC is also responsible for the management and maintenance of the assets of the official residences located in the National Capital Region. It created the Canadiana Fund to encourage Canadians to participate in the development of the official residences as shrines of Canadian history and achievement.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments purchased three months or less from maturity and are carried at lower of cost or market value.

B. INVESTMENTS

Short-term investments are carried at amortized cost with premiums and discounts amortized over the period to maturity. Where there has been a decline in value of an investment that is other than temporary, the carrying value of the security is appropriately reduced. Interest revenue, amortization of premiums and discounts, gains and losses on disposal and adjustments to record any impairment in value other than temporary are included in revenue.

C. CAPITAL ASSETS

Capital assets are generally recorded at cost. The NCC's capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An impairment loss is recognized when the carrying amount of a capital asset is not recoverable and exceeds its fair value. The impairment loss is measured as the amount by which the carrying amount exceeds its fair value. Property acquired for a nominal value or by donation is recorded as transferred capital

asset, at market value at time of acquisition or at the nominal value if the market value cannot reasonably be determined. Antiques or works of art donated to the Canadiana Fund and the NCC are recorded as donated capital assets, at market value at time of the donation. If the market value cannot reasonably be determined, the transaction is recorded at nominal value. Improvements that extend the useful life of buildings and equipment are capitalized. Land improvements and development costs are also capitalized.

D. AMORTIZATION

Amortization of capital assets in use is charged to operations in equal annual amounts based on the cost of the assets and their estimated useful life as follows:

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

E. CAPITAL ASSETS HELD FOR SALE

The NCC records a capital asset held for sale for which certain criteria are met, such as an approved plan to sell and a probability of sale within one year. The capital asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell, and is not amortized while classified as held for sale. A capital asset to be disposed of other than by sale is classified as held and used until it is disposed of. Amortization estimates are revised to reflect the use of the capital asset over its shortened useful life.

F. NON-MONETARY TRANSACTIONS

When an exchange of assets takes place and there is a change in the purpose for which the asset is held, the transaction is recorded at the fair market value of the asset received. If there is no change in purpose for which the asset is held, the transaction is recorded at the carrying value of the asset given up. When there is an exchange of goods or services, the transaction is recorded at the fair market value of the goods or services received. If the fair market value of the goods or services given up is more determinable, that fair market value is used to record the transaction.

G. EMPLOYEE FUTURE BENEFITS

- i. **Pension Benefits** All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The NCC's contributions are currently based on a multiple of an employee's required contributions, and may change over time, depending on the experience of the Plan. The NCC's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the NCC. The NCC is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.
- ii. **Other Benefit Plans** Severance benefits and workers' compensation benefits represent the obligations of the NCC that entail settlement by future payments.

Severance Benefits Employees are entitled to severance benefits, as provided for under collective agreements and the terms of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and salary projections, as well as demographic assumptions. This represents management's best long-term estimates. The actuarial loss is not amortized, since it represents less than 10 percent of the accrued benefit obligation. The average remaining service period of active employees covered by this plan is 13 years for 2005 and 2006.

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.

H. PROVISION FOR ENVIRONMENTAL CLEANUP

The NCC records a provision for environmental cleanup in situations where it is obligated or is likely to be obligated to incur costs related to management and remediation of contaminated sites, and the cost can be reasonably estimated following a detailed environmental assessment. Remediation costs are capitalized if contamination occurred before acquisition, and are charged to the cost of operations of the year if contamination occurred after acquisition. Management costs of contaminated sites are charged to the cost of operations of the year. If the likelihood of the obligation to incur these costs is not determinable, if the obligation to incur these costs is unlikely, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

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

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

I. DEFERRED RENT INDUCEMENT

The NCC currently leases its headquarters office space. Moving expenses and major leasehold improvements incurred by the lessor to accommodate NCC needs have been recorded as deferred rent inducement as at the effective date of the lease and are amortized over the term of the lease.

J. UNSETTLED EXPROPRIATIONS OF PROPERTY

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

K. REVENUE RECOGNITION

Most revenue arises from rental operations and easements, net gain of disposal of capital assets, interest, sponsorship, headquarters' sublease, user access fees and other fees and recoveries such as merchandising and advertising sales, concession revenue, contributions and expenses recoveries.

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

L. PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations for operating expenditures and for grants and contributions to other levels of government and other authorities are included on the statement of operations in the year for which they were approved. Parliamentary appropriations to acquire and improve capital assets are credited to the equity of Canada as they represent the permanent investment of Canada in the NCC.

M. MEASUREMENT UNCERTAINTY

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

3. PRIOR PERIOD ADJUSTMENT

The NCC has effected restatements of its financial statements for the year ended March 31, 2005, in order to change the accounting treatment with respect to the costs of remediation and construction of some infrastructures incurred in the LeBreton Flats redevelopment project. The infrastructures, for which the total cost amounts to \$31.3 million, relate to water mains, sanitary and storm water sewers, the redevelopment of Booth Street, as well as the construction of Wellington Street. Prior to the application of these recommendations, the NCC was capitalizing separately the costs of these infrastructures, as they would eventually be transferred to the City of Ottawa at the nominal value of \$1.

