



2004-2005 ANNUAL REPORT

setting directions

NATIONAL CAPITAL COMMISSION



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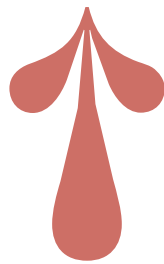
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CHAIRMAN'S MESSAGE

A Capital reflects the nation. That principle has long guided the work of the National Capital Commission (NCC) and its predecessors. When the Ottawa Improvement Commission was founded in 1899, Canada was a small nation in everything but geography. Its population was largely French and British in origin. Its economy was based mostly on agriculture and the harvesting of minerals and trees. Its Capital was a tiny, industrial city that lay far from any major centre.

Canada changed in the 20th century. It prospered with the inrush of peoples from around the world, overseas engagement in two world wars and as its entrepreneurs invested in new kinds of industry and business. Most importantly, the nation gained a new sense of itself as Canadians hammered out the values that continue to define us — especially commitment to respect, peace and internationalism.

In the 20th century, the Capital also turned in new directions. Urban planners, setting out to shape the Capital experience as a symbol of all things Canadian, designed a National War Memorial at the heart of the city. They conceived huge conservation areas only minutes from downtown. They built a system of parkways that opened gateways into Canadian nature. As the years passed, the NCC introduced other innovations — including recreational pathways, a ceremonial boulevard and national festivals that annually attract hundreds of thousands of Canadians to Parliament Hill, the Rideau Canal Skateway and Gatineau Park. Thanks to over a century of planning and work, the Capital of today truly reflects the achievements and aspirations of modern Canadians.

As Chairman of the NCC, I am proud to have played a part in creating a Capital for all Canadians. In 1999, we took a huge step forward when we put the *Plan for Canada's Capital* in place. The NCC built on this major achievement in 2004–2005 by making significant progress towards the completion of plans that will allow us to continue shaping a Capital that informs and inspires Canadians. The updated *Gatineau Park Master Plan*, the *Core Area Sector Plan* and the *Public Programming and Activities Vision for the Core Area* are nearing completion, and will go forward for approval in 2005–2006. In addition, the multi-year planning process for the Capital urban lands was launched.

Such plans are the framework for everything the NCC accomplishes, but there is activity on other fronts as well. With partners, we channelled new energy into programming with innovations such as Snowbowl, an outdoor winter amphitheatre that showcased Canadian talent during Winterlude. To better inform the public of our activities and plans, we implemented new approaches to increase awareness and participation in our public consultation process. On LeBreton Flats in Ottawa and along Saint-Laurent and Maisonnette boulevards in Gatineau, we literally broke new ground in a way that will ultimately transform the core of the Capital. Where we own or manage land, we reconfirmed our role as steward of the Capital's natural and built heritage.

The plans, the governance structures, and the strategies are in place. We are ready to go forward now with new confidence. The achievements of 2004–2005 have, in effect, given us a map for the future that will help us to stay on course, to make good decisions and to achieve steady progress towards the long-term improvement of Canada's Capital Region.



Marcel Beaudry, Chairman



HIGHLIGHTS OF THE YEAR

WINTERLUDE UNDER THE STARS

The magic of Winterlude reached into the evenings at Snowbowl — a dramatic new stage on the Rideau Canal Skateway. As many as 4,000 spectators a night enjoyed performances by Canadian artists. Winterlude also honoured 2005 — The Year of the Veteran, with approximately 120 distinguished veterans in attendance at the unveiling of the Commemorative Ice Wall in Jacques-Cartier Park.

RETURNING TO LIFE

Life began returning to LeBreton Flats in 2005, as the final preparations were made for the May 8 opening of the new Canadian War Museum. Some 40 percent of the land has been designated as parkland or as gathering places that will bring life and meaning to the area. Landscaping for most of the Event Square and for a riverfront park was completed, and pathways, fences and a pedestrian bridge installed. With decontamination of the soil proceeding well, the NCC offered the first parcel of residential-commercial land for sale.

ALL PART OF THE PLAN

Planning is the backbone of the vitality of Canada's Capital Region (CCR). After years of study, consultation and thought, the NCC prepared to release the updated *Gatineau Park Master Plan*, which promises enhanced protection for this precious natural reserve. A draft of the *Core Area Sector Plan* went forward for public consideration, and strategies, vision statements and supporting roles were defined for the *Urban Lands Master Plan*.

AN OPEN INVITATION

It was an important year for reaching out to the public. As many key plans and high-profile projects neared completion, the NCC took steps to create more dialogue and to improve communications and consultation. In particular, it introduced media briefings before major public consultations. As a result, more people heard about every consultation and knew in advance just what would be on the agenda. Public response to this initiative was positive.

GETTING AROUND

The Capital is growing, and new transportation options will certainly be needed — perhaps in the form of urban transit or new interprovincial bridges. The NCC plays a vital role, together with its partners, to plan interprovincial transportation and lay the groundwork to define directions for an environmental assessment for two new interprovincial crossings, and to study interprovincial transit integration in the core area of CCR.

IN THE FRESH AIR

In Canada's extraordinary "Green Capital," the Rideau Canal Skateway and Gatineau Park's ski trails registered an exceptional year for length of season and number of participants. Praise also poured in for the quality of ski trail maintenance in Gatineau Park. With an eye to public security, the NCC launched a Pathways Safety Initiative for its recreational pathway network last year. It also published an award-winning interactive map, titled "Biking Country," on its website.

FIVE-YEAR KEY FINANCIAL AND OPERATING HIGHLIGHTS

for the years ended March 31

KEY FINANCIAL HIGHLIGHTS

(in thousands of dollars)

	2005	2004	2003	2002	2001
Operating Funding					
Parliamentary appropriations for operating expenditures	68,404	67,936	66,374	65,653	62,555
Operating income	33,429	32,580	35,044	34,607	43,024
	101,833	100,516	101,418	100,260	105,579
Capital Funding					
Parliamentary appropriations for capital expenditures*	33,263	46,441	58,295	36,234	34,750
Transfer from Acquisition and Disposal Fund to capital program	7,366	13,964	5,666	992	6,386
	40,629	60,405	63,961	37,226	41,136
Cost of Operations	124,330	116,417	114,016	105,184	97,897
Capital Assets					
Land	285,716	305,964	276,885	243,276	227,640
Buildings, works and infrastructure (net of amortization)	258,448	248,346	219,480	215,978	210,271
Purchases and improvements to capital assets	35,438	64,023	26,916	35,425	35,973
Major Capital Projects					
LeBreton Flats redevelopment	24,697	25,787	20,767	2,143	86
Official residences	568	5,352	7,257	5,744	3,233
Real property acquisitions	-	36,112	-	10,833	5,507
Champlain Bridge reconstruction	-	250	3,500	9,520	14,372
Acquisition and Disposal Fund	19,130	21,308	33,170	32,999	27,512
Equity of Canada	607,966	596,256	564,963	518,903	484,247

KEY OPERATING HIGHLIGHTS

	2005	2004	2003	2002	2001
Number of employees	453	452	458	431	418
Number of visitors to NCC flagship events (estimates**)					
Winterlude	800,000	616,000	656,000	656,000	656,000
Canada Day	303,000	303,000	291,000	291,000	291,000
Christmas Lights illumination ceremony	10,000	10,000	6,000	7,000	8,000
Sound and Light Show on Parliament Hill	158,000	133,000	146,000	***	165,000

* Including funding for special projects

** Based on observation or survey data

*** No Sound and Light Show



ABOUT THE NCC

on our way

In 1959, the NCC embarked on a journey to conceive, plan and build a Capital for future generations of Canadians. During years of persistent, focused effort, it has accomplished many of its objectives. Today, plans are in place that push the horizon forward another 50 years, as the journey continues.

PLANNING FOR TOMORROW

The NCC was created with a vision — to create pride and unity through CCR. Since 1959, the NCC has created expanses of park and green space. It has built bridges, roads, parkways and pathways. It has constructed monuments and developed a ceremonial boulevard. It has created new public spaces and used them to communicate Canada to Canadians and visitors alike. It has supported the cultural life of Canada through the conception and delivery of national festivals.

The work continues. In 1999, the NCC issued the *Plan for Canada's Capital*, along with a commissioning plan entitled *Capital Agenda 21*, which has and will guide development of federal lands in the region over the next 50 years. These plans lay out a framework that will allow the NCC to continue building the Capital for future generations of Canadians. Whereas plans of the past, such as the Gréber Plan (1950), put forward large, regional systems (parkways and pathways), the *Plan for Canada's Capital* shifts the focus to the downtown core. In particular, it aims:

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

LEGISLATION

The NCC was created by an act of Canada's Parliament — the *National Capital Act* (enacted in 1958 and amended in 1988). This legislation established the NCC as a Crown corporation and directed it:

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 CCR; and approving the design of buildings, as well as any change in use relating to federal lands in CCR.

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 it 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 productive partnerships to achieve its objectives. Like most Crown corporations, the NCC is subject to the *Access to Information Act* and *Privacy Act*; however, it is the only such entity to be subject to *Government Contracts Regulations*.

Today, the NCC is the single-largest landowner in CCR, owning more than 470 square kilometres of land or 10% of the region, on both the Ontario and Quebec sides of the Ottawa River, including: 40 kilometres of scenic parkways, 170 kilometres of recreational pathways, 36,000 hectares in Gatineau Park, 20,000 hectares of Greenbelt, 2,100 hectares of urban lands and green spaces, and 72 Heritage buildings.

PRODUCTS AND ACTIVITIES OF THE NCC

SECTOR I: ANIMATING AND PROMOTING THE NATIONAL CAPITAL REGION

The NCC generates pride and promotes unity as it presents the Capital to visitors as a place to experience Canadian heritage, culture and achievements. The sector's products include events and public programming (notably Canada Day and Winterlude), interpretation and youth programs, as well as reaching out through national marketing and communications campaigns to deliver the Capital message to Canadians across the country.

SECTOR II: PLANNING THE NATIONAL CAPITAL REGION

The NCC guides the physical development and use of federal lands and plans development that is appropriate to the role and significance of CCR. The sector's products include long-range visionary plans to guide policies for ownership, use and development of federal lands. It also prepares area and site plans, concepts and guidelines to shape the development of specific areas within the Capital, and land-use and design approvals for all federal lands in the region.

SECTOR III: REAL ASSET MANAGEMENT AND DEVELOPMENT

The NCC manages and protects physical assets of national significance — for example, Gatineau Park, the Greenbelt, the official residences, the grounds of Parliament Hill and a large portfolio of urban lands and parks — on behalf of present and future generations of Canadians. The sector is responsible for generating a stream of revenues from these assets (through leases, disposals and development initiatives), to complement federal appropriations in support of the NCC's work.

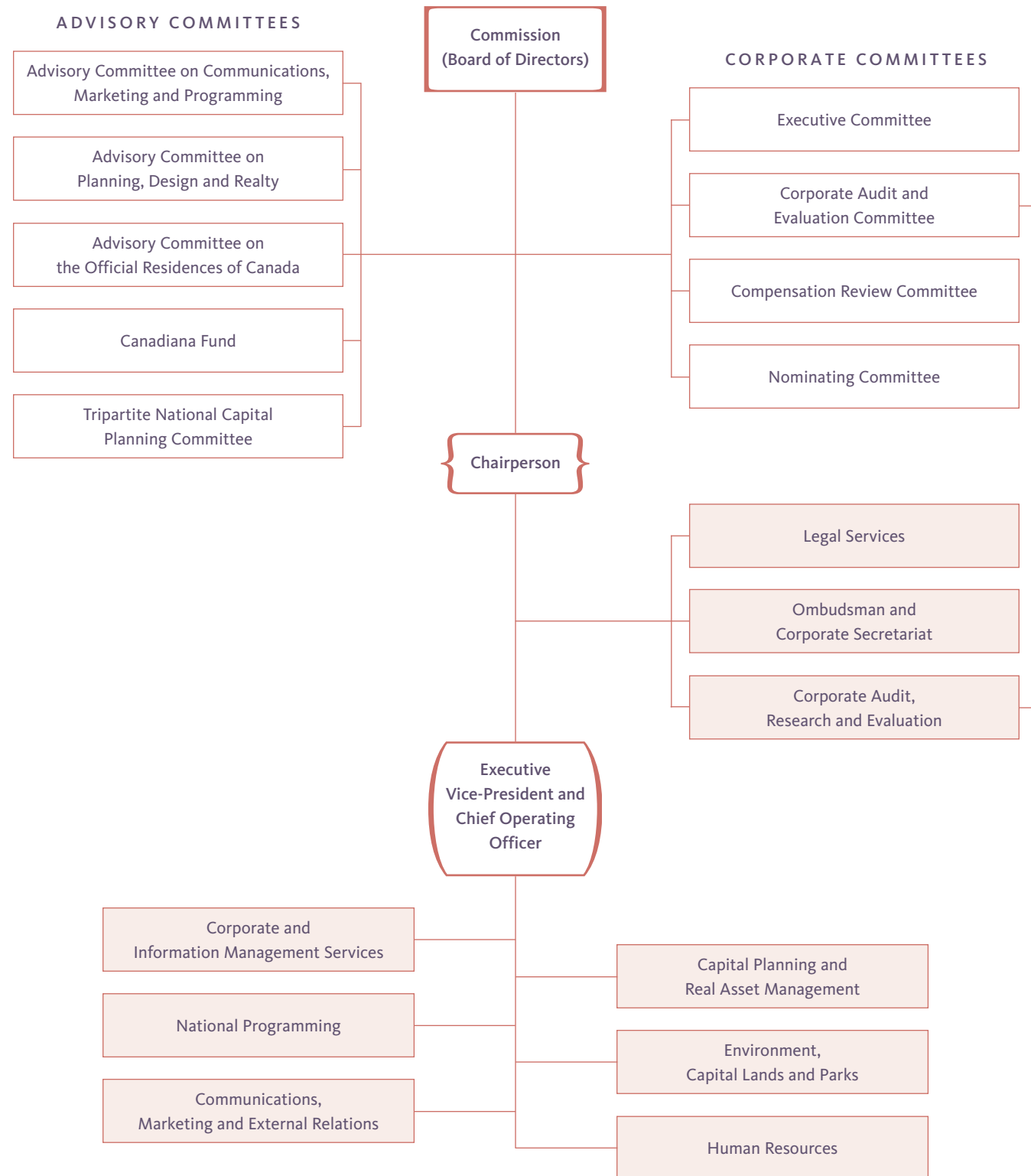
SECTOR IV: CORPORATE SERVICES

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 OF THE NCC

The organizational chart on the following page illustrates 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 direct the planning, building, promotion and meaningful use of CCR.

STRUCTURE OF THE NATIONAL CAPITAL COMMISSION



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

OPERATING ENVIRONMENT

The NCC adapts to its environment. Every year, it examines and adjusts plans, programs and procedures in response to political, social and economic changes in the region, in Canada and in the world at large.