Under the new accounting treatment, the costs incurred during the past two years for the remediation and construction of the infrastructures were allocated to the LeBreton Flats lands that they are servicing. Following this allocation, impairment loss tests carried out in previous years were adjusted for all lands intended for sale and, for some of them, their carrying amount exceeded their fair value. Consequently, the financial statements for the year ended March 31, 2005, were restated to reflect an additional amount of \$9.3 million presented in Note 11 in the cost of operations as an expense related to the redevelopment of LeBreton Flats. Therefore, the capital assets and the equity of Canada on the balance sheet as at March 31, 2005, were reduced by \$9.3 million, while the cost of operations on the statement of operations as well as the net loss on the statement of operations and on the Statement of Equity of Canada were increased by the same amount. Furthermore, for the year ended March 31, 2006, this change of accounting treatment resulted in the recording of an additional expense of \$2.1 million as presented in Note 11 under redevelopment of LeBreton Flats.

4. CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS AND LONG-TERM INVESTMENTS

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

A. CASH AND CASH EQUIVALENTS

As at March 31, 2006, in addition to the \$1.9 million (\$3.4 million in 2005) in cash, cash and cash equivalents include banker's acceptances and bearer deposit notes, which amounted to \$29.2 million (\$51.8 million in 2005) at a weighted average interest rate of 3.7 percent (2.6 percent in 2005). The fair value of cash and cash equivalents approximates the book value due to the short period to maturity of the investments.

B. SHORT-TERM INVESTMENTS

As at March 31, 2006, short-term investments include banker's acceptances, bearer deposit notes and a floating rate note, which amounted to \$89.4 million (\$29.9 million in 2005) at a weighted average interest rate of 3.7 percent (2.6 percent in 2005) and have an average term-to-maturity of seven months (five months in 2005). The fair value of short-term investments approximates the book value due to the short period to maturity of the investments.

C. LONG-TERM INVESTMENTS

As at March 31, 2006, long-term investments include bonds of the Government of Canada and of provincial governments, which amounted to \$5.7 million (\$8.4 million in 2005) at a weighted average interest rate of 5.5 percent (4.5 percent in 2005). The fair value of these investments is \$6.1 million (\$8.9 million in 2005).

D. SEGREGATED FUNDS

Cash and cash equivalents, short-term investments and long-term investments amounted to \$126.2 million (\$93.6 million in 2005). The following funds, which amounted to \$69.0 million (\$46.4 million in 2005), are segregated:

- i. cash donations received for the Canadiana Fund in the amount of \$8,144 (\$7,940 in 2005);
- ii. funds of \$3.6 million (\$3.7 million in 2005) for the revitalization of Sparks Street, in Ottawa;
- iii. funds of \$1.1 million (\$4.6 million in 2005) for rehabilitation of the official residences;
- iv. funds of \$18.5 million (\$15.9 million in 2005) for the redevelopment of LeBreton Flats;
- v. funds of \$2.1 million (\$2.1 million in 2005) for the redevelopment of industrial lands on the north shore of the Ottawa River; and
- vi. funds of \$43.7 million (\$19.1 million in 2005) to acquire real property or to support other major programs, as may be authorized by Treasury Board of Canada and the Governor-in-Council. During the year, proceeds on disposal and interest revenues amounted to \$30.8 million (\$5.9 million in 2005), whereas acquisitions and disposal expenses were \$6.2 million (\$8.1 million in 2005).

5. LONG-TERM RECEIVABLES

The long-term receivables include an amount of \$2.6 million (\$2.8 million in 2005), representing the present value of services to be rendered to the NCC for the maintenance of parks and roadways until 2022. These long-term receivables are amortized on a straight line basis and are recorded in Note 11 under goods and services. An impairment loss is recognized when the carrying amount of long-term receivables is not recoverable and exceeds their fair value. During the year, no impairment loss was recognized.

6. CAPITAL ASSETS

(thousands of dollars)

	March 31, 2006						March 31, 2005
	Land	Buildings, Works and Infrastructure	Equipment	Total Cost	Accumulated amortization	Net Book Value	Net Book Value
LAND AND BUILDINGS, WORKS AND INFRASTRUCTURE¹							As restated (note 3)
Greenbelt	27,945	33,773	–	61,718	26,457	35,261	37,282
Gatineau Park	19,576	18,303	–	37,879	12,069	25,810	26,338
Parkways	35,367	116,919	–	152,286	68,757	83,529	85,422
Parks	23,210	66,797	–	90,007	33,401	56,606	55,176
Bridges and approaches	1,712	76,376	–	78,088	30,078	48,010	50,173
Historical properties	126	67,181	–	67,307	38,247	29,060	29,285
Recreational facilities	19,277	23,423	–	42,700	15,386	27,314	28,118
Rental properties	83,107	67,587	–	150,694	34,993	115,701	115,122
Development properties	51,204	16,077	–	67,281	4,523	62,758	85,365
Unsettled expropriations and land exchanges	2,997	–	–	2,997	–	2,997	2,994
Administrative and service buildings	4,478	18,402	–	22,880	11,996	10,884	10,638
	268,999	504,838	–	773,837	275,907	497,930	525,913
Less: Provision for transfers ²	(1,838)	–	–	(1,838)	–	(1,838)	(1,838)
	267,161	504,838	–	771,999	275,907	496,092	524,075
Leasehold Improvements	–	15,434	–	15,434	6,872	8,562	10,740
EQUIPMENT							
Machinery and equipment	–	–	11,070	11,070	8,641	2,429	1,263
Office furniture and equipment	–	–	4,095	4,095	4,061	34	81
Vehicles	–	–	1,434	1,434	1,068	366	390
Computer and communications equipment, and software	–	–	9,502	9,502	8,450	1,052	1,307
Antiques and works of art							
Canadiana Fund	–	–	6,051	6,051	–	6,051	5,446
Other	–	–	1,797	1,797	–	1,797	1,797
	–	–	33,949	33,949	22,220	11,729	10,284
Total	267,161	520,272	33,949	821,382	304,999	516,383	545,099

1. The total cost of land and buildings, works and infrastructure includes \$16.9 million (\$33 million in 2005) of construction in progress. When these projects are completed, their cost will be amortized based on their estimated useful life.

2. Provision for transfers pertains to property to be transferred in accordance with agreements with the Province of Quebec. This includes lands to be given for the approaches to the Macdonald-Cartier Bridge and to be used as a right-of-way for Highway 550, in exchange for other lands.

7. CAPITAL ASSETS HELD FOR SALE

As of March 31, 2006, the NCC has identified surplus capital assets having a net carrying value of \$29.5 million (\$38.2 million in 2005). None of these capital assets (\$8.2 million in 2005) meets the criteria of capital assets held for sales.

During the year ended March 31, 2006, the NCC disposed of lands having a net carrying value of \$8.2 million and classified as capital assets held for sale as at March 31, 2005. Lands having a net carrying value of \$0.2 million generated a net gain of \$17.7 million, while lands having a net carrying value of \$8.0 million generated a net loss of \$0.1 million. The gain and the loss are presented on the statement of operations under the net gain on disposal of capital assets. For lands that generated a net loss of \$0.1 million during the current year, an impairment loss of \$10.5 million was recognized on the last year's restated statement of operations and is included under redevelopment of LeBreton Flats in Note 11.

8. EMPLOYEE FUTURE BENEFITS

A. PENSION BENEFITS

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

	(thousands of dollars)	
	2006	2005
NCC's contributions	3,886	3,686
Employees' contributions	1,747	1,744

B. OTHER BENEFIT PLANS

The NCC provides severance benefits to its employees, based on years of service and final salary. The NCC also provides workers' compensation benefits, based on benefits determined by the Workplace Safety and Insurance Board. The accrued benefit obligation for these plans amounts to \$6.8 million (\$6.4 million in 2005) and is included in the table below.

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

	(thousands of dollars)	
	2006	2005
Accrued benefit obligation, beginning of year	6,437	6,053
Cost for the year	823	729
Benefits paid during the year	(469)	(345)
Accrued benefits obligation, end of year	<u>6,791</u>	<u>6,437</u>
Current portion	1,031	311
Long-term portion	5,760	6,126
	<u>6,791</u>	<u>6,437</u>

The severance benefits obligation and the expense for the year are determined by the NCC's actuary, using management's best estimates. The significant actuarial assumptions used to measure the NCC's obligation concern the discount rate, the future salary level and the workforce composition. The demographic assumptions, such as retirement rates and mortality rates, were taken from the actuarial valuation of the Public Service Pension Plan as of March 31, 2002.

The most recent actuarial valuation for the severance benefits was performed as of March 31, 2005. The next valuation will be carried out as of March 31, 2009, or before, if the effect of any change on the plan obligation is significant.

The workers' compensation obligation excludes administrative fees and is presented on an actuarial basis. The value is determined on the basis of actuarial data from the Workplace Safety and Insurance Board.

9. DEFERRED RENTAL REVENUE

The deferred rental revenue represents the present value of the minimum future lease payments the NCC has collected under land lease agreements. 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, \$227,761 (\$352,761 in 2005) of deferred rental revenue was recognized in income.

10. SECTOR DEFINITIONS AND OBJECTIVES

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

ANIMATING AND PROMOTING THE CAPITAL

To increase awareness of the Capital region outside the National Capital Region through national marketing campaigns, communications contacts and outreach activities, and to present the Capital to visitors as a place to experience Canadian heritage, culture and achievements through varied services, events and programs.

PLANNING, DESIGN AND LAND USE

To guide the physical development and use of federal lands, to coordinate and achieve excellence in design, and to plan development that is appropriate to the role and significance of the Capital of Canada.

REAL ASSET MANAGEMENT

To manage and protect physical assets of national significance on behalf of future generations of Canadians.

CORPORATE SERVICES

To promote efficient and productive use of resources through the centralized provision of corporate services to all of the business lines.

11. COST OF OPERATIONS

SUMMARY OF EXPENSES BY MAJOR CLASSIFICATION

	(thousands of dollars)	
	2006	2005
		As restated (note 3)
Salaries and employee benefits	38,516	37,178
Goods and services	51,588	50,083
Goods and services in kind	1,137	1,012
Payments in lieu of municipal taxes	10,622	10,472
Contributions ¹	3,194	2,847
Amortization	18,260	17,830
Redevelopment of LeBreton Flats ²	2,115	14,172
Capital asset impairment loss	153	85
	125,585	133,679

1. Included in the contributions totalling \$3.2 million, the NCC has paid a contribution of \$2.9 million (\$2.7 million in 2005) to the City of Gatineau for the redevelopment of Maisonneuve and Saint-Laurent boulevards in the Hull sector.

2. This item represents the excess of redevelopment costs over the net fair value of the lands held for sale. These costs include development and remediation expenses, as well as a fair share of expenses incurred for infrastructures listed in Note 3 that were transferred or are to be transferred to the City of Ottawa at the nominal value of \$1.