General Trends The global economy continued to grow, despite the high cost of energy and other factors such as the Iraq War, increased security requirements and the prevalence of new contagious diseases. Combined with the strong Canadian dollar, these factors have a negative impact on tourism and manufacturing sectors in Canada. With a population of 31.6 million people, Canada continues to grow, and is increasingly reliant on immigration for growth. Cities, where most Canadians live, continue to expand rapidly, and they are challenged to find the financial resources necessary to develop infrastructure and services to accommodate the growth. Issues related to an aging population, fitness, obesity and a decline in the number of health-care professionals are putting pressure on the health care system.

Federal Government Canada's government has stated its commitment to fiscal responsibility, accountability and transparency. It completed a government-wide Expenditure Review to identify funding for reallocation to high-priority work, and a review of Crown corporation governance to strengthen the oversight and accountability framework. New federal priorities include security, community development and the promotion of Canadian culture and values. The government also reinforced its environmental sustainability commitment through its support of the Kyoto Accord and the implementation of the new *Species at Risk Act* and the changes to the *Canadian Environmental Assessment Act*.

Canada's Capital Region Planning processes for CCR continue to be reviewed by diverse stakeholders in both Ontario and Quebec, as they develop their vision for the Capital. For a number of years, Ottawa and Gatineau have experienced record-high real-estate markets fuelled by low interest rates, resulting in higher residential-rental vacancy rates. Rapid urban growth has put pressure on the regional transportation system, and municipalities need to identify additional funding for infrastructure and urban-transit initiatives. Stakeholders are launching a number of studies to explore urban transportation issues. In addition, the federal government, which owns 35 percent of all office space in CCR, is considering selling accommodation and leasing it back from the private sector, and relocating some local government operations across the country.



GOVERNANCE

charting the course

Leadership is central to success. The NCC has worked hard to define the ingredients of good governance and to set in place the people, structures and procedures that will give it a true sense of direction. In terms of Crown corporation governance, today's NCC is leading the way.



LEGITIMACY, TRANSPARENCY AND ACCOUNTABILITY

Good governance is central to the creation and maintenance of trust between a corporation and its stakeholders. In 2004, the government launched a review of Crown corporation governance as part of a series of initiatives to strengthen transparency, accountability and management in the federal public sector. As a result, in February 2005, the Treasury Board of Canada tabled a report in the House of Commons entitled *Review of the Governance Framework for Canada's Crown Corporations*. It identified 31 measures to improve transparency and accountability for Canada's Crown corporations.

The NCC is on the leading edge of Crown corporation governance. It meets virtually all of the Treasury Board's recommendations except those requiring legislative change or further direction from government. The NCC has worked hard, particularly subsequent to its own review in 2000, to ensure that it applies the highest standards of governance to its management practices.

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. For example, it will develop the selection criteria and processes that will be necessary for the future separation of the positions of Chief Executive Officer and Chairperson, and will adapt its website to serve as a mechanism for soliciting candidates for the Commission (board of directors), as recommended by the recent governance review.

BOARD OF DIRECTORS AND COMMITTEES

The NCC is headed by a Commission, which is responsible for ensuring that corporate resources are safeguarded, and used effectively and efficiently. The Commission oversees and provides strategic direction to the corporation and strives to foster good relations with other governments and the public, as well as monitoring, evaluating and reporting on performance. It also oversees and incorporates advice from the corporate committees. Each year, the Commission submits a Summary of the Corporate Plan, including operating and capital budgets, and an Annual Report to Parliament to adhere to requirements for public accountability. (For a list of committees and members, please refer to Appendix I.)

Role of the Chairperson / Chief Executive Officer Under the provisions of the *National Capital Act*, the Governor in Council appoints the NCC Chairperson to head the Commission and also to serve as Chief Executive Officer of the corporation. Mr. Marcel Beaudry has held this dual position since 1992, with his current term due to expire in September 2006. The bylaws of the corporation and related administrative resolutions define the Chairperson's authority and management responsibilities.

Accomplishments of the Board, 2004–2005 The Commission worked energetically over the past year to improve governance processes. In particular, it defined criteria for the establishment of a new Nominating Committee — see Board Committees, below. It implemented a new systematic process for declaring conflict of interest; reviewed governance practices generally in relation to Treasury Board's governance report; once again, engaged in self-assessment — a process that is now an annual procedure; and reviewed the Commission's competency profile. Other accomplishments included reviewing the newly introduced Program Activity Architecture; providing direction and approval for the NCC's response to the government's Expenditure Review; approving a number of real estate transactions; overseeing the redevelopment of LeBreton Flats, in particular guiding the sale of lands designated for development under Phase I of the project; approving the NCC Branding Strategy; reviewing the Core Area Public Programming Vision; and reviewing the multi-year program for the official residences, which now awaits federal funding approval.

Marcel Beaudry received the Hull Bar Meritas award in recognition of many years of professional, political and charitable contributions to the community.

BOARD OF DIRECTORS (left to right): Michael Kusner, Eric A. Denhoff, Robert D. Guibord, Ruth Carol Feldman, Marcel Legault, Anne Elizabeth Fry, Harry T. Doyle, Ruth A. Spence, Jacques Carrière, Marcel Beaudry, Roland des Groseilliers, Heather Chiasson, François Pichard, Irving Schwartz, Claudia Chowanec



Renewal Board recruitment is guided by a forward-looking definition of the skills and expertise needed to govern the corporation effectively. The Chairperson and qualified directors are chosen according to the government's merit-based appointment process, which targets transparency and professionalism. In 2004–2005, the NCC updated its competency profile for the existing Commission to confirm that it has the skills and experience needed to guide the corporation, and as a basis for filling vacancies as they occur. The newly established Nominating Committee will play an instrumental role in ensuring timely and competent board renewal.

Orientation The NCC welcomes new Commission members with a presentation on accountability, reporting structures and bylaws. Incoming members tour the operations, discuss processes and products, and review current issues with senior management. They also receive copies of federal guidelines and 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*). Finally, the NCC's General Legal Counsel delivers an information session for new Commission members, with the discussion focusing on roles and responsibilities, ethics and conflict of interest.

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 bylaw designed to prevent conflict of interest. The NCC requires that each new member review and acknowledge his or her understanding of the principles expressed in the *Conflict of Interest and Post-Employment Code for Public Office Holders*. In 2004–2005, the General Legal Counsel provided the Commission with a detailed update on the issue of conflict of interest. The NCC also implemented a systematic process by which Commission and board committee members are asked to declare any potential conflict of interest at the start of each meeting. In these instances, the matter is noted in the meeting minutes and committee members exclude themselves from relevant discussions.

Performance Evaluation The Commission undertakes an annual self-evaluation to determine the effectiveness of the board and its committees. Following the assessment, it works with management to draft an action plan to address weaknesses, and it monitors progress in implementing improvements. In 2004-2005, given the numerous governance initiatives already underway, no follow-up requirements were identified. Assessment criteria for future evaluations will be reviewed in light of new guidelines that may be issued as a result of the recent Treasury Board governance review.

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 environmental scan and results of an annual strategic retreat are discussed with the Commission, and the collective wisdom of Commission 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 periodic performance reports that relate accomplishments to objectives and performance targets outlined in the corporate plan, and identify variances.

Oversight The Office of the Auditor General of Canada 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 risks and deficiencies in the control and monitoring mechanisms of the organization. In the last examination, the Auditor General suggested 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.

BOARD COMMITTEES

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

Executive Committee The Commission delegates to the Executive Committee certain powers and functions, including the approval and recommendation of key 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 (CAEC) This committee reviews internal audits and evaluations, as well as the Auditor General's special examinations and annual financial audits. It directly oversees the work of the NCC's internal audit function. It improves corporate governance by overseeing the reporting of financial information and by monitoring the internal controls system. It ensures that the necessary processes and controls are in place to support achievement of the NCC's objectives and to guarantee the highest standards of integrity and behaviour. In 2004-2005, the CAEC endorsed various governance initiatives, including: a corporate risk profile presentation; the Audit and Evaluation Plan; the reporting relationship of the Chief Audit Executive, which also outlines the CAEC's oversight responsibilities; and the Corporate Audit and Evaluation Policy, including a process for reviewing incidences of fraud, theft and related integrity issues. It also accepted progress reports on the implementation of management action plans for the 2002 Special Examination and for the management of agreements resulting from the Auditor General's audit of the government sponsorship program.

Nominating Committee In response to directives from Treasury Board, a new merit-based appointment process for top executives of Crown corporations has been established. This new permanent committee is responsible for the identification of candidates for the appointment, or re-appointment, of members of the Commission and the Chairperson's position. Its role is to examine and update the competency profile of the Commission and to define detailed selection criteria for appointed positions.

BOARD OF DIRECTORS REMUNERATION

For the performance of their duties, Commission members are paid an annual retainer and per diem amounts for committee meetings, which are set by the Governor In Council pursuant to the *Financial Administration Act* on the recommendation of the Minister of Canadian Heritage.

The Vice-Chairperson receives an annual retainer of \$7,500 and \$375 per day for committee meetings attended. Chairpersons and all other members receive an annual retainer of \$4,000 and \$375 per day for committee meetings attended. 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 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 all Commission meetings.

REMUNERATION EARNED FROM APRIL 1, 2004 TO MARCH 31, 2005¹

Commission Members	Retainer ¹ \$	Per Diems ^{2,4} \$	For Travel ³ \$	Total Remuneration \$	Board Meetings Attended (12 days)	Committee Meetings Attended ³									
						(A)	(B)	(C)	(A + B + C)	(4-5 days) EC	(2-5 days) CAEC	(1 day) CRC	(1.5 days) NC	(11-5 days) ACPDR	(4 days) ACCMAP
Jacques Carrière	8,000	2,063	-	10,063	10.5	-	2.5	1	-	-	-	-	-	-	-
Heather Chiasson	11,039	3,000	-	14,039	10.5	4	-	-	1.5	-	-	-	-	-	-
Claudia Chowaniec	7,539	2,250	-	9,789	11.5	-	2.5	-	1.5	-	-	-	-	-	-
Eric Denhoff	7,539	2,813	1,500	11,852	7.5	-	-	-	1.5	-	-	3	-	-	-
Roland des Groselliers	8,745	938	-	9,683	11	-	-	0.5	-	-	-	0	-	-	-
Harry Doyle	4,000	2,250	1,500	7,750	12	-	-	-	-	-	-	4	-	-	-
Ruth Carol Feldman	12,000	3,938	1,500	17,438	12	4.5	2.5	1	-	-	-	-	-	-	1
Anne Fry	4,000	1,125	1,125	6,250	12	-	-	-	-	-	-	-	-	-	-
Robert Guibord	7,539	2,250	-	9,789	10	-	2.5	-	1.5	-	-	-	-	-	-
Michael Kusner	4,000	4,875	1,563	10,438	12	-	-	-	-	-	11.5	-	-	-	-
Marcel Legault	4,345	3,750	1,250	9,345	9.5	-	-	-	-	-	9.5	-	-	-	-
François Pichard	8,000	3,000	-	11,000	11.5	3	2.5	-	-	-	-	-	-	-	-
Irving Schwartz	14,000	4,500	1,500	20,000	10.5	4.5	2.5	1	-	-	-	-	-	-	-
Ruth Spence	4,000	2,063	1,875	7,938	9.5	-	-	-	-	-	-	-	-	-	2
Total	104,746	38,815	11,813	155,374											

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 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; 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.

⁴ Per diems also apply for professional development pertaining to the Commission.

It examines and evaluates potential candidates according to competency and selection criteria, as well as requirements for regional representation, and recommends a short list of at least three names for each vacant position. In 2004–2005, the NCC’s Nominating Committee met three times to outline its role and the work plan for the coming year, and to review and make recommendations to the Commission for a short list of candidates to be considered for positions as members of the Commission. The recommendations are then submitted to the Minister of Canadian Heritage for consideration for Governor-In-Council appointments.

Compensation Review Committee This committee meets twice a year to review and approve the Chairman’s performance evaluation based on achievements for the previous year and to identify new objectives based on the new format provided by Canadian Heritage. Remuneration and benefits granted to full-time Governor-In-Council appointees, such as the Chairman, are also reviewed and recommendations are made directly to the Privy Council Office.

Advisory Committees The NCC recruits advisors who are recognized experts in Canada’s professional, academic and business communities to provide technical guidance to the NCC in regard to CCR. Four committees provide national perspective and professional breadth as follows:

- **Advisory Committee on Communications, Marketing and Programming** Advises on cultural programming, marketing, sponsorships, partnerships and — with a newly expanded mandate in 2004–2005 — communications.
- **Advisory Committee on Planning, Design and Realty** Advises on the use, development and management of public lands and properties, including the official residences, with recommendations related to heritage, architecture, environment, sustainable development, design, public works and statuary.
- **Advisory Committee on the Official Residences of Canada** Advises on life cycle planning, asset management and standards proposals for the six official residences in CCR, including the collection of gifts to the Crown.
- **The Canadiana Fund** Solicits donations of funds, heritage art and furniture for the enhancement of staterooms in the official residences in keeping with their public functions.

OPERATIONS

The NCC is divided into nine branches, each headed by a senior executive responsible for ensuring that the policies and values of the NCC are fully implemented and operations are well managed. To improve governance, the NCC created a new senior management position in 2004–2005 — Executive Vice-President and Chief Operating Officer (COO). The incumbent sets operational and management objectives and oversees day-to-day operations. The branches carry out work defined in a one-year memorandum of understanding with the Chairman and COO, which captures agreed-upon objectives and performance measures as outlined in the corporate plan. Results against these objectives are monitored and reported on three times a year to verify progress or to implement corrective action. Senior executives and the Chairman 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. 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 laid down, as well as a Human Resources Retreat where issues such as succession planning, employment equity, official languages and NCC values are discussed. EMC also implements government policy. For example, in 2004–2005, senior executives oversaw the introduction and development of the Program Activity Architecture, a Treasury Board-led initiative intended to improve the framework for performance monitoring and reporting.

Marcel Beaudry, head of the NCC since 1992, received a prestigious honour in the past year, the Leon Leadership Award. This award is bestowed annually by the Office of the Commissioner of Official Languages to the head of a federal institution who has shown outstanding leadership in promoting linguistic duality and in implementing the official languages program in his or her institution.

VALUES AND ETHICS

The position of Ombudsman was created in 2003–2004 to deal with issues and complaints relating to ethics. The role of the Ombudsman is to establish, plan and implement strategies and programs that will help the NCC reach the highest standards of ethical conduct. A corporate-wide values initiative was launched in 2001. The NCC continues to allocate resources to move this initiative forward and ensure that NCC values are integrated within day-to-day operations.

SENIOR EXECUTIVE REMUNERATION

In accordance with the terms of the *National Capital Act*, the NCC pays the Chairperson a fixed salary within the range set by the Governor in Council for appointees, as published by the Privy Council Office. No special remuneration is paid for the Chairperson’s board-related duties. The current salary range of the incumbent is \$166,800 to \$196,300. The incumbent is also eligible for performance pay in the range of 0 to 10 percent of the base salary, according to achievement of key performance objectives as determined by the Compensation Review Committee. Other EMC members receive a compensation package including a base salary, performance pay eligibility of 0 to 10 percent of the base salary and employment benefits similar to those received by executives within the larger public service (including health, dental and life insurance benefits as well as a pension plan). Senior executive compensation is approved by the Chairperson.



EXECUTIVE MANAGEMENT COMMITTEE (left to right): Deborah Tudin, Diane Dupuis, Suzanne Gustafsson, Richard Fularczuk, Micheline Dubé, Marcel Beaudry, Gilles Lalonde, Curry Wood, Michelle Comeau, Guy Laflamme. Absent from photo: Anthony Maertens

PUBLIC ACCOUNTABILITY

The NCC is accountable to Parliament — and thereby to the Canadian people — and reports through the Minister of Canadian Heritage. The NCC appears in front of various Parliamentary and Senate committees upon request. In 2004–2005, the NCC appeared before a Senate committee on official languages to report on its commercial leases, in particular, the provision of bilingual services in federal businesses and buildings. The Treasury Board governance review recommended a number of initiatives including the need for Crown corporations to develop new mechanisms for public input. The NCC already has in place a number of these mechanisms, including an annual general meeting that is open to the public, regular meetings of the Commission with community interest groups, media briefings, and public consultations on all major initiatives. As well, the NCC chairs a tripartite committee with the mayors of Ottawa and Gatineau where issues and initiatives of common interest are discussed.

ENVIRONMENTAL STEWARDSHIP

The lands and waters of the Capital belong, in spirit, to present and future generations of Canadians. The NCC merely holds them in trust. In the course of managing its lands, the corporation respects the principles of sustainability. It manages and uses assets conscientiously, coordinates activities in a way that protects or enhances the quality of the natural and built environments, and protects essential ecosystems. Moreover, it seizes opportunities to build partnerships, and to promote and demonstrate good environmental practices. The NCC respects applicable legislation and has adopted or developed appropriate policies, strategies and processes.

Environmental Management Strategy In 2001, the NCC developed an Environmental Management Strategy as a framework to guide the delivery of management programs for natural and built assets. In the strategy, the corporation articulated its vision for environmental management and principles of sustainable management to provide the corporation with a philosophic basis for action. The NCC has also elaborated a multi-year action plan that integrates vision, principles and strategies into a practical work program.

The NCC actively assesses environmental impacts of its activities, conducts Environmental Assessments on all projects and transactions, and completes Strategic Environmental Assessments for all land use plans. As of June 2006, the NCC will be subject to the *Canadian Environmental Assessment Act*. The NCC is assessing the new reporting obligations and reviewing its corporate reporting processes to ensure compliance.

A Contaminated Sites Management Program was implemented in 1999. Contaminated sites are categorized according to the Canadian Council of Ministers of the Environment's National Classification System. On NCC lands, a phased Environmental Site Assessment process is emphasized to screen contaminated sites for type and sources of contaminants. The program also deals with the management of fuel storage tanks located on NCC lands, including leased properties. As well, the NCC works to protect natural areas, ecosystems, plant and animal species, and water quality on its lands through surveys, studies, monitoring and action.

The National Commuter Challenge is a friendly competition between Canadian communities to encourage commuters to find a sustainable alternative for getting to work. In 2004, the NCC was recognized as the “Top Participant in the National Capital Region” (organizations with 501 to 1,000 employees).

MANAGEMENT DISCUSSION AND ANALYSIS

moving forward

It was a year of solid advancement, with the NCC registering key achievements in the long-term task of building a Capital for Canadians. Targets were achieved or progress made, and strong directions set for the future.

DISCLAIMER

The following Management Discussion and Analysis, dated March 31, 2005, should be read in conjunction with the audited Financial Statements and related Notes included in the 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.

2004-2005 OVERVIEW

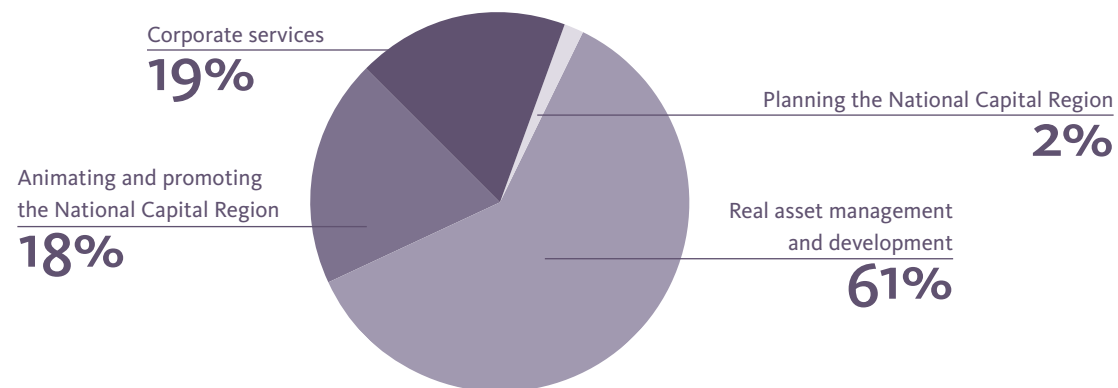
For the NCC, 2004-2005 was a year of solid results. Corporate objectives and performance targets were generally achieved or significant progress made. Clear directions have been set in the area of governance and management, as the NCC continues to strengthen its own practices by creating a new Nominating Committee to address the Commission's renewal, and by establishing the new position of COO to set and manage the operational aspects of the NCC's business. NCC programs and events were successfully delivered with high attendance throughout. Also, key elements of the planning framework were essentially completed including the *Gatineau Park Master Plan* update and the Core Area Sector Plan, which are scheduled for approval in early 2005-2006. Despite funding challenges, the NCC also maintained the official residences as it completed urgent health and safety projects, and carried out other priority works. It also succeeded in ensuring high-quality maintenance and rehabilitation standards for the federal assets under its management.

Overall funding decreased in 2004-2005, mainly as a result of capital appropriations received in 2003-2004 for the acquisition of industrial lands. Cost of operations continued to escalate and funding shortfalls were actively managed through re-prioritization. The NCC continued to rely on land sales 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 for a Capital that is a source of pride and unity for the country at large. In order to address 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 2004-2005



KEY PERFORMANCE DRIVERS

There are a number of key performance drivers that are critical to enabling the NCC to carry out its mandate and create value for Canadians. These are:

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. Research includes environmental factors such as Canada's increased reliance on immigration for growth, aging population, issues related to fitness and obesity and how rapid urban growth pressures infrastructure and urban transportation. The NCC measures its performance by tracking attendance and levels of satisfaction at NCC sites and events. As well, it looks at the extent to which Canadians identify the Capital as a source of pride and of national significance, and NCC programs as enriching the Capital experience.

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. Performance is monitored through user satisfaction levels, public feedback surveys, maintenance quality standards and 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 concerns. Openness and a solid consultative process allow clear and timely public interaction. Openness also contributes to a good relationship with local authorities and residents. 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 an 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, and the level of public awareness of NCC activities.

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 interests. 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 and/or supports several mechanisms for nurturing those partnerships including 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 received.

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 persist in striving 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 all areas of activity — its ability to deliver its mandate with limited resources.

CAPABILITY TO DELIVER RESULTS

The NCC must appropriately plan and manage its human and financial resources in order to be able to meet its challenges and effectively deliver its mandate. 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 operating requirements, the NCC relies on parliamentary appropriations and revenues in a proportion of approximately 2:1. Revenues are derived primarily from rental operations and easements related to its real asset portfolio, and other fees and recoveries associated with public use of its properties and facilities.

Capital asset rehabilitation and development are funded through capital appropriations as well as the proceeds from the sale of surplus properties. These proceeds are used to acquire properties of national significance and to complement government funding for reinvestment in NCC capital assets.

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 in the future, with only minimal increases from slightly higher rental income and increases in parliamentary appropriations to cover higher salaries and benefits. Even the small rise in appropriations has been partially offset by the government-wide expenditure reduction exercise to re-allocate resources to higher federal priorities. On the expense side, however, costs are rising sharply for accommodation and utilities, as well as property and land maintenance. Specific challenges include:

Official Residences The NCC's responsibility for capital rehabilitation and maintenance at the six official residences is funded through periodic allocation of a separately approved funding envelope. These residences are all heritage-classified buildings and include some of the oldest and most valued heritage architecture in Canada. No capital funding will remain after 2005–2006 to rehabilitate and maintain these residences, and there will be a significant annual operating deficit. The NCC is seeking government approval for appropriate ongoing capital and operating funding that will allow long-term capital planning and life cycle management of these properties. Until funding is secured, the NCC has had to limit its attention to urgent health and safety issues and priority works.

Accommodation The NCC is committed to a long-term lease for its headquarters building until the year 2019, with base rent escalations every five years, and the added burden of rising utility and maintenance costs. The latest increases, which were previously funded centrally, added some \$880,000 to annual accommodation expenses. The NCC has limited the impact of escalating accommodation costs by optimizing the use of its office space and through the use of an earlier sub-lease agreement. Without government funding to offset inflation and base rent escalations, these increases must be covered by existing resources.

Land and Property Maintenance The NCC maintains an extensive portfolio of land and property, which represents a significant cost pressure. This activity was commercialized in the mid-1990s and is now delivered mainly through multiple-year maintenance and property management contracts. As a result, the NCC no longer receives additional government funding to cover increases in what was the salary component of these costs. The contracts total about \$14.6 million and, generally, do not have escalation for inflation. Important cost increases are expected in the next two years, upon renewal of many of these contracts. To manage these cost pressures, the NCC is adjusting maintenance standards in low-impact areas (mostly outside the core of the Capital), cutting back on non-imperative services and developing options to improve the performance of the leasing portfolio. Service delivery options are being considered in an effort 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 the NCC will need to identify options to address the capital-funding shortfall in the future.

Environment The liability for environmental cleanup is significant (\$24.8 million in 2004–2005, \$41.0 million in 2003–2004). As our assessment of work on contaminated sites progresses, long-term planning will be required for works based on program priorities and costs are expected to rise.

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 2004–2005, training activities averaged 32 hours per employee or two percent of salary expenses. The NCC has also taken steps to ensure continuity at senior levels in the organization in view of impending retirements. In 1999, the NCC developed a Succession Management Program, and as of 2004–2005, seven participants had moved into or up the management ranks, while a pool of participants continues to implement a development program. The NCC believes it has programs in place to ensure the required human resources to succeed in the future.

OUTLOOK 2005–2006 AND BEYOND

With regard to future directions, the NCC will continue to elaborate the plans and strategies needed to guide it confidently forward in all aspects of its business. In light of existing funding pressures, to effectively deliver its mandate, the NCC will review and prioritize its programs, as well as seek ways to further improve its efficiency and optimize its return on investment.

In terms of planning, the recent updating of the *Gatineau Park Master Plan* will see the Park maintained for enjoyment by all Canadians, while intensifying the conservation of natural elements. Work continues, as well, on finalizing the Core Area Sector Plan and developing the Urban Lands Master Plan, which will ultimately guide the future of the central area of the region. In the area of programming, the NCC intends to finalize its Public Programming Strategy and to develop a strategic plan for Winterlude that will guide the festival's evolution over the next decade. Also, it will build on its Public Programming and Activities Vision for the Core Area by investing in a series of new animation initiatives to bring new life to the central part of CCR. The NCC will maintain the "Green Capital" through continuing investments in the recreational pathway network, the Rideau Canal Skateway and Gatineau Park, and it will invite all Canadians to come and experience CCR.

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

In all areas of endeavour, the success of the NCC will depend on open and continuous communication with the public. The corporation will, as a priority, continue its efforts to improve the public consultation process and to strengthen public support.

FINANCIAL PERFORMANCE

PARLIAMENTARY APPROPRIATIONS

The NCC received total parliamentary appropriations of \$101.7 million in 2004–2005, a \$12.7-million decrease from last year's total of \$114.4 million — see Table 1 and Chart 1.

During the year, planned appropriations were reduced to reflect the cancellation of the Sparks Street revitalization project (\$0.2 million in operating and \$31.1 million in capital) and the NCC's contribution to the federal government \$1-billion budget reduction (\$0.5 million in operating). Also, operating appropriations were increased to cover higher salaries resulting from the new collective agreement.

The year-over-year decrease of \$13.2 million in capital appropriations results from the special funding received in 2003–2004 for the acquisition of industrial lands (\$31.1 million), net of last year's repayments of capital re-profiling and loan (\$9.0 million) and higher LeBreton Flats project funding in 2004–2005 (\$8.9 million).

Total appropriations are expected to decline in 2005–2006 to \$88.6 million (\$80.7 million in 2006–2007), mainly due to decreases in LeBreton Flats special funding as the project is nearing completion and evolving to the commissioning phase.

CHART 1 — PARLIAMENTARY APPROPRIATIONS
2000–2001 to 2006–2007

(in millions of dollars)

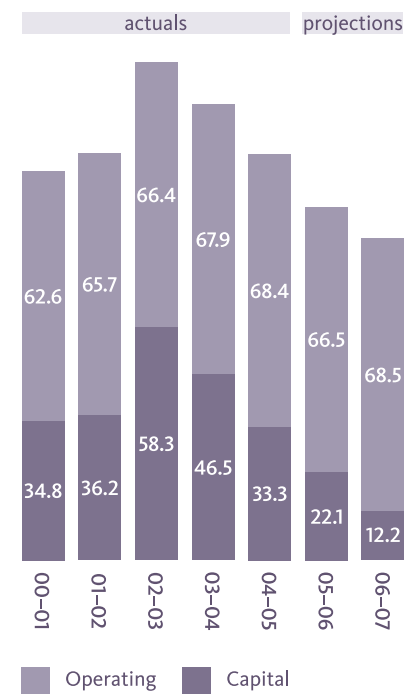


TABLE 1 — PARLIAMENTARY APPROPRIATIONS 2003–2004 to 2006–2007

(in thousands of dollars)

	ACTUALS			PROJECTIONS	
	2003–2004	2004–2005	Variance	2005–2006	2006–2007
Operating	66,533	67,178	645	66,494	68,494
Supplementary operating	1,403	1,226	(177)	–	–
Sub-total	67,936	68,404	468	66,494	68,494
Capital	32,268	64,393	32,125	22,063	12,213
Supplementary capital	14,173	(31,130)	(45,303)	–	–
Sub-total	46,441	33,263	(13,178)	22,063	12,213
Total appropriations	114,377	101,667	(12,710)	88,557	80,707

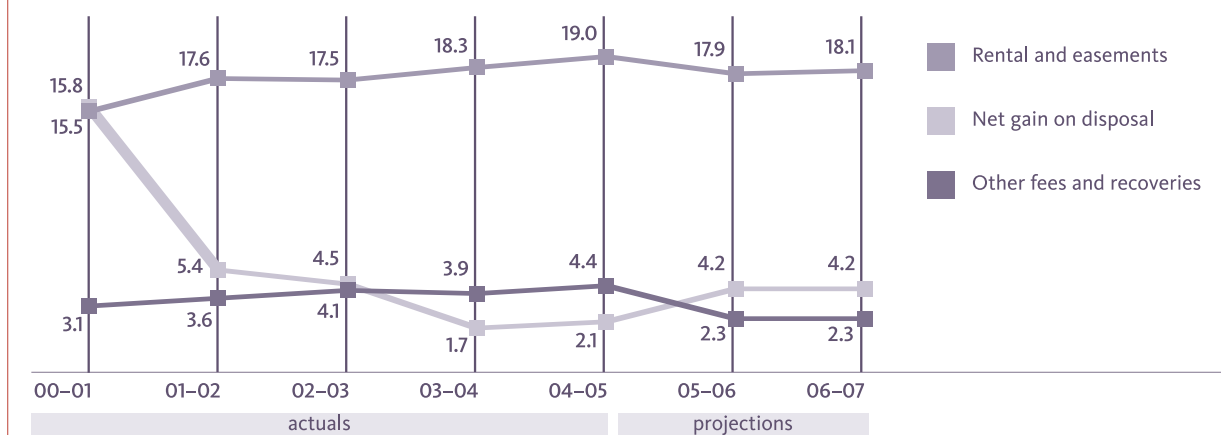
OPERATING INCOME

As shown on the Statement of Operations, the NCC generated \$33.4 million of operating income in 2004–2005, compared to \$32.6 million in 2003–2004. The slight rise is essentially due to inflation and higher property disposal activity, which more than offsets a decline in interest revenue as a result of lower interest rates and the high level of capital asset investment.