12. PARLIAMENTARY APPROPRIATIONS

	(thousands of dollars)	
	2006	2005
Parliamentary appropriations for operating expenditures received during the year	70,195	66,506
Parliamentary appropriations to acquire and improve capital assets received during the year	22,898	33,263
Parliamentary appropriations receivable at end of year	-	1,898
	93,093	101,667
Applied as follows:		
Parliamentary appropriations recorded on the Statement of Operations	70,195	68,404
Parliamentary appropriations recorded on the Statement of Equity of Canada	22,898	33,263
	93,093	101,667

13. COMMITMENTS

- a. The NCC has entered into agreements for services, and equipment and office accommodation leases. The agreements have different termination dates, with the latest ending in 2020, and totalling \$164.9 million (\$153.9 million in 2005). The NCC has also privatized the management and maintenance of a portion of its lands and properties, as part of the federal government's Program Review. Contracts totalling \$32.4 million (\$20.8 million in 2005) have been awarded for these functions. These contracts have different expiry dates, the last expiring in 2012. Furthermore, the NCC is committed to contribute an amount of \$7 million for the redevelopment of Maisonneuve and Saint-Laurent boulevards in the Hull sector of the City of Gatineau. The remaining commitment of \$1.2 million will be paid over the next fiscal years.

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

	(thousands of dollars)
2006–2007	20,113
2007–2008	13,060
2008–2009	10,537
2009–2010	10,346
2010–2011	12,449

- b. The NCC has entered into contracts for capital expenditures of approximately \$6.5 million (\$11.7 million in 2005). Payments under these contracts are expected to be made within the three years.

14. CONTINGENCIES

A. CLAIMS

Claims have been made against the NCC totalling approximately a net amount of \$9.0 million (\$9.7 million in 2005), excluding interest and other costs, for alleged damages and other matters. In addition, the NCC filed a claim in the amount of \$6.1 million in order that a third party be held responsible for the environmental cleanup on one of its properties. 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 1,512 property assets that qualify for environmental assessment. Following a preliminary assessment of 1,196 of these property assets, more detailed studies were conducted on a number of these 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 \$18.4 million (\$24.8 million in 2005). In addition, the NCC assesses at \$318.8 million (\$174.7 million in 2005) the contingency not recorded in the financial statement. The contingency reflects the suspected costs and potential additional costs associated with situations where it is uncertain if the NCC is obligated, or it is unlikely that the NCC will incur full remediation costs.

15. RELATED PARTY TRANSACTIONS

The NCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations, and is mainly financed by the Parliament of Canada.

In addition to the related party transactions described below, and those disclosed elsewhere in these financial statements, the NCC also enters into transactions with Crown entities. In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the NCC incurred expenses totalling \$8.1 million (\$7.0 million in 2005) for utilities, rental of space, asset and service purchases from other government departments and agencies, and earned revenues totalling \$10.1 million (\$5.2 million in 2005) from services rendered, rental operations and sales of assets. Furthermore, the prepaid expenses include \$80,800 (\$18,267 in 2005) associated with related parties.

During the year, the NCC transferred to another Crown corporation the land on which the Canadian War Museum has been built. This transfer, for which no compensation was received, was valued at the carrying amount of the land and is disclosed separately in the Statement of Equity of Canada.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

In addition to what has already been described in Note 4 relating to this topic, the fair value of accounts receivable and accounts payable and accrued liabilities approximates the book value due to their impending maturity.

17. COMMODITY TAXES RECOVERY

During the year, the NCC conducted a review of its commodity taxes. As a result of this review, the NCC has changed its method for calculating its input tax credits and was able to recover a net amount of \$5.7 million with respect to claims covering the last four years. Amounts of \$3.0 million and \$2.7 million were recorded respectively against the current year's cost of operations and cost of capital assets. This change of method also allowed the NCC to recover for the current year \$933,000 and \$460,000, respectively, for operations and capital assets. The effect of this change of method on future years' cost of operations will be substantially the same as for the current year. For capital assets, the effect will depend on the amount of capital acquisitions and improvements incurred during these years.

18. SUBSEQUENT EVENT

On May 5, 2006, the NCC is publicly committed to contribute to the City of Gatineau an additional amount of \$10 million for a joint revitalization initiative on Ottawa River shores. This amount will be added to the \$6.05 million contributed in 1996 for this project. At the time of publication of the financial statements, the agreement between both parties had not yet been signed.

19. COMPARATIVE FIGURES

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

Appendix I

NCC Board of Directors and Committees
From April 1, 2005, to March 31, 2006

BOARD OF DIRECTORS

Chairperson

Marcel Beaudry, Gatineau, Quebec
Re-appointed September 2, 1999,
to September 1, 2006
Chairman of the NCC since 1992;
elected mayor of the City of Hull in
1991; previously a lawyer in Gatineau,
Quebec, combining law practice with
undertakings in construction and
real estate development.

Vice-Chairperson

*Heather Chiasson, Ottawa, Ontario
Re-appointed October 22, 2002,
to October 21, 2005
Health care professional and
board member for several arts
organizations; active in various
national fundraising activities.

BOARD MEMBERS

Jagtar Bains, Victoria, British Columbia
Appointed June 2, 2005, to June 1, 2008
Development coordinator for
Corporation of District of Saanich;
volunteer with India Canada Cultural
Association of Victoria and Sikh
Temple in Victoria.

*Jacques Carrière, Gatineau, Quebec
Re-appointed November 26, 2002,
to November 25, 2005
Chartered accountant, retired
partner with Raymond Chabot
Grant Thornton.

Claudia Chowanec, Ottawa, Ontario
Re-appointed November 15, 2005,
to November 14, 2007
President of Precept, a human
resources management and
consulting company; co-chair,
Canadian Museum of Nature
Fundraising Campaign.

Harry T. Doyle, Lower Coverdale,
New Brunswick
Appointed August 22, 2003,
to August 21, 2006
Public relations and communications
consultant and president, H.T. Doyle
and Associates; former MLA and
cabinet minister in New Brunswick.

Allison A. Fisher, Ottawa, Ontario
Appointed November 15, 2005,
to November 14, 2007
Executive director, Wabano Centre
for Aboriginal Health; advocate
for Aboriginal health and wellness,
and youth in custody. Has served on
several committees and non-profit
organizations to encourage national
and international Aboriginal industry
and arts.

Anne Fry, Edmonton, Alberta
Re-appointed on October 27, 2005,
to October 26, 2008
Realtor and member of the Edmonton
Medallion Club for top 5% realtors,
Edmonton Real Estate Board; first
woman named as branch manager
(former), Toronto Dominion Bank
in Alberta.

*Robert Guibord, TP, ATG,
Ottawa, Ontario
Appointed January 25, 2003,
to January 24, 2006
President, Projek Design and
Development Inc.; extensive
project management experience
as an architectural technologist;
founding president of the
Cumberland/Orleans Chamber
of Commerce.

*Michael E. Kusner, Gormley, Ontario
Re-appointed March 18, 2001,
to March 17, 2004
Architect, urban and regional
planner, Kusner Consultants Ltd.;
formerly a lecturer, London
Polytechnic in London, England;
founder and professor at Ryerson
University, Toronto.

*Marcel Legault, Vaudreuil-Dorion, Quebec
Appointed November 26, 2002,
to November 25, 2005
President, Marcel D. Legault
Consultants Inc.; engineer with vast
experience in construction, energy,
transportation and urban services.

Frieda Martselos, Fort Smith,
Northwest Territories
Appointed June 9, 2005, to June 8, 2008
Business person and advocate for
Northwest Territories (NWT);
fundraiser and member of various
boards, including Forth Smith
Health, Aurora College, Fort Smith
Chamber of Commerce and NWT
Chamber of Commerce.

*François Pichard, Gatineau, Quebec
Re-appointed November 26, 2002,
to November 25, 2005
Partner, Raymond Chabot Grant
Thornton; member of various
boards, including the Ottawa
International Airport and
Hull Olympiques Hockey Club.

*Irving Schwartz, Sydney, Nova Scotia
Re-appointed November 30, 1999,
to November 29, 2002
Founder and president of Schwartz
and Company Ltd. (retail furniture);
founder and chairman, Canadian
International Demining Centre
(operating in Africa and Europe);
Officer of the Order of Canada.

James Yamashita, Winnipeg, Manitoba
Appointed August 29, 2005,
to August 28, 2008
Architect, fellow of Royal Architectural
Institute of Canada, Certified Facility
Manager; member of several provincial
associations of architects; member
of many boards and committees in
the fields of architecture and facility
management.

**Although their terms are completed,
these members are still actively
participating on the board pending
their reappointment or the appoint-
ment of their successors.*

Partial Participation of Board Members During the Year (successor was appointed)

Eric A. Denhoff, Victoria, British Columbia
Appointed January 16, 2002,
to January 15, 2005
Participation ended June 1, 2005
Chair, Western Executive Selection Inc.;
held senior management positions
including past chairman of SNC-
Lavalin B.C. Development Board,
B.C. Transit and B.C. deputy minister
of Aboriginal Affairs.

Roland des Groseilliers, Ottawa, Ontario
Reappointed January 12, 2001,
to January 11, 2004
Participation ended November 14, 2005
Optometrist; president of the Ottawa
Society of Optometrists, the Ontario
Association of Optometrists, the
Canadian Association of Optometrists
and the World Council of Optometry.

Ruth Carol Feldman, Winnipeg, Manitoba
Reappointed March 10, 2001,
to March 9, 2004
Participation ended August 28, 2005
Real estate sales associate with
Royal LePage and member of the
Winnipeg Real Estate Board.

Ruth A. Spence, Yellowknife,
Northwest Territories
Reappointed November 26, 2002,
to November 25, 2003
Participation ended June 8, 2005
Chair, Yellowknife Health and
Social Services and its advisory
committee; past executive director,
Yellowknife YWCA; past Yellowknife
city alderman.

EXECUTIVE COMMITTEE

Chairperson
Marcel Beaudry

Vice-Chairperson
Heather Chiasson

Members
Ruth Carol Feldman
Anne Fry
François Pichard
Irving Schwartz

CORPORATE AUDIT AND EVALUATION COMMITTEE

Chairperson
Irving Schwartz

Members
Jacques Carrière
Claudia Chowanec
Ruth Carol Feldman
Robert Guibord
François Pichard

Ex-Officio Member
Marcel Beaudry

COMPENSATION REVIEW COMMITTEE

Chairperson
Jacques Carrière

Members
Roland des Groseilliers
Ruth Carol Feldman
Irving Schwartz

NOMINATING COMMITTEE

Chairperson
Heather Chiasson

Members
Claudia Chowanec
Eric Denhoff
Denis Désautels
Robert Guibord

Ex-Officio Member
Marcel Beaudry

ADVISORY COMMITTEE ON COMMUNICATIONS, MARKETING AND PROGRAMMING

Chairperson
Chad Gaffield, Ottawa, Ontario
Professor of History and founding
director, Institute of Canadian
Studies, University of Ottawa; 1995
Researcher of the Year and 2002
Professor of the Year; past president,
Humanities and Social Sciences
Federation of Canada and the
Canadian Historical Association.