Rental operations and easements continue to represent the most significant source of operating income at 57 percent (56 percent in 2003–2004), followed by other fees and recoveries at 13 percent (12 percent last year) — see Chart 2. All sources of operating income are expected to remain relatively stable over future years (except for the gain on disposal of capital assets).

CHART 2 — MAIN SOURCES OF OPERATING INCOME 2000–2001 to 2006–2007

(in millions of dollars)



The NCC has sustained its efforts to maintain high levels of sponsorships and to promote increased partnership contributions, and to garner volunteer support for its events. As a result, sponsorships in cash for all NCC programs remained relatively stable at \$1.2 million, despite the unfavourable market conditions.

Total operating appropriations and operating income have been relatively stable in recent years — see Chart 3. This represents a challenge for the NCC as it strives to maintain high-quality products and services while facing constant inflationary cost pressures. Existing revenue streams provide limited growth potential driven by the nature of operations, as well as the uncertainty and competitiveness in the current sponsorship market. The NCC is continuing its efforts to improve the efficiency of its operations and to develop new revenue streams.

Actual operating income in future years is expected to slightly exceed projections as additional revenues are generated from new leases and agreements, and merchandising sales.

COST OF OPERATIONS

As displayed in the Statement of Operations and detailed by major classification in Note 10 to the Financial Statements, the total cost of the NCC's operations for 2004–2005 increased by 7 percent to \$124.3 million, from \$116.4 million a year earlier. Increases were noted in personnel costs (\$1.3 million) as a result of the new collective agreement, contributions to the City of Gatineau for the revitalization of Saint-Laurent and Maisonneuve boulevards (\$1.6 million), and amortization and impairment loss of capital assets (\$4.9 million).

Goods and services continue to represent the largest expense at \$51.1 million (\$50.5 million in 2003–2004), followed by salaries and employee benefits at \$37.2 million (\$35.9 million in 2003–2004), amortization and impairment loss at \$22.7 million (\$17.8 million in 2003–2004), payments in lieu of municipal taxes at \$10.5 million (\$11.0 million in 2003–2004), and contributions at \$2.8 million (\$1.2 million in 2003–2004) — see Chart 4.

In future years, the NCC will be facing greater cost pressures for its headquarters accommodation and property maintenance contracts through their upcoming renewal.

CHART 3 — TOTAL OPERATING FUNDING

2000–2001 to 2006–2007

(in millions of dollars)

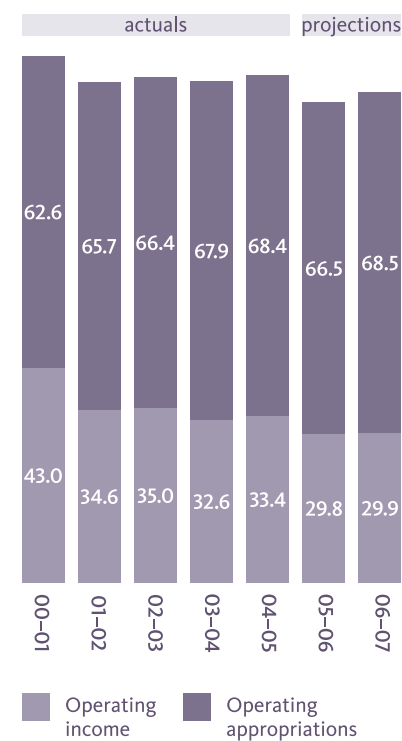
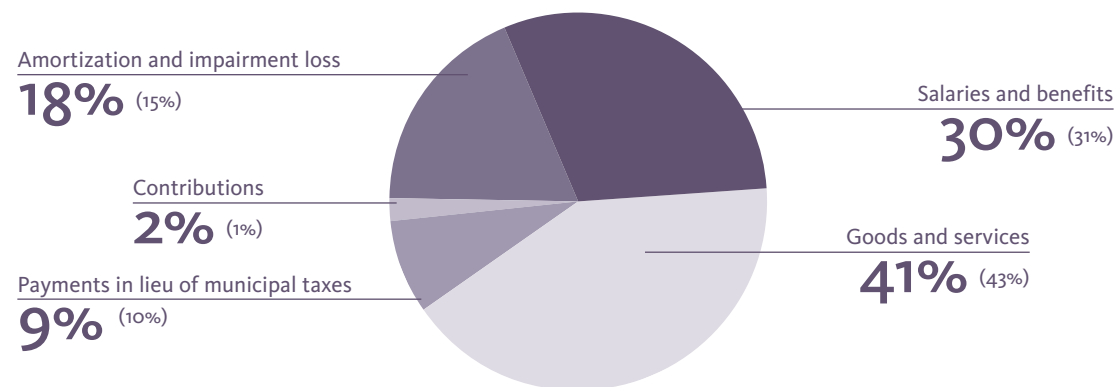


CHART 4 — EXPENSES BY MAJOR CLASSIFICATION for 2004–2005

(Data for 2003–2004 in parentheses)



CAPITAL EXPENDITURES

In 2004–2005, the NCC spent \$35.4 million on purchases and improvements to capital assets (\$64.0 million in 2003–2004, including \$34.1 million for the acquisition of industrial lands). Major projects included the LeBreton Flats redevelopment (\$24.7 million; \$25.8 million in 2003–2004) and the rehabilitation of the official residences (\$0.6 million; \$5.4 million last year).

The LeBreton Flats initiative will be pursued over the next two years with capital investments forecast at \$21.1 million in 2005–2006, including the \$15.9 million unspent balance at the end of 2004–2005, and \$4.4 million in 2006–2007, for a total approved project cost of \$99.0 million.

A transfer of \$7.4 million was made from the Acquisition and Disposal Fund (A&D Fund) to help fund purchases and improvements to capital assets in 2004–2005. This compares to \$14.0 million provided by the A&D Fund in 2003–2004, when the NCC's ongoing capital appropriations (\$13.4 million) were reduced as a result of repayments of capital re-profiling and loan (\$9.0 million).

BUDGETARY ANALYSIS

Table 2, on the following page, compares the forecast operating results presented in the 2004–2005 to 2008–2009 Corporate Plan with the actual results from 2004–2005 and highlights the resulting variances. A similar comparison is provided for 2003–2004 based on the 2003–2004 to 2007–2008 Corporate Plan. Finally, 2005–2006 forecast operating results per the 2005–2006 to 2009–2010 Corporate Plan are presented.

The NCC exceeded its revenue target by \$4.5 million due to higher-than-budgeted rental operation and easement revenues from new leases and lease renewals and increased interest revenues from delays in capital projects, primarily the LeBreton Flats redevelopment initiative. Other items contributing to the favourable variance include merchandising revenues from the expanded nation-wide distribution of Canada Day merchandise (\$1.0 million) and partnership contributions (\$1.3 million), that were not budgeted in other fees and recoveries. However, partly offsetting these positive results, the budgeted net gain on disposal of capital assets was not achieved as fewer property sales were completed than anticipated.

The actual cost of operations exceeded the budget forecast by \$4.9 million due to expenditures originally planned as capital being charged to operations for programs and activities (\$4.9 million). In the capital budgeting process, all expenditures related to the Multi-Year Capital Construction Program (MYCCP) are budgeted as capital expenses. In practice, the nature of project works undertaken determines the accounting treatment, which is only identified at the time of the actual commitment. Other cost increases included higher-than-budgeted personnel costs and employee benefits (\$1.7 million), as well as unbudgeted expenditures in support of merchandising activities (\$0.8 million) and programs funded from partners (\$1.3 million) in animating and promoting CCR. These increases were somewhat reduced by lower-than-budgeted payments in lieu of municipal taxes (\$3.5 million) in the real asset management and development sector due to the combined effect of direct billing of taxes to tenants of NCC properties, surplus property disposals and valuation challenges over the last several years.

As well, an additional \$1.2 million in parliamentary appropriations was received to fund salary and employee benefit increases, net of the NCC's contribution to the federal government \$1-billion budget reduction (\$0.5 million) and the cancellation of the Sparks Street revitalization project (\$0.2 million).

TABLE 2 — STATEMENT OF OPERATIONS 2003–2004 to 2005–2006

(in thousands of dollars)

	2005–2006	2004–2005			2003–2004		
	Budget	Budget	Actual	Variance	Budget	Actual	Variance
Income							
Rental operations and easements	17,931	17,826	18,959	1,133	16,773	18,311	1,538
Net gain on disposal of capital assets	4,200	4,200	2,092	(2,108)	4,200	1,661	(2,539)
Interest	1,200	1,088	2,685	1,597	2,017	3,660	1,643
Sponsorship							
Cash	1,091	1,321	1,197	(124)	1,321	1,225	(96)
Goods and services	500	500	1,012	512	500	878	378
Sublease, headquarters	1,536	1,308	1,474	166	1,308	1,384	76
User access fees	1,090	1,000	1,602	602	250	1,561	1,311
Other fees and recoveries	2,286	1,671	4,408	2,737	1,499	3,900	2,401
	<u>29,834</u>	<u>28,914</u>	<u>33,429</u>	<u>4,515</u>	<u>27,868</u>	<u>32,580</u>	<u>4,712</u>
Cost of Operations							
Animating and promoting the National Capital Region	18,356	18,208	22,700	(4,492)	17,794	20,361	(2,567)
Planning the National Capital Region	2,349	2,130	1,974	156	1,852	1,887	(35)
Real asset management and development	73,004	73,042	75,684	(2,642)	67,580	70,260	(2,680)
Corporate services	27,092	26,087	23,972	2,115	24,659	23,909	750
	<u>120,801</u>	<u>119,467</u>	<u>124,330</u>	<u>(4,863)</u>	<u>111,885</u>	<u>116,417</u>	<u>(4,532)</u>
Cost of operations before parliamentary appropriations	(90,967)	(90,553)	(90,901)	(348)	(84,017)	(83,837)	180
Parliamentary appropriations	66,494	67,178	68,404	1,226	66,533	67,936	1,403
Net Loss	<u>(24,473)</u>	<u>(23,375)</u>	<u>(22,497)</u>	<u>878</u>	<u>(17,484)</u>	<u>(15,901)</u>	<u>1,583</u>



THE YEAR IN REVIEW

on the right path

The NCC's mission is to shape CCR as a national symbol of the Canadian experience.

In the past year, it improved fundamental processes, finalized new plans and renewed its programming.

It is ready to move strongly forward.

sector I

ANIMATING AND PROMOTING THE NATIONAL CAPITAL REGION

objectives:

1. To foster Canadian pride and contribute to awareness and understanding of, and participation in, Canada's Capital and its region.
2. To increase awareness of, and support for, the NCC in Canada's Capital.

The NCC continued to engage the public with vibrant new programming and communications.

interpretation}

STRATEGY: Make the Capital more meaningful to Canadians by effective interpretation programs that communicate the significance of the Capital's main assets.

ON PARLIAMENT HILL

For most Canadians, Parliament Hill is key to the Capital experience. The NCC is responsible for all programs on the grounds of Parliament Hill, including the provision of visitor services and information. Its purpose at the single-most important symbolic site in Canada is to convey new information, create new impressions and generate new pride in being Canadian. One of the major interpretive tools is the Sound and Light Show on Parliament Hill. Up to 500 spectators a night gathered on the Hill last summer to take a symbolic trip across Canada, and more than 2.8 million visitors have seen the show since it began in 1984. In 2004, the show attracted 158,000 spectators, a 20-percent increase in attendance over the previous year, including a 42-percent increase in francophone spectators. More than 85 percent of the audiences came from outside the region. The NCC has updated the show every few years during its 20-year life, and development of a major new production for 2005 is well underway.

COMMEMORATIONS

Commemorations that honour and communicate the values and the collective experience of a nation are a vital tool in creating a symbolically meaningful Capital. The NCC, as the manager of federal lands in the region, is responsible for allocating commemorative sites. In order to fulfill that duty conscientiously over the next 20 years, the NCC reviewed its commemorations program, consulted with partners and stakeholders, and drafted a new strategic plan. In terms of commemorative installations during the year, the NCC collaborated with the Department of National Defence to unveil a plaque on the foundations of the original Sapper's Bridge (near Wellington Street at the Rideau Canal), which marks the 100th anniversary of Canadian Military Engineers. A monument in the form of a Celtic cross was unveiled at the Ottawa Locks on the Rideau Canal, in honour of the Rideau Canal workers. As well, a national competition was held to choose a design team for the future Valiants' Memorial.

STREETSCAPE

Visitors to the Capital, for many years to come, will stop to study images and information displayed on high-visual-impact panels located throughout the central Capital. The first phase of the Streetscape project was completed several years ago with the installation of ten panels at major viewpoints that describe the national significance of the view. The second phase of Streetscape, which is now nearing completion, captures the character and national significance of 15 Capital institutions (such as the Supreme Court of Canada). The NCC worked with partner institutions to understand and capture the meaning of each organization, and to develop an appropriate interpretive approach. With content finalized for 11 of 15 panels, Streetscape II entered the fabrication phase in late 2004–2005.

TARGETS

Over the planning period, the NCC will deliver Capital interpretation programs that build pride and enhance the visitor experience by communicating the significance of key national sites and symbols, by maintaining an 85-percent satisfaction rate for Parliament Hill programs and 700,000 visits per year for the *Discover the Hill Program*.

Over the planning period, the NCC will make the Capital more representative of Canada and Canadians by contributing to the planning and development of the symbolic Capital, by developing a comprehensive plan for commemorations within the Capital and core area and by completing the planning for provincial and territorial representation along Confederation Boulevard.

ACCOMPLISHMENTS

Progress was made toward achievement of this long-term target. The target for contacts through the *Discover the Hill Program* was surpassed at 730,000 visitor contacts. Satisfaction levels for NCC programs are measured periodically and, although levels were not measured in the current year, feedback indicated a high level of approval.

Progress was made toward achievement of this long-term target. Public consultations were conducted for the *Public Programming and Activities Vision for the Core Area*. The draft Capital Commemorations Strategic Plan was completed. In 2004–2005, the commemorative banners program on Confederation Boulevard celebrated the provinces and territories and the 400th anniversary of Acadia.

programming}

STRATEGY: Offer flagship events and programs that attract visitors, communicate Canada to Canadians and instill pride in being Canadian.

CANADA DAY

Every year on July 1, hundreds of thousands of Canadians flock into the Capital's core for a day of shared national celebration. Canada Day 2004 celebrated the 400th anniversary of the founding of Acadia. The NCC delighted the crowds on Parliament Hill with an evening show, produced with support from Canadian Heritage, which featured Canadian artists and celebrities. In addition to the evening show, the NCC led a broadcast partnership with the Province of New Brunswick, Canadian Heritage, TVA and other partners to nationally televise the production in Jacques-Cartier Park of "J'avions 400 ans," featuring the sounds and images of Acadian life. Special guest Herménégilde Chiasson, Lieutenant-Governor of New Brunswick, was in attendance.

WINTERLUDE

Winterlude honours Canada's northern climate and traditions, and offers a wintry perspective on the Canadian experience. In 2005, the festival attracted an estimated 800,000 people to three official sites in CCR. Gatineau's Jacques-Cartier Park is the traditional site of a huge winter playground and in Ottawa's Confederation Park, artists from 11 countries created ice carvings. The focal point of Winterlude is the extraordinary Rideau Canal Skateway,

the site of the festival's newest attraction — Snowbowl. As many as 4,000 people a night came to experience Canadian music, song and figure skating at this dramatic outdoor amphitheatre, made possible with partial seed funding from the Government of Ontario. Programming at Winterlude, expressed with the support of Veterans Affairs Canada, helped to mark the anniversary of the end of the Second World War. Approximately 120 distinguished veterans were present at the unveiling of a Commemorative Ice Wall, in honour of 2005 — The Year of the Veteran. Programming also celebrated the centenaries of Alberta and Saskatchewan.

CANADA AND THE WORLD PAVILION

Canadians are actively engaged in the world. The NCC honours that aspect of Canadian life at the Canada and the World Pavilion. Thanks in part to an award-winning marketing campaign, the pavilion attracted 125,211 visits in 2004, a 46-percent increase over the prior year. New exhibits this year included *Canadians Making a Difference in the World* and the *Butterfly 208 Contest*, which challenges young people to express artistically the changes they wish to see in the world.

CHRISTMAS LIGHTS ACROSS CANADA

For 20 years now, winter nights have sparkled in Canada's federal, provincial and territorial capitals. Last year's lighting program honoured the fifth anniversary of Nunavut, Canada's new territory. A million lights shone in capitals across the country, almost a third of them in CCR, thanks to the NCC and its partners. Nearly 9,000 people gathered on Parliament Hill for the opening ceremony, to watch the lights come on and to listen to the bells of the Peace Tower, the voices of the Ottawa Children's Choir, and to Inuit singer, Susan Aglukark.

YOUTH

The NCC is planning and building the Capital for present and future generations of Canadians, and youth programs have special importance. Adventures in Citizenship — 54 years old in 2004 — is the oldest such program in the region, and the NCC has been a partner with Canadian Rotary Clubs since the beginning. The event brings young Canadians from across the country to experience the Capital. This past year, once again, a highlight of the visit was the reception on Parliament Hill, where participants had a chance to meet and talk to members of Parliament and to enjoy music by the Governor General's Foot Guards. Also, the 2004 edition of the Teachers Resource Centre website was expanded and delivered with the participation of 17 federal partners.

Crowds of volunteers supported NCC programming last year: **1,273** people contributed nearly **18,000** hours of labour. Interestingly, half of the volunteers were youths, and **18%** were born outside the country. On Canada Day alone, **535** people volunteered, and the proportion of new Canadian volunteers was **35%**.

TARGETS

Over the planning period, the NCC will deliver programs in the Capital that continue to instill national pride and represent Canada and Canadians, by maintaining satisfaction levels of 85 percent for programs.

Over the planning period, the NCC will animate the Capital through meaningful events and programs that effectively position the Capital within Canada.

ACCOMPLISHMENTS

Satisfaction levels for NCC programs are measured periodically. In 2004–2005, Snowbowl (a new component of Winterlude) generated a 90-percent approval rating from attendees.

This target was met through delivery of a full slate of high-quality programs throughout the year, as follows: Canada Day, Winterlude, Canada and the World Pavilion, Christmas Lights Across Canada, The Tulip Legacy and Capital Youth programs. A five-year strategic plan for Winterlude is currently under development.

information and orientation services}

STRATEGY: Contribute positively to the visitor experience and corporate image by providing quality services and accurate and timely information to the public.

CAPITAL INFORMATION

The Capital Infocentre, located across from Parliament Hill, is a place where visitors can obtain information and inspiration before setting out to explore CCR. A new multimedia exhibit on the ground floor of the Capital Infocentre

promoted the opening of the Canadian War Museum. The Capital Infocentre and Parliament Hill were both official sites during the Canadian Tulip Festival. Thousands of visitors took photographs of Parliament Hill from the Capital Infocentre, with the NCC's tulip display

in the foreground. A second source of information is the Capital Contact Centre, which fields telephone and e-mail enquiries. Fewer contacts were received last year, due to fewer marketing campaigns promoting the Capital Contact Centre's number and e-mail address.

TARGET

Over the planning period, the NCC will facilitate access to and understanding of the NCR by providing multiple sources of information about the Capital and NCC attractions, events and programs, by attracting 325,000 visitors annually at the Capital Infocentre and achieving 87-percent service-satisfaction levels.

ACCOMPLISHMENTS

Attendance target achieved. Visits to the Capital Infocentre surpassed the target with 329,032 visits (an 8.5-percent increase). Satisfaction levels were not measured in the current year; nevertheless, feedback indicated a positive response.

visibility and promotion}

STRATEGY: Increase the visibility of the NCC through a more balanced approach to promoting NCC product lines and encourage partners and major sponsors to participate more actively in integrated Capital programming, marketing and communications.

CORPORATE IDENTITY

The NCC finalized its new Branding Strategy and implemented a new look and feel for Canada Day and Fall Rhapsody. It also applied the new image to Snowbowl and the Rideau Canal Skateway, but deferred application to Winterlude as a whole, pending completion of the festival's five-year strategic plan. The NCC applied its new corporate identity to events and products, as well as to publicity posters and signage. The NCC was promoted on 800,000 inserts distributed in Ontario and Quebec by the Ottawa Tourism and Convention Authority.

BROADCASTING

Broadcasts are a powerful tool for communicating the Capital messages both in Canada and abroad. Notable among the year's achievements was a production on the 400th anniversary of the founding of Acadia entitled "*J'avions 400 ans*," which attracted some 375,000 viewers. The NCC also marked the fourth centenary of Acadia by collaborating with the Embassy of France and other partners to bring a series of famous French films to the Sussex Courtyards. It is estimated that approximately 4,000 people saw

outdoor screenings of the films over nine days. During the year, the NCC also renegotiated multi-year agreements with The Weather Network and YTV, and negotiated the airing of the program *Les trophées de la langue française* that was broadcast internationally from CCR.

TARGET

Over the planning period, the NCC will increase local visibility through increased acknowledgements in events and prominence of the corporate image on signage in the Capital (increased visibility in nine NCC and NCC-supported events per year).

ACCOMPLISHMENTS

Progress was made toward achieving this target with five events benefiting from increased visibility. The NCC's new Branding Strategy was finalized and implementation was initiated. NCC events such as Canada Day and Winterlude, and the Rideau Canal Skateway were promoted through a number of merchandising and partnership initiatives.

Awards from the International Festival and Events Association: **Gold** Best Full-Length TV Program (national) for the Winterlude program, "*La capitale de cristal*" **Silver** Best Single New Sponsorship Program awards: The Ottawa Senators Hockey Day in the Capital (Winterlude); and the Hbc Run for Canada (Canada Day) **Bronze** Best Ad Series for the Canada and the World Pavilion newspaper campaign; Best Website for "Biking Country" (interactive map)

external relations}

STRATEGY: Use proactive communications and consultations to reach local and national media, local interest groups and the public in order to improve awareness and appreciation of the NCC and its accomplishments and to obtain meaningful input into planning and activities.

PUBLIC RELATIONS

The NCC continually works to improve awareness and increase public support. In 2004–2005, 12 full-scale public consultations were held. As well, on-line consultations were conducted for major projects such as LeBreton Flats redevelopment and the *Gatineau Park Master Plan* review. Once again, the NCC opened its annual general meeting to the public. With 2.8 million visits being recorded to NCC websites, the Internet is clearly an effective and primary communications tool. For the third consecutive year, the NCC met with representatives from local interest groups (20 groups in 2004–2005) and fed the results into the annual strategic planning process.

MEDIA RELATIONS

During 2004–2005, the NCC continued to develop marketing and communication plans for all major NCC projects. As well, many new media initiatives were undertaken, including organizing full-scale press conferences, media briefings and issuing press releases. In response to recommendations made in the Auditor General's Special Examination of 2002, the NCC developed a Media Relations Plan and began work on a corporate media relations policy.

TARGETS

Over the planning period, the NCC will use a variety of means to communicate in a clear and timely way with the public, thus ensuring a positive reaction to corporate operations, by increasing the approval rating among NCR residents by 4 percent per year over the current level of 63 percent.

Over the planning period, the NCC will maintain broad and extensive media coverage through a variety of communications, public relations and marketing tools and tactics, by increasing the number of media outlets and visitor sessions on NCC websites by 10 percent.

Annual surveys will show increased public awareness of NCC business/activities and improved perceptions of corporate image, by increasing unaided awareness by 5 percent per year over the current level of 36 percent.

ACCOMPLISHMENTS

During the year, surveys revealed that the approval rating was maintained at 63 percent.

The NCC worked to achieve this target through a full range of tactics (7 press conferences, 140 media calls, 45 press releases, 12 public consultations and 15 presentations through the Speakers Bureau). The target for new media outlets was not achieved (current level maintained), but the target for visitor sessions on the NCC websites was surpassed (2.8 million visitor sessions, surpassing the 2.1 million target by 3 percent).

Target not achieved, although progress was made. Residents in CCR reported an increase in unaided awareness of the NCC to 39 percent (an increase of 3 percent from 2002). Overall recognition of NCC activities and services rose to 51 percent (an increase of 7 percent).

revenue generation}

STRATEGY: Maintain and develop sustainable sponsorship and merchandising opportunities.

REVENUE GENERATION

The NCC partners with other organizations in order to control program delivery costs and ensure

continual high-quality programming. During the year, the NCC earned \$1.2 million in cash sponsorship revenues, \$1.1 million in non-monetary revenues

and extended its merchandising agreements to now include more than 440 retail locations across Canada.

TARGETS

Over the planning period, the NCC will establish new partnerships with marketing organizations, national retailers and sponsors (two per year).

By the end of 2004–2005, the NCC will increase cash revenues by 15 percent (over 2002–2003 levels) through sponsorship, merchandising and marketing partnerships.

Over the planning period, the NCC will increase the number of outlets that distribute NCC merchandise through wholesale/licensing agreements by 10 percent.

ACCOMPLISHMENTS

This target was met in the form of an expanded agreement with the Hudson's Bay Company (Hbc) and a new agreement with Hachette Distribution Services for the national distribution of merchandise.

This target was achieved. Cash revenues totalled \$2.6 million, a 100-percent increase over the 2002–2003 baseline of \$1.3 million, mainly attributable to the Hbc merchandising agreement.

This target was surpassed, with the NCC increasing the number of outlets by 41 percent, from 314 to 442.

The Association Marketing de Montréal honoured Guy Laflamme, Vice-President of Communications, Marketing and External Relations, at the Concours Personnalité Marketing 2004. The award marked achievements such as bringing the JUNO Awards to CCR in 2003, putting a new Marketing, Communication and External Relations Plan into effect and spearheading the development of new branding for the NCC.

sector II

PLANNING THE NATIONAL CAPITAL REGION

objectives:

1. In consultation with other planning jurisdictions, to plan the orientation, use and development of federal lands in the NCR and ensure that their evolution is consistent with the image, character and quality of life in the Capital.
2. To coordinate development and ensure that uses, plans and designs for federal lands in the NCR are appropriate to their national significance, natural environment and heritage.

It was a year of advancement, with plans for Gatineau Park, core area and urban lands moving toward realization.

planning}

STRATEGY: Position the *Plan for Canada's Capital* as the highest expression of the federal planning vision for CCR and as the framework for various supporting plans and implementation strategies.

GATINEAU PARK MASTER PLAN REVIEW

Following nearly three years of review, an update of the *Gatineau Park Master Plan* (1990) neared completion. The new plan for Gatineau Park strives to balance public use and enjoyment of the park with a more intense focus on the conservation of natural and cultural features. During the past year, some 500 people attended public consultations on the plan — clear evidence of the importance that the public gives to Gatineau Park. While there was general acceptance of the plan, some interest groups expressed concerns about certain forms of recreation. Their comments were taken into account during finalization of the update. The revised plan will guide management and development of Gatineau Park for the next ten years (2005–2015).

CORE AREA SECTOR PLAN

This plan (a key part of the Urban Lands Master Plan) has a horizon to the year 2025. The Plan reinforces the vision for Confederation Boulevard as a ceremonial route, an axis for major Canadian institutions, and a venue for programming and interpretation. In years to come, the plan will guide decisions relating to land use, heritage protection, programming, transportation and design, including the creation of new public stages and programming, symbols, interpretation, commemorations and public art in the core area of CCR.

URBAN LANDS MASTER PLAN

The NCC owns many parks, roadways, pathways, buildings and bridges in the urban Capital. The new Urban Lands Master Plan will provide a land use concept, along with the policies and strategies needed for the effective management of these assets over the long term. In 2004–2005, the NCC analyzed opportunities and issues relating to Capital urban lands and drafted a strategic overview report.