Vice-Chairperson
Duncan McKie, Toronto, Ontario
President of POLLARA Inc., largest
Canadian-owned marketing and
public opinion research company;
expert in audience research and
strategic approaches to developing
media-based products; formerly
with CBC and TVOntario.

Members
Jean-Pierre Arvisais, Blainville, Quebec
Past chairman and president,
PNMD Communications (BBDO
Montréal); former board member,
BBDO North America; vice-chair,
Canadian Advertising Congress;
president, Association des agences
de publicité du Québec.

Heather MacLellan, St. John's,
Newfoundland and Labrador
Assistant deputy minister of Cultural
Heritage with the Newfoundland and
Labrador Department of Tourism,
Culture and Recreation; past director
of Marketing and chief of Visitor
Services, Parks Canada.

Raj Nigam, Edmonton, Alberta
Programming manager, Francis
Winspear Centre for Music; former
festival manager for the Edmonton
Heritage Festival Association, Festival
of the Worlds, and various concert
series and festivals. Percussionist with
the Edmonton Symphony Orchestra.

Pauline Rafferty, Victoria, British Columbia
CEO, Royal British Columbia
Museum; archaeology graduate and
board member of the Oak Bay Board
of Variance, the Heritage Society, and
the University of Victoria Faculty of
Business Advisory Board.

Kevin Shea, Toronto, Ontario
Principal of SheaChez Inc., a communications management firm. Past president and CEO of Global Television Network, YTV Canada Inc., and Atlantis Communications Inc., former chairman of the Canadian Association of Broadcasters TV Board and Honorary Chairman of Reach for the Rainbow's Crystal Ball (Award of Distinction 1997).

Henry Storgaard, Ottawa, Ontario
Senior vice-president and managing director of APCO Worldwide. Served on the boards of directors for Opera Lyra, the Canadian Tulip Festival, the American Marketing Association, and the Canadian Organization for Development through Education.

Board Members

Roland des Groseilliers
Eric A. Denhoff
Harry Doyle

Ex-Officio Member

Marcel Beaudry

ADVISORY COMMITTEE ON PLANNING, DESIGN AND REALTY

Chairperson

Larry Beasley, Vancouver, British Columbia
Co-director of Planning, director of Current Planning, City of Vancouver; adjunct professor, University of British Columbia with degrees in geography, political science and planning; recognized for his work by the United Nations in 1996.

Vice-Chairperson

Claude Provencher, Montréal, Quebec
Founding partner and lead designer, Provencher, Roy et Associés architectes in Montréal; recognized with several prizes and honours, including an Award of Excellence by Canadian Architect magazine; frequent speaker at forums on architecture and urban planning.

Members

Paul Bedford, Toronto, Ontario
Appointed on November 2, 2005
Urban mentor and retired chief planner for the City of Toronto; member and fellow of Canadian Institute of Planners; adjunct professor at University of Toronto and Ryerson University planning schools; member of Urban Design Review Panel for the Toronto Waterfront Revitalization Corporation; senior associate of Canadian Urban Institute.

Peter Busby, Vancouver, British Columbia
Principal, Busby Perkins + Will Architects, a firm recognized for design excellence and leadership in sustainable building design; current projects in Canada, Europe, the United States and China range from planning for sustainable communities to architecture of large-scale commercial developments.

Lise Cormier, Montréal, Quebec
Executive vice-president and director, Mosaiculture International Montréal; president, International Mosaiculture Committee; director of new Parks, Gardens and Green Spaces president of the board, Société du parc des îles in Montréal; gold medal recipient from the Massachusetts Horticultural Society.

William R. Green, Montréal, Quebec
Term ended on November 1, 2005
Senior vice-president, Canada, of IntraWest; past president for the Ste. Agathe Hospital Foundation, the Arundel School Board of Governors and the Ottawa Harvard Business School Association.

Marc Letellier, Québec, Quebec
Partner, Gagnon Letellier Cyr Architects, a prize-winning firm for excellence from the Association of Landscape Architects of Canada and the Order of Architects of Quebec; an organizer of Canada Day festivities in Québec.

Brian MacKay-Lyons,
Halifax, Nova Scotia
Owner of design firm, Brian MacKay-Lyons Architecture Urban Design, recognized by some 60 awards, including five Governor General Medals; professor, Dalhousie University; the Max Fisher Professor of Architecture, University of Michigan.

Lawrence R. Paterson, Okotoks, Alberta
President, Paterson Design Group Inc., with over 30 years consulting experience in western and northern Canada with a focus on commercial, institutional and transportation projects; past president of the Alberta Association of Landscape Architects and the Canadian Society of Landscape Architects.

Donald Schmitt, Toronto, Ontario
Principal, Diamond and Schmitt Architects Inc., winner of over 90 awards, including five Governor General Awards; professor, Dalhousie University, past professor, University of Toronto; a fellow of the Royal Architectural Institute of Canada; board member, Canadian Art Foundation.

David Witty, Winnipeg, Manitoba
Dean of the Faculty of Architecture, University of Manitoba; urban planner and urban designer on projects across western and northern Canada; a fellow of the Canadian Institute of Planners; member of the Royal Architectural Institute of Canada.

Board Members

Michael E. Kusner
Marcel Legault

Ex-Officio Member

Marcel Beaudry

**ADVISORY COMMITTEE
ON THE OFFICIAL RESIDENCES
OF CANADA**

Chairperson

Julia Reitman, Montréal, Quebec
Chairperson of several charitable organizations over the past 16 years.

Vice-Chairperson

Daniel Brisset, Montréal, Quebec
Interior designer with more than 25 years of experience in residential and corporate design.

Members

J. André Perrier, Gatineau, Quebec
Advisor to the Speaker of the Senate; former assistant deputy minister of Public Works Canada.

Jean-François Sauvé, Montréal, Quebec
Executive vice-president, Pictet Canada L.P.; president, Jeanne Sauvé Foundation; past director, Investment Banking Department of Scotia Capital Markets.

Edna Hall, St. John's, Newfoundland and Labrador
Director of Canadian Heritage, Newfoundland and Labrador; former district superintendent, Parks Canada, for Prince Edward Island and Newfoundland

Board Members

Anne Fry
Ruth A. Spence

Ex-Officio Member

Marcel Beaudry

CANADIANA FUND

Chairperson

Paul LaBarge, Ottawa, Ontario
Appointed as chairman of the Canadiana Fund in 2001; a founding partner of the law firm LaBarge Weinstein; and a volunteer on a number of national initiatives in the technology sector.

Vice-Chairperson

Agnes Benidickson, Ottawa, Ontario
Appointed vice-chairperson of the Canadiana Fund in 1995; elected Queen's University's first woman in the position of chancellor; a director of James Richardson and Sons Limited; Member of the Order of Canada as well as the Order of Ontario.

Members

Marian Bradshaw, Toronto, Ontario
Co-chairperson of the Acquisition Committee; a distinguished authority on antiques, fine arts and related fields.

Diane Campbell, Halifax, Nova Scotia
Currently president and chief executive officer of Berkeley Holdings Limited, president of Dicam Management Limited and director of Maritime Digital Colour Inc.

Claire Gohier, Montréal, Quebec
Lawyer and community volunteer; currently involved in various non-profit and charitable organizations.

Catherine Graham, Toronto, Ontario
Serves in volunteer positions in Toronto and was educated at McGill University and the University of Toronto.

John Perlin, St. John's, Newfoundland and Labrador
Accomplished writer and publishing executive; member of many provincial and national organizations; Member of the Order of Canada and a Companion of the Victoria Order.

Gerald Pittman, Calgary, Alberta
Lawyer holding voluntary membership in several historical and artistic organizations.

Raymond Protti, Toronto, Ontario
President and chief executive officer of the Canadian Bankers Association, and chief executive officer of the Institute of Canadian Bankers; a career of more than 25 years of public service; holds an M.A. in economics from the University of Alberta.

Douglas Richardson, Saskatoon, Saskatchewan
Partner and chairman of one of Saskatchewan's largest and oldest law firms; director of several companies; has extensive fundraising experience for charitable organizations.

Joan Richardson, Winnipeg, Manitoba
Community volunteer with a degree from the University of Manitoba, and held board positions for several organizations.

Harriet C. Meacher, Charlottetown, Prince Edward Island
Community volunteer holding numerous memberships in the arts community.

Julie McKenna, Moncton, New Brunswick
New Brunswick businesswoman who administers family businesses, including Glenwood, a kitchen cabinet company; heavily involved with breast cancer awareness and fundraising.

Fei Wong, Vancouver, British Columbia
Community volunteer with a degree from the University of British Columbia; great supporter of the arts community and has extensive fundraising experience for charitable organizations.

Appendix II

Partners and Sponsors

The success of the programming and activities of the National Capital Commission (NCC) depends on the support and contributions of many partners and sponsors. Over the past decade, the NCC has benefited from a strong network of collaborators. The NCC would like to take this opportunity to acknowledge and thank the following organizations, which contributed to NCC programming and activities in 2005–2006.

NCC PARTNERS

Air India Review Secretariat	Currency Museum of the Bank of Canada	Ottawa Valley Weavers' and Spinners' Guild
Arnprior and District Museum	Department of Foreign Affairs and International Trade	Parks Canada
Art on Ice	Gatineau Police Service	Penetanguishene Centennial Museum and Archives
Association des centres de ski du Québec	Girl Guides of Canada	Privy Council Office
Bank of Canada	The Globe and Mail	Public Works and Government Services Canada
Bytown Museum	Heritage House Museum	Rick Hansen Man in Motion Foundation
ByWard Market Business Improvement Association (BIA)	Historic Sites and Monuments Board of Canada	Rideau Hall
Canada Aviation Museum	House of Commons	Right to Play, Inc.
Canada Council for the Arts	Indian and Northern Affairs Canada	Rotary Club of Ottawa
Canada Science and Technology Museum	Kiwanis Club of Ottawa	Royal Canadian Legion
Canadian Agriculture Museum	Keskinada Loppet	Royal Canadian Mint
Canadian Broadcasting Corporation	Kinsmen & Kinette Clubs of Canada	Royal Canadian Mounted Police
Canadian Fallen Firefighters Foundation	Library and Archives Canada	SAW Gallery
Canadian Heritage	Library of Parliament	Senate of Canada
Canadian International Development Agency	Ministry of Tourism and Recreation of Ontario	Scouts Canada
Canadian Labour Congress	National Arts Centre	Shania Twain Centre
Canadian Museum of Civilization	National Defence and Canadian Forces (Canadian Military Engineers Museum)	Société de transport de l'Outaouais
Canadian Museum of Contemporary Photography	National Film Board of Canada	St. John Ambulance Canada Federal District Council
Canadian Museum of Nature	National Gallery of Canada	St. John Ambulance
Canadian Parliamentary Press Gallery	National Research Council Canada	Supreme Court of Canada
Canadian Red Cross	OC Transpo	Boy Scouts of Canada
Canadian Ski Museum	Office of the Secretary of the Governor General	Tourisme Outaouais
Canadian Space Agency	Orillia Museum of Art and History	Turtle Island Tourism Company
Canadian Tulip Festival	Ottawa Emergency Services	Valiants' Foundation
Canadian War Museum	Ottawa Fire Services	Veterans Affairs Canada
CanWest MediaWorks Publications Inc.	Ottawa-Hull Ice Carvers Society (OHICS)	WaterCan
Children's Museum	Ottawa International Animation Festival	Zone3sports
CHIN International Radio & Television	Ottawa Police Service	
City of Gatineau	Ottawa Tourism and Convention Authority (OTCA)	
City of Ottawa		
Club Optimiste de Hammond Inc.		
Communications Research Centre Canada		