OTTAWA RIVER ISLANDS

Travellers on the Ottawa River once had an unobstructed view of the dramatic Chaudière Falls. Today, industrial buildings virtually hide the falls from sight and block public access. The NCC has identified the restoration of public use and enjoyment of the Ottawa River islands as a planning priority, and it is working on a strategic plan for the sector. Several studies are contemplated, including clarification of ownership, infrastructure capacity and heritage interpretation.

SPARKS STREET REVITALIZATION

The NCC completed a Sparks Street Vocation Study in 2004–2005 and drafted an action plan for the revitalization of the street. The study concludes that development of mixed-use facilities will bring new life to Sparks Street. The Sparks Street Mall Authority will lead its implementation.

TARGETS

By the end of 2006–2007, the NCC, in collaboration with relevant stakeholders, will complete key elements of the NCC Planning Framework, specifically:

- a. by early 2004–2005, the *Gatineau Park Master Plan* review; and
- b. by the end of 2006–2007, the preparation of the Urban Lands Master Plan.

By the end of the planning period, the NCC, in collaboration with relevant stakeholders, will have advanced the planning of the core area, specifically by completing:

- a. the Core Area Sector Plan by early 2004–2005; and
- b. a strategic and implementation plan for the islands and a comprehensive planning concept for the revitalization of the Sparks Street Mall.

ACCOMPLISHMENTS

Completion of targets was extended approximately one year to ensure adequate study and stakeholder input.

During the year, additional public consultations were held to solicit public feedback on the final draft of the Plan. Approval of the *Gatineau Park Master Plan* update and publication of the public consultation report are expected in 2005.

A draft strategic overview report was completed. The public communications and consultations plan is in development.

Progress has been made toward achievement of these sub-targets.

A draft plan was completed for discussion with federal and municipal partners, media briefings and public consultations. The Commission is to approve the final plan in 2005–2006.

Though the preparation of a plan for the Ottawa River islands has been deferred pending confirmation of federal involvement, studies on property issues and the Chaudières Crossing are in progress. An implementation plan on the recommendations from the Sparks Street Vocation Study was completed. The development of a comprehensive plan for the Sparks Street Mall was deferred.

In Ottawa in 2001, as an inspiration of the NCC, a meeting of Capital cities' planners, politicians and academics from some of the world's great capitals was held to exchange information, generate ideas and create links for the development of government cities. In 2004, the NCC attended the fourth annual gathering in Brazil. The NCC will host the 2005 meeting of the Capitals Alliance in CCR.

federal land use, transaction and design approvals}

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

LEGISLATED AUTHORITY

All federal lands and buildings in CCR should contribute to a national "sense of place." To that end, the NCC has been given design authority and responsibility for reviewing and approving all federal government proposals to change, build or demolish federal assets in the region. In 2004–2005, 89 land use and land transaction submissions were received, and 90 approvals were granted or files closed. In addition, 48 major design files were reviewed and approved, including those for the new Federal Judicial Building, LeBreton Flats residential development (Phase I) and the Valiants' Memorial. Federal design approvals totalled 89.

ARCHAEOLOGICAL COLLECTIONS

Buried within the soil of the Capital are the relics of our history, and these are often unearthed. Before construction of the Canadian War Museum began on LeBreton Flats, archaeologists were able to uncover and remove some 100,000 artifacts that shed new light on a working-class neighbourhood of the past. The LeBreton collection is only one of several that the NCC has discovered and aims to entrust to appropriate custodians.

CULTURAL LANDSCAPES

Heritage value can be attached not only to a building or property, but to a whole area associated with historic personalities, events or ideas. An example in CCR is the McKay Estate (including Rideau Hall, the village of New Edinburgh and the former industrial area around the Rideau Falls). Last year, the NCC finalized a set of guidelines that will help it to define, assess, recognize and, ultimately, protect cultural landscapes in CCR.

TARGETS

By the end of the planning period, the NCC will ensure a suitable depository for each of its major archaeological heritage artifact collections.

By the end of the planning period, the NCC will identify key cultural landscapes in the NCR and initiate a management strategy for their stewardship.

ACCOMPLISHMENTS

On-track toward achievement of this long-term target. The Leamy Lake prehistoric artifact collection was transferred to the Canadian Museum of Civilization. Negotiations with other federal, provincial and municipal parties are ongoing for the transfer of other collections.

Target partially achieved. The Commission approved the *Definition and Assessment of Cultural Landscapes of Heritage Value on NCC Lands*, which will be used to integrate this concept into its management practices. Further phases of this study have been deferred.

transportation planning}

STRATEGIES: Facilitate and orchestrate federal strategies and programs that affect urban transportation and public transit in the NCR, while ensuring that broader federal goals and objectives are met.

Participate in joint studies with provincial and municipal partners to address interprovincial and municipal transportation issues in the NCR.

TRANSPORTATION

The NCC is the only planning authority in the region that has jurisdiction in both Ontario and Quebec, and represents the federal interest in CCR. It is elaborating a Strategic Transportation Initiative to

identify federal interests in the region and, in particular, its own role in planning transportation. In 2004–2005, the NCC partnered with municipal and provincial authorities to address future transportation needs (specifically, the initiation of an

environmental assessment for two new interprovincial bridges, a study on the integration of interprovincial transit in the core area of CCR and an origin-destination survey to gather data on the travel patterns in CCR).

TARGETS

By early 2005–2006, the NCC, in collaboration with relevant stakeholders and subject to partner involvement (including financial support), will complete a joint NCR interprovincial transit study of the core area.

By the end of 2007–2008, the NCC, in collaboration with relevant stakeholders and subject to partner involvement, will complete the necessary environmental assessment studies and detailed designs for two new bridges in the east and west of the NCR, respectively.

ACCOMPLISHMENTS

Early stages of project initiated to meet this target. The NCC, together with provincial and municipal partners, confirmed its participation in this joint study and drafted a cost-sharing agreement.

Progress was made toward achievement of this long-term target. The NCC, together with provincial and municipal governments, approved joint participation in the environmental assessment for future interprovincial crossings in CCR. The stakeholders are reviewing the draft Statement of Work and the cost-sharing agreement. Initiation of the study, including technical studies and public consultations, will proceed once approvals are obtained.

sector III

REAL ASSET MANAGEMENT AND DEVELOPMENT

objectives:

1. To provide opportunities to enhance the rich cultural heritage and natural environment of the NCR.
2. To optimize the contribution of lands and buildings in support of the programs and mandate of the NCC.
3. To manage environmental assets and liabilities in a sustainable and responsible manner.

Plans took shape in the form of new parkland at LeBreton Flats, buildings on Sparks Street and boulevards in Gatineau.

revitalizing Canada's Capital core}

STRATEGY: Fulfill the NCC's role as "Capital builder" through the revitalization of the core area of the Capital.

LEBRETON FLATS

It was a year of progress. The walls of the Canadian War Museum rose, and a dramatic new Capital landmark was created. A new inlet bridge was constructed across the aqueduct. Most of Wellington Street opened to traffic. The NCC continued working to decontaminate the soil and to construct and landscape public parks (40 percent of the area has been reserved for this use). It offered the first 4.4-hectare parcel of land for sale to developers, and — after careful review by the NCC's Advisory Committee on Planning, Design and Realty — the successful bidder was identified. The approved plan envisages 850 housing units grouped around inner courtyards, with nearby commercial-retail outlets. The plan will eventually attract 5,000 residents to once again live at LeBreton Flats.

SPARKS STREET REVITALIZATION

In an effort to return life and prosperity to this historic precinct, the NCC is leading a series of residential-commercial developments on the south side of Sparks Street. The redevelopment includes guidelines for the rebuilding of existing façades, and respect for the historic character and scale of the street. The projects are expected to include around 100 new residential units, as well as some commercial space, street-level shops, public parking and, potentially, some arts and entertainment accommodation.

700 SUSSEX DRIVE

In 2004–2005, construction of a new commercial-residential building began at the corner of Rideau and Sussex streets. This is one of the most important building projects in the Capital in recent years. The NCC has insisted that 700 Sussex Drive, because of its proximity to such important heritage buildings as the Château Laurier, the Connaught Building and Old Union Station, must adhere to the highest

principles of design and that it must harmonize with existing structures in terms of scale and appearance. Work included construction of the building by the developer, as well as infrastructure improvements by the City of Ottawa and upgrades to Confederation Boulevard by the NCC. The building will open for business in 2005–2006.

SAINT-LAURENT AND MAISONNEUVE BOULEVARDS REDEVELOPMENT

In its concept for the core area, the NCC identified as a priority the transformation of Saint-Laurent and Maisonneuve boulevards in Gatineau into a major boulevard. The idea is to create a direct, aesthetically pleasing route from the central Capital toward Gatineau Park, with design and landscaping in keeping with the standards and specifications of Confederation Boulevard. The first phase of work proceeded well during the year, with completion anticipated in 2005.

TARGETS

By the end of 2004–2005, the NCC will complete initial works for the LeBreton Flats Redevelopment through the construction of Wellington Street (formerly LeBreton Boulevard), the Inlet Bridge, The Common and the riverfront park. It will also realize the sale of a significant proportion of the residential and commercial properties.

By the end of 2004–2005, the NCC will initiate the mixed-use redevelopment of the south side of Sparks Street.

ACCOMPLISHMENTS

Major components of the project targets were completed or are nearing completion. The work on Wellington Street, the riverfront park, the Event Square and the Inlet Bridge is substantially complete. Construction of The Common is well underway and scheduled for completion in early 2005–2006. Necessary approvals were received for the residential-commercial development of 4.4 hectares of land and the successful proposal was awarded. Sale to be concluded in 2005–2006.

Target achieved. Construction of the new residential-commercial-retail space at 131 Queen Street was initiated. Initial proposals for the redevelopment of 113 Queen Street were received, with the selection process to be completed in 2005–2006.

land and real asset management}

STRATEGY: Protect natural lands and built assets through cost-effective maintenance, management, development and rehabilitation programs and through the implementation of appropriate quality standards and service.

MANAGING AND PROTECTING ASSETS

As the owner and manager of hundreds of square kilometres of land, as well as numerous roads, buildings and bridges, the NCC is responsible for a long list of annual repairs and rehabilitation costs. Last year, as always, the NCC managed and protected assets to acceptable standards of quality through the rigorous application of policies and regulations, and by means of a life cycle plan and rehabilitation program (Multi-Year Capital Construction Program, or MYCCP). Since the commercialization of services in 1995, the NCC has delivered the land maintenance management program through external service contracts that are periodically renewed.

PUBLIC SAFETY

The NCC ensures public safety on its lands through a number of regulations and agreements with law enforcement agencies. Under the terms of a special agreement, the RCMP works with NCC Conservation Officers to enforce the law and protect public safety on NCC lands. In 2004–2005, the NCC unveiled an action plan to improve public safety on recreational pathways — for example, by supporting volunteer patrols, installing new signage, providing safety information on maps, posters and handouts, distributing safety whistles, loaning cellular phones, and publishing warnings and advice on the NCC website.

OFFICIAL RESIDENCES

There are six official residences in CCR, including some of the most valuable heritage buildings in Canada. These buildings serve as homes for senior officials and also as public stages. The NCC is responsible for property management, curatorial and interior design services, long-term planning for capital works, and grounds and greenhouse operations. Long-term funding for the official residences is urgently needed, and has yet to be confirmed. In the meantime, the NCC had to limit its capital program to urgent health, safety and priority works such as the basement damp-proofing rehabilitation, office fit-up and escarpment stabilization at Rideau Hall. Three facilities on the grounds of Rideau Hall — the Palm House, the Dairy Building and the Foot Guard house — remained closed due to their deteriorating condition. The NCC continued landscape maintenance at Rideau Hall and proceeded with some major projects, such as the installation of a water feature in the Ambassador Court and landscaping at 7 Rideau Gate. The NCC began work on a Hazardous Substances Management Plan for the official residences and prepared a Business Continuity Plan for Rideau Hall.

INTEGRATED ASSET MANAGEMENT INFORMATION SYSTEM (IAMIS)

To ensure that asset managers have access to accurate and up-to-date information, the NCC has turned to technology. IAMIS provides current information on the NCC's inventory of moveable and real property assets. It defines the life cycle requirements of these assets, and it maintains records of property and other agreements and assessments. The NCC has been working for several years to develop IAMIS and will continue its initiative by completing the development of an Environmental Module.

REVENUE GENERATION

As a major landowner, the NCC must manage increasingly high costs in order to maintain acceptable standards of quality. Where appropriate, corporate assets are used to generate a stream of revenue to complement federal appropriations to support the work of the corporation. The NCC generates revenues of its own through rental agreements for more than 700 properties, sponsorships, merchandising and user fees to help cover operating shortfalls. Also, the NCC disposes of surplus assets, which helps finance rehabilitation expenditures; however, these surplus assets are finite.

The City of Ottawa has recognized the \$3.5 million rehabilitation of the Stable Building at Rideau Hall with an Architectural Conservation Award of Excellence. The stables, designed and built in the neo-classic style 1867, once housed the Governor General's horses and carriages, and was later used for storage. The building now offers office space for 35.

TARGETS

During the planning period, the NCC will ensure the protection and management of NCC lands by revising the *National Capital Commission Traffic and Property Regulations* and concluding a service-level agreement with the RCMP.

During the planning period, contingent on capital funding approval, the NCC will undertake priority health and safety improvements and life cycle management projects for the official residences, with emphasis on Rideau Hall, 24 Sussex and Harrington Lake–Lac Mousseau.

By the end of 2005–2006, the NCC will implement the remaining core components of the Integrated Asset Management Information System in the following sequence:

- a. by the end of 2005–2006, the NCC will launch the Asset Inspection Program for major buildings and structures (bridges, dams, lift stations and retaining walls), and it will use the results to determine priorities for investment through the MYCCP; and
- b. during 2005–2006, the NCC will implement an Environmental Module to support administrative and operational obligations under new environmental legislation.

The NCC will achieve the following revenue targets over the planning period:

- a. leasing revenues from its rental portfolio of \$13.3 million per year;
- b. land disposal revenues of \$6 million per year; and
- c. easements and licences of occupation revenues of \$750,000 per year.

ACCOMPLISHMENTS

Progress made in achieving target. The RCMP has agreed to maintain the current level of service on NCC lands, with NCC Conservation Officers acting as supernumerary special constables.

Work on the revision of the traffic and property regulations has been deferred to 2005–2006.

Capital funding has yet to be confirmed. However, limited funding in 2004–2005 resulted in basic operating and maintenance functions and a limited capital program for urgent health, safety and priority works.

Project on track to meet both the Asset Inspection Program and the Environmental Module target.

The inspection program is on schedule with 59 percent of major assets inspected by the end of 2004–2005.

Project implementation on schedule. In 2004–2005, project management, governance structure, business processes and new user requirements were developed.

Targets largely achieved.

Leasing revenues target was surpassed with revenues of \$15.4 million generated (16 percent over target).

Land disposal revenue target was not met with sales of \$5.3 million (88% of the target). Variance is due to the delayed closure of two land disposals. 2005–2006 land sales revenues are expected to be considerably higher as significant transactions are expected to be completed (i.e., land located in the Prince of Wales and LeBreton Flats areas, etc.).

Easements and licenses target was surpassed, with revenues of \$1.1 million (47 percent over target) due to additional revenues generated for a City of Ottawa project and a Hydro-Québec project.

environmental management}

STRATEGY: Fulfill the role of Capital steward by ensuring the preservation, protection and sustainable use of built and natural assets in Gatineau Park, the Greenbelt and Capital urban lands.

ENVIRONMENTAL RESPONSIBILITY

The goal is sustainability. As manager of federal lands in CCR, the NCC adheres to all relevant legislation and applies appropriate standards. As of June 2006, the NCC will be subject to the *Canadian Environmental Assessment Act*, and it is currently reviewing new reporting obligations and processes

to ensure future compliance. The Environmental Action Plan guided work during the year, including the continuing Contaminated Sites Program. As well, the NCC carried out risk assessments for landfills on five sites, and evaluated human and environmental health risks on Victoria Island. It monitored water quality for all lands and properties and upgraded

the water treatment facilities at the Mackenzie King Estate and Philippe Lake. The NCC also continued to work with local authorities to minimize the danger of the West Nile virus through the monitoring of mosquito populations, giving public information and carrying out a species-specific larvicide program.

TARGETS

Over the planning period, the NCC will fulfill its obligations and maintain its commitment to environmental stewardship through the update and monitoring of the Environmental Action Plan.

Over the planning period and in the context of its Contaminated Sites Management Program, the NCC will complete the process of performing Phase I (preliminary) Environmental Site Assessments (ESAs) on 100 percent of its high- and medium-priority sites (749 sites). By the end of 2006–2007, it will assess 78 percent of its low-priority sites and complete audits of all known fuel storage tanks located on NCC lands.

ACCOMPLISHMENTS

Target achieved. The NCC conducted an environmental audit follow-up and took action in priority areas: contaminated sites, water quality, fuel storage tanks, environmental assessment and natural resource management.

The target with regard to high- and medium-priority sites has been achieved, and on-track for meeting target for low-priority sites and fuel-tank audits.

By the end of 2004–2005, Phase I ESAs had been performed on 40 percent of low-priority sites (126 sites); 30 Phase II ESAs had been performed. With regard to fuel storage tanks, 15 audits were carried out as well as tank inspections as follows: 12 Tier II tanks (sensitive residential) and 106 Tier III tanks (commercial or agricultural).

A hall at the Gatineau Park Visitor Centre has been named for Roderick Percy Sparks. In the 1930s and 1940s, Sparks was a key member of the Woodlands Preservation League, which lobbied for the establishment of a conservation area in the Gatineau Hills.

the “green capital”}

STRATEGY: Manage an appropriate range of park services and outdoor recreational facilities to give visitors a positive “Green Capital” experience and to support the promotion and animation of the NCR.

RIDEAU CANAL SKATEWAY

The Rideau Canal Skateway marked its 35th birthday in 2005. A ceremony was held on the ice to honour Douglas Fullerton, one-time Chairman of the NCC and creator of the Rideau Canal Skateway. The NCC presented a plaque to Mr. Fullerton’s family, while a team of parachutists landed on skates on the ice. This season of skating on the Rideau Canal was exceptional in many ways, and not just in terms of length (78-day season). The number of skaters was also very high, with an estimated 1.3 million outings, over half a million of them taking place during Winterlude, CCR’s annual winter festival.

RECREATIONAL PATHWAYS

CCR is natural in spirit and organic in its shape. With 170 kilometres of pathways following the shorelines, people can easily experience the region on foot or by bicycle. Half a million people use the pathways every year, making as many as 17 million outings. Last year, the NCC continued to rehabilitate the recreational pathways and construct new links. It also added an award-winning interactive map, titled “Biking Country,” to its website and, in partnership with the cities of Ottawa and Gatineau, implemented a Pathway Safety Action Plan, with 15 separate initiatives designed to improve public safety. As well, it began to update its *Strategic Development Plan for an Integrated Network of Recreational Pathways*: stakeholder workshops were held as a preliminary to full public consultation in 2005.

GATINEAU PARK

The forests, lakes and hills of Gatineau Park act as a gateway into the Canadian wilderness. Last year, some 1.7 million visitors enjoyed an experience of the Canadian outdoors in Gatineau Park. Many of those visits occurred in winter, with 225,000 ski outings being recorded. The park’s 220-kilometre trail system offers some of the most challenging cross-country skiing in the world. Indeed, world-class competitors in the annual Keskinada Loppet — held every year in February — acknowledge Gatineau Park as the single most gruelling course on the international racing circuit.

TARGETS

By the end of 2007–2008, the NCC will enhance the user’s experience on the Capital’s recreational pathway system (the Capital Pathway) by rehabilitating 25 kilometres of existing pathways, completing four new links, developing 40 percent of the Greenbelt Pathway, building new amenities and implementing new safety measures.

By the end of 2005–2006, the NCC will enhance the visitor’s experience of the Rideau Canal Skateway by improving health and safety conditions and the market positioning of the Skateway, and it will further develop Dows Lake as a major gateway to the Skateway.

ACCOMPLISHMENTS

Progress was made toward achieving this long-term target. Eight projects were undertaken that resulted in the rehabilitation of 24 kilometres of pathway. Three new links were constructed and 23 percent of the Greenbelt Pathway is now completed. A Pathway Safety Action Plan was implemented.

On-track to achieve this target. The strong involvement of federal and business partners at Dows Lake and the presence of the Ice Café bolstered the gateway identity of this sector of the Rideau Canal Skateway. A number of health and safety programs were held, including a helmet promotion program and skating lessons, and the presence of Emergency Medical Services was ensured.

sector IV

CORPORATE SERVICES

objective:

To provide corporate-wide strategic, financial and human resources advice, as well as technological tools and expertise, to ensure the effective and efficient operation of the corporation.

The NCC continued to perfect the processes of governance and to provide state-of-the-art management tools.

central services}

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

ADMINISTRATING THE ORGANIZATION

Corporate Services provides the NCC with accurate and timely information needed to support decision-making and reporting. It also provides functional expertise and sustains the corporation through the application of sound business and financial practices. In 2004–2005, the NCC reviewed its processes to ensure ongoing compliance with government contracting regulations and responded to a variety of government initiatives, such as the requirement for a Program Activity Architecture and participation in a government-wide Expenditure Review.

AUDIT, EVALUATION AND RESEARCH

The NCC monitors risks and performance through its audit and evaluation activities. These monitor whether appropriate internal controls are in place and that programs are evaluated. The research program enables the corporation to maximize effectiveness and ensure that objectives are shaped and operations supported by accurate, timely and relevant market intelligence. The corporation gathers information through a regularly updated research program. In 2004–2005, in addition to the items presented to the CAEC, strategic guiding principles were formulated for updating the Corporate Research Framework, and new policies were put in place for research and public opinion surveys. The annual Corporate Research Plan was implemented, and work began on the multi-year plan for 2005–2008.

TECHNOLOGY

The NCC made good progress in the long-term task of delivering state-of-the-art technology and electronic tools for the effective management and use of information. In 2004–2005, the NCC took action on the Auditor General's recommended improvements to the financial and human resources management systems, Oracle* Financials and PeopleSoft. The implementation of electronic document management is also progressing well: approximately 60 percent of employees have been trained and are now using the new system.

TARGETS

The NCC will ensure that it respects all applicable legislative requirements, in particular, the *Financial Administration Act*, *Government Contracts Regulations*, the *Access to Information Act* and *Privacy Act*.

Central services at the NCC will provide the service levels required to ensure effective and efficient management.

ACCOMPLISHMENTS

This target was achieved. For Access to Information, responses were made to virtually all requests (99 percent) within the legislated time frame. Ten privacy requests were received and completed, while four complaints continue to be under investigation.

This target was met, with work proceeding on a variety of fronts (governance, audits, research, the implementation of technology improvements, etc.).

Micheline Dubé, the recently appointed Executive Vice-President and Chief Operating Officer at the NCC, was appointed a Fellow of the Canadian Society of Management Accountants. Fellows of this organization serve as models for their colleagues. The honour recognizes Ms. Dubé's many contributions to the NCC, her exemplary dedication and leadership skills, and exceptional commitment to the profession.

human resources management}

STRATEGIES: Provide the NCC with an integrated human resources management framework that will position it as a values-driven employer of choice.

Support proper risk management for the corporation.

EMPLOYEES

In 2004–2005, the NCC introduced a Human Resources Integrated Management Framework that encompasses three key components: the NCC as a values-driven employer of choice; a competent, committed and sustainable workforce; and an efficient and innovative management team. Several initiatives were undertaken during the year to further implement the framework. Specifically, the NCC updated the recognition program and launched a three-year pilot program to recognize accomplishments, years of service, and behaviour that reflects NCC values. It negotiated with the Public Service Alliance of Canada and arrived at a four-year collective agreement (retroactive to January 1, 2004). The NCC also continues to invest in training, including group language training to promote the use of both official languages in the workplace. It established a Diversity Committee and drafted an Employment Equity Plan.

SUCCESSION PLANNING

With an eye on the leadership needs of the future and under the provisions of the Succession Management Program (initiated in 1999), the NCC continued to identify, assess and provide training to candidates to ensure the existence of qualified successors. Strategies have been developed for three groups: members of EMC, directors and incumbents of other key positions. In 2004–2005, nine candidates for senior-level positions were evaluated and follow-up training initiated at the director level. Work continues to be done to identify key positions and to ensure the existence of qualified successors.

BUSINESS CONTINUITY

The NCC continues to develop plans to protect its ability to function in case of an emergency. In 2004–2005, planning included preparations for the setting up and outfitting of Emergency Operation Centres and the definition of a communication process for emergency situations. On a periodic basis, the NCC performs threat and risk assessments for its various locations, and implements responses to recommendations.

HEALTH AND SAFETY

The NCC takes its responsibility to create a safe and healthy workplace very seriously. In 2004–2005, it completed a four-year Health and Safety Plan that includes provisions for ergonomics, work reintegration and accident prevention. In particular, guiding principles were developed for health risk prevention, the handling and disposal of dangerous goods, and requirements for protective clothing.

TARGETS

By the end of the planning period, a values-driven NCC will implement all components of the Human Resources Integrated Management Framework.

Over the planning period, the NCC will manage its exposure to risk by implementing a comprehensive Business Continuity Plan.

ACCOMPLISHMENTS

Progress made toward the achievement of this long-term target. The new Human Resources Integrated Management Framework was approved, and work began to implement improvements in all areas (recognition, training, health and safety, succession planning, employment equity, language in the workplace).

On-track to achieve this target. Components of the Business Continuity Plan have been finalized, with the supporting technology elements being evaluated. Plan validation exercises will proceed in 2005–2006.



2004–2005

financial statements

NATIONAL CAPITAL COMMISSION

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 members of 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 judgement. Financial information presented elsewhere in the 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 Canadian Heritage.

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 adequacy of internal accounting controls and to review and discuss financial reporting matters. The external and internal auditors have full access to the Corporate Audit and Evaluation Committee, with or without the presence of management.

Marcel Beaudry
Chairperson

Micheline Dubé
Executive Vice-President and
Chief Operating Officer

June 8, 2005



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Canadian Heritage

I have audited the balance sheet of the National Capital Commission (NCC) as at March 31, 2005 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, 2005, 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 by-laws of the NCC.



Shahid Minto, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 8, 2005

BALANCE SHEET as at March 31

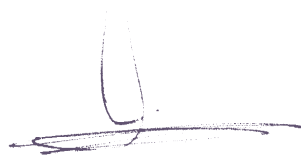
	(thousands of dollars)	
	2005	2004
ASSETS		
Current		
Cash and cash equivalents (note 3)	55,191	51,215
Short-term investments (note 3)	29,936	37,916
Accounts receivable		
Federal government departments and agencies	2,718	2,247
Tenants and others	4,663	3,302
Prepaid expenses	3,527	4,245
Current portion of capital assets held for sale (note 6)	228	
	96,263	98,925
Long-term investments (note 3)	8,427	8,003
Long-term receivables (note 4)	2,795	4,772
Capital assets (note 5)	554,448	563,967
Capital assets held for sale (note 6)	8,002	654
	669,935	676,321
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Federal government departments and agencies	2,303	2,233
Others	17,135	19,296
Current portion of provision for environmental cleanup (note 13)	5,404	22,740
Current portion of unsettled expropriations of property and land exchanges	2,837	2,837
	27,679	47,106
Provision for environmental cleanup (note 13)	19,422	18,299
Employee future benefits (note 7)	6,126	5,583
Deferred rental revenue (note 8)	5,231	5,459
Deferred rent inducement	2,678	2,860
Other long-term liabilities	676	604
Unsettled expropriations of property and land exchanges	157	154
	61,969	80,065
Commitments and contingencies (notes 12 and 13)		
EQUITY OF CANADA	607,966	596,256
	669,935	676,321

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

STATEMENT OF OPERATIONS for the year ended March 31

	(thousands of dollars)	
	2005	2004
REVENUE		
Rental operations and easements	18,959	18,311
Net gain on disposal of capital assets	2,092	1,661
Interest	2,685	3,660
Sponsorship		
Cash	1,197	1,225
Goods and services	1,012	878
Headquarters' sub-lease	1,474	1,384
User access fees	1,602	1,561
Other fees and recoveries	4,408	3,900
	33,429	32,580
COST OF OPERATIONS (notes 9 and 10)		
Animating and promoting the National Capital Region	22,700	20,361
Planning the National Capital Region	1,974	1,887
Real asset management and development	75,684	70,260
Corporate services	23,972	23,909
	124,330	116,417
NET COST OF OPERATIONS BEFORE PARLIAMENTARY APPROPRIATIONS	(90,901)	(83,837)
Parliamentary appropriations (note 11)	68,404	67,936
NET LOSS	(22,497)	(15,901)

The notes are an integral part of the financial statements.