NCC CORPORATE SPONSORS

Alcatel Canada Inc.
Amex Bank of Canada /
American Express Company
Starbucks Coffee Canada
Canada Post Corporation
Canadian Forces Personnel
Support Program
Canadian Tire Corporation
Casino du Lac-Leamy — Loto-Québec
Chicken Farmers of Canada
Clarica — Sun Life Financial Canada
Enbridge Gas Distribution
Giant Tiger Stores Limited
Fuji Photo Film Canada Inc.
Hbc — Hudson's Bay Company
Honda Canada Ltd.
McCain Foods Limited
Natrel
Nestlé Canada Inc.
Ombrelle Canada
Pepsi Bottling Group (Canada) Co.
Philippe Dandurand Wines Ltd. —
Mouton Cadet
Pizza Pizza Ltd.
Rideau Centre
Rogers Communications Inc.
Shell Canada Limited
Silhouette Smoothie by Danone Canada
Southbank Dodge Chrysler Jeep
CCM — Sport Maska Inc.
Sun Life Financial Canada
Teletoon Canada Inc.
The Family Channel
VIA Rail Canada
Xbox Presents Much Unleashed
ZIM Corporation

NCC SPONSOR HOTELS AND RESTAURANTS

Albert at Bay Suite Hotel
ARC THE.HOTEL
BeaverTails Canada Ltd.
Best Western Hotel Jacques Cartier
Best Western Victoria Park Suites
Bistro 115
Blue Cactus Bar & Grill
Bostonian Executive Suites
Buffalo Charlie's II Bar & Grill
Café Baci
Café M
Capital Hill Hotel & Suites
Cartier Place Suite Hotel
Chez Fatima
Chez Le Thaï
Chimo Hotel
Coasters Seafood Grill
Cora's Breakfast and Lunch

Crowne Plaza Ottawa
Courtyard Restaurant
D'Arcy McGee's Irish Pub
Dancing Mermaid
Delta Ottawa Hotel & Suites
Earl of Sussex Pub
Elephant & Castle Pub and Restaurant
Embassy Hotel & Suites
Embassy West Hotel Conference Centre
Empire Grill
Excellent Eateries Group
Fairmont Château Laurier
Fat Tuesdays New Orleans Experience
Fleur de Sel
Foundation Restaurant
Four Points by / par Sheraton
Highlander Pub
Hilton Lac-Leamy
Holiday Inn Hotel and Suites Ottawa
Holiday Inn Plaza La Chaudière Hull —
Ottawa
Il Piccolino Ristorante
Il Primo Ristorante
Le Bop Café Aubry
Le Café du Faubourg
Le French Quarter
Les Suites Hotel Ottawa
Lord Elgin Hotel
Luxe Bistro
Mamma Grazzi's
Marriott Residence Inn
Maxwell's Bistro & Club
Mayflower Restaurant & Pub
Mayflower II Restaurant & Pub
Métropolitain Brasserie Restaurant
Minto Place Suite Hotel
Monterey Inn Conference Centre
Noah's Restaurant & Catering
Novotel Ottawa
Par-fyum
Piz'za-za
Prime 360
Oregano's Pasta Market
Ottawa Marriott
Quality Hotel
Radisson Hotel Ottawa Parliament Hill
Relais Château Cartier Resort
Sheraton Ottawa Hotel
The Black Bear Pub
The Fish Market Restaurant
The Keg Steakhouse & Bar
The Westin Ottawa
Tucker's Marketplace
Vineyards Wine Bar Bistro
Vittoria Trattoria

NCC FRIENDS OF THE RIDEAU CANAL SKATEWAY

Diamond

Chicken Farmers of Canada
The Westin Ottawa
University of Ottawa
Viking Rideau Corporation

Gold

Acc Par Systems
Aqua Terre Solutions Inc.
Arnon Corporation
Blackline Systems Corporation
Cartier Place Suite Hotel
Dessau-Soprin inc.
Dufresne Piling Company (1967) Ltd.
Johnsons Business Interiors
KPMG MSLP
Latcon Ltd.
Les Suites Hotel, Ottawa
Novatech Disaster Restoration Inc.
Quality Hotel Ottawa
Ron Engineering and Construction
(Eastern) Ltd.
Sheraton Ottawa Hotel
Sign Source Inc.

Glossary of Terms

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

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

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

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

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

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

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

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

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

National Capital Region (NCR)
Refer to CCR.

National Interest Land Mass (NILM) Lands essential to the long-term character of the Capital under four basic functions — political, symbolic, cultural and administrative — that are intended to be held by the NCC in perpetuity.

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

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

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

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