STATEMENT OF EQUITY OF CANADA for the year ended March 31

	(thousands of dollars)	
	2005	2004
OPERATIONS		
Balance at beginning of year	591,050	560,291
Net loss	(22,497)	(15,901)
Parliamentary appropriations to acquire and improve capital assets (note 11)	33,263	46,441
Donation of works of art	695	168
Transfer of capital assets from Government of Canada		51
BALANCE AT END OF YEAR	602,511	591,050
CANADIANA FUND (note 1)		
Balance at beginning of year	5,206	4,672
Donations	249	534
Balance at end of year	5,455	5,206
TOTAL BALANCE AT END OF YEAR	607,966	596,256

The notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS for the year ended March 31

	(thousands of dollars)	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from parliamentary appropriations for operating activities	67,386	68,070
Cash receipts from rental operations and easements	18,809	23,240
Cash receipts from other operations	8,303	9,011
Cash paid to suppliers and employees	(95,792)	(95,982)
Interest received	2,963	3,788
CASH FLOWS FROM OPERATING ACTIVITIES	1,669	8,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and improvements to capital assets	(35,438)	(64,023)
Proceeds from disposal of capital assets	5,403	2,206
Net change in short-term investments	7,980	35,639
Disbursements for long-term investments	(2,475)	(4,420)
Cash receipts from long-term investments	2,004	1,107
Disbursements for environmental cleanup	(8,444)	(13,065)
Disbursements for settlement of expropriations of property		(39)
CASH FLOWS USED IN INVESTING ACTIVITIES	(30,970)	(42,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	33,263	46,441
Cash receipts for pay equity		323
Cash receipts for Canadiana Fund	14	4
CASH FLOWS FROM FINANCING ACTIVITIES	33,277	46,768
INCREASE IN CASH AND CASH EQUIVALENTS	3,976	12,300
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	51,215	38,915
CASH AND CASH EQUIVALENTS AT END OF YEAR	55,191	51,215

The notes are an integral part of the financial statements.

notes to financial statements as at March 31, 2005}

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:

a) prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance; and

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

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 reflect the full cost as employer. This amount is 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, which 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 risk management and to the remediation and removal of contaminated material from environmentally contaminated sites, and the cost can be reasonably estimated following a detailed environmental assessment. The cost of remediation varies depending on the land use.

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 of 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' sub-lease, 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. 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, 2005, cash and cash equivalents include banker's acceptances and bearer deposit notes, which amounted to \$51.8 million (\$49.8 million in 2004) at a weighted average interest rate of 2.6 percent (2.3 percent in 2004). 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, 2005, short-term investments include banker's acceptances, bearer deposit notes, a promissory note and a floating rate note, which amounted to \$29.9 million (\$37.9 million in 2004) at a weighted average interest rate of 2.6 percent (2.6 percent in 2004) and have an average term-to-maturity of five months (six months in 2004). 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, 2005, long-term investments include a floating rate note and bonds of the Government of Canada and of provincial governments, which amounted to \$8.4 million (\$8.0 million in 2004) at a weighted average interest rate of 4.5 percent (4.6 percent in 2004). The fair value of these investments is \$8.9 million (\$8.7 million in 2004).

D) SEGREGATED FUNDS

Cash and cash equivalents, short-term investments and long-term investments amounted to \$93.6 million (\$97.1 million in 2004). The following funds, which amounted to \$46.4 million (\$55.0 million in 2004), are segregated:

- cash donations received for the Canadiana Fund in the amount of \$7,940 (\$21,615 in 2004);
- funds of \$1.0 million to fund federal contributions for transportation studies in Canada's Capital Region;
- funds of \$3.7 million (\$4.4 million in 2004) for the revitalization of Sparks Street, in Ottawa;

iv. funds of \$4.6 million (\$4.6 million in 2004) for rehabilitation of the official residences;

v. funds of \$15.9 million (\$20.8 million in 2004) for the redevelopment of LeBreton Flats;

vi. funds of \$2.1 million (\$2.0 million in 2004) for the redevelopment of industrial lands on the north shore of the Ottawa River; and

vii. funds of \$19.1 million (\$21.3 million in 2004) to acquire real property or to support other major programs, as may be authorized by Treasury Board and governor-in-council. During the year, proceeds on disposal and interest revenues amounted to \$5.9 million (\$3.2 million in 2004) whereas acquisitions and disposal expenses were \$8.1 million (\$15.0 million in 2004).

4. LONG-TERM RECEIVABLES

The long-term receivables include an amount of \$2.8 million (\$3.0 million in 2004) representing the present value of services to be rendered to the NCC for the maintenance of parks

and roadways until 2022. In 2004, this account also included \$1.8 million for services to be rendered as betterment to NCC properties. 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.

5. CAPITAL ASSETS

	(thousands of dollars)					March 31, 2004 Net Book Value
	Land	Buildings, Works and Infrastructure	Equipment	Total Cost	Accumulated amortization	
Land and Buildings, Works and Infrastructure¹						
Greenbelt	29,192	34,112		63,304	26,022	37,282
Gatineau Park	19,555	18,299		37,854	11,516	26,338
Parkways	35,456	115,046		150,502	65,080	85,422
Parks	23,419	63,040		86,459	31,283	55,176
Bridges and approaches	1,741	76,198		77,939	27,766	50,173
Historical properties	126	64,964		65,090	35,805	29,285
Recreational facilities	19,277	23,356		42,633	14,515	28,118
Rental properties	83,923	64,063		147,986	32,864	115,122
Development properties	67,390	31,582		98,972	4,258	94,714
Unsettled expropriations and land exchanges	2,994			2,994		2,994
Administrative and service buildings	4,481	17,667		22,148	11,510	10,638
	287,554	508,327		795,881	260,619	535,262
Less: Provision for transfers ²	(1,838)			(1,838)		(1,838)
	285,716	508,327		794,043	260,619	533,424
Leasehold Improvements		17,119		17,119	6,379	10,740
Equipment						
Machinery and equipment			9,463	9,463	8,200	1,263
Office furniture and equipment			4,090	4,090	4,009	81
Vehicles			1,321	1,321	931	390
Computer and communications equipment, and software			9,751	9,751	8,444	1,307
Antiques and works of art						
Canadiana Fund			5,446	5,446		5,446
Other			1,797	1,797		1,797
			31,868	31,868	21,584	10,284
Total	285,716	525,446	31,868	843,030	288,582	554,448

¹ The total cost of land and buildings, works and infrastructure includes \$33 million of construction in progress. When completed, the cost of these projects 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.

6. CAPITAL ASSETS HELD FOR SALE

As of March 31, 2005, the NCC has identified surplus capital assets having a net carrying value of \$38.2 million (\$26.9 million in 2004). However, only a portion of these capital assets, having a

carrying value of \$8.2 million (\$0.7 million in 2004), meets the criteria of capital assets held for sale and is disclosed separately in the balance sheet. During the year, an impairment loss of \$4.8 million

(\$0.1 million in 2004) was recognized for a capital asset held for sale. This amount is included in the capital asset impairment loss in note 10.

7. 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:

	(thousands of dollars)	
	2005	2004
NCC's contributions	3,686	4,036
Employees' contributions	1,744	1,699

B) OTHER BENEFIT PLANS

The NCC provides severance benefits to its employees based on years of service and final salary. The NCC provides as well workers' compensation benefits based on benefits determined by the Workplace Safety and Insurance Board. The accrued benefit obligations for these plans amount to \$6.4 million (\$6.1 million in 2004) and are 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 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)	
	2005	2004
Accrued benefit obligation, beginning of year	6,053	5,657
Cost for the year	729	732
Benefits paid during the year	(345)	(336)
Accrued benefits obligation, end of year	6,437	6,053
Current portion	311	470
Long-term portion	6,126	5,583
	6,437	6,053

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 work-force 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.

8. 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, \$352,761 (\$259,256 in 2004) of deferred rental revenue were recognized in income.

9. 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 National Capital Region 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 the National Capital Region 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 and Development 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.

10. COST OF OPERATIONS

SUMMARY OF EXPENSES BY MAJOR CLASSIFICATION

	(thousands of dollars)	
	2005	2004
Salaries and employee benefits	37,178	35,887
Goods and services	50,083	49,649
Goods and services in kind	1,012	878
Payments in lieu of municipal taxes	10,472	10,955
Contributions	2,847	1,222
Amortization	17,830	17,162
Capital asset impairment loss	4,908	664
	124,330	116,417

Included in the contributions totalling \$2.8 million, the NCC has paid a contribution of \$2.7 million (\$0.2 million in 2004) to the City of Gatineau for the redevelopment of Maisonneuve and St. Laurent boulevards in the Hull sector.

11. PARLIAMENTARY APPROPRIATIONS

	(thousands of dollars)	
	2005	2004
Parliamentary appropriations for operating expenditures received during the year	66,506	67,056
Parliamentary appropriations to acquire and improve capital assets received during the year	33,263	46,441
Parliamentary appropriations receivable at end of year	1,898	880
	101,667	114,377
Applied as follows:		
Parliamentary appropriations recorded on the Statement of Operations	68,404	67,936
Parliamentary appropriations recorded on the Statement of Equity of Canada	33,263	46,441
	101,667	114,377

12. 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 \$153.9 million (\$165.6 million in 2004). 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 \$20.8 million (\$26.9 million in 2004) have been awarded for these functions;

these contracts will terminate in 2006-2007. Furthermore, the NCC is committed to contribute an amount of \$7 million for the redevelopment of Maisonneuve and St. Laurent boulevards in the Hull sector of the City of Gatineau. The remaining commitment of \$4.1 million will be paid over the next two fiscal years.

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

	(thousands of dollars)
2005-2006	23,159
2006-2007	14,268
2007-2008	6,498
2008-2009	6,467
2009-2010	6,736

b) The NCC has entered into contracts for capital expenditures of approximately \$11.7 million (\$20.8 million in 2004). Payments under these contracts are expected to be made within the next five years.

13. CONTINGENCIES

A) CLAIMS

Claims have been made against the NCC totalling approximately \$9.7 million (\$10.9 million in 2004), 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 determined.

B) ENVIRONMENTAL PROTECTION

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,523 property assets that qualify for environmental assessment. Following a preliminary assessment of 1,056 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 assesses the liability and the contingency for environmental cleanup at \$24.8 million (\$41.0 million in 2004) and at \$174.7 million (\$96.4 million in 2004), respectively. The contingency reflects the suspected costs and potential additional costs associated with situations where it is uncertain whether the NCC is obligated or it is unlikely that the NCC will incur full remediation costs.

14. 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 else-

where 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 \$7.0 million (\$11.6 million in 2004) for utilities, rental of space, asset and

service purchases from other government departments and agencies, and earned revenues totalling \$5.2 million (\$7.5 million in 2004) from services rendered, rental operations and sales of assets. Furthermore, the prepaid expenses includes \$18,267 (\$107,044 in 2004) associated with related parties.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

In addition to what has already been described in Note 3 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.

16. 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, 2004, TO MARCH 31, 2005

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

Jacques Carrière, Gatineau, Quebec
Re-appointed November 26, 2002, to November 25, 2005
Chartered Accountant, retired from Raymond Chabot Grant Thornton.

Claudia Chowanec, Ottawa, Ontario
Appointed August 7, 2002, to August 6, 2005
President of Precept, a human resources management and consulting company; Co-Chair, Canadian Museum of Nature Fund Raising Campaign.

*Eric A. Denhoff, Victoria, British Columbia
Appointed January 16, 2002, to January 15, 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
Re-appointed January 12, 2001, to January 11, 2004
Optometrist; President of the Ottawa Society of Optometrists, the Ontario Association of Optometrists, the Canadian Association of Optometrists and the World Council of Optometry.

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.

*Ruth Carol Feldman, Winnipeg, Manitoba
Re-appointed March 10, 2001, to March 9, 2004
Real Estate Sales Associate with Royal LePage and member of the Winnipeg Real Estate Board.

Anne Fry, Edmonton, Alberta
Appointed May 30, 2002, to May 29, 2005
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, TR, 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 and professor, Ryerson Polytechnic 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.

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); 1998 recipient of the Order of Canada.

*Ruth A. Spence, Yellowknife, Northwest Territories
Re-appointed November 26, 2002, to November 25, 2003
Chair, Yellowknife Health and Social Services and its advisory committee; past Executive Director, Yellowknife YWCA; past Yellowknife City Alderman.

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

EXECUTIVE COMMITTEE

Chairperson

Marcel Beaudry

Vice-Chairperson

Heather Chiasson

Members

Ruth Carol Feldman
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 Montreal); 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, Montreal, Quebec

Founding partner and lead designer, Provencher, Roy et Associés architectes in Montreal; 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

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 USA and China range from planning for sustainable communities to architecture of large-scale commercial developments.

Lise Cormier, Montreal, Quebec

Executive Vice-President and Director, Mosaiculture International Montreal; President, International Mosaiculture Committee; Director of new Parks, Gardens and Green Spaces Department, City of Montreal; President of the Board, Société du parc des îles in Montreal; gold medal recipient from the Massachusetts Horticultural Society.

William R. Green, Montreal, Quebec

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, Quebec City, 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 Quebec City.

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 Fischer 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, Montreal, Quebec

Chairperson of several charitable organizations over the past 16 years.

Vice-Chairperson

Daniel Brisset, Montreal, 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, Montreal, Quebec

Executive Vice-President, Pictet Canada L.P.; President, Jeanne Sauvé Foundation; past Director, Investment Banking Department of Scotia Capital Markets.

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, Montreal, 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 2004–2005.

NCC PARTNERS

Art on Ice	Kiwanis Club of Ottawa
Bank of Canada	Keskinada Loppet
ByWard Market Business Improvement Association (BIA)	Kinsmen & Kinette Clubs of Canada
Canada Aviation Museum	Library and Archives of Canada
Canada Council for the Arts	Library of Parliament
Canada Science and Technology Museum	Ministry of Tourism and Recreation of Ontario
Canadian Agriculture Museum — Central Experimental Farm	National Arts Centre
Canadian Broadcasting Corporation	National Film Board of Canada
Canadian Fallen Firefighters Foundation	National Gallery of Canada
Canadian Heritage	National Research Council Canada
Canadian International Development Agency	New Edinburgh Community Alliance
Canadian Labour Congress	OC Transpo
Canadian Museum of Civilization	ODAWA Athletics
Canadian Museum of Contemporary Photography	Office of the Secretary of the Governor General
Canadian Museum of Nature	Ottawa Emergency Services
Canadian Olympic Association	Ottawa Fire Services
Canadian Paralympic Association	Ottawa-Hull Ice Carvers Society (OHICS)
Canadian Red Cross	Ottawa International Airport
Canadian Space Agency	Ottawa International Animation Festival
Canadian War Museum	Ottawa International Writers Festival
Caribou Cup	Ottawa Police Service
Children's Museum	Ottawa Tourism and Convention Authority (OTCA)
CHIN International Radio & Television	Parks Canada
City of Gatineau	Public Works and Government Services Canada
City of Ottawa	Rideau Hall
Communications Research Centre Canada	Rotary Club of Ottawa
Currency Museum of the Bank of Canada	Royal Canadian Legion
Department of Foreign Affairs and International Trade	Royal Canadian Mint
Department of National Defence and Canadian Forces	Royal Canadian Mounted Police
Embassy of Norway	SAW Gallery
Gatineau Police Service	Senate of Canada
Girl Guides of Canada	Scouts Canada
House of Commons	Secondaire en spectacle
Indian and Northern Affairs Canada	Société de transport de l'Outaouais
	St. John Ambulance
	Supreme Court of Canada
	Tourisme Outaouais
	Turtle Island Tourism Company
	Ukatak

Valiants' Foundation
Veteran Affairs Canada
World Exchange Plaza
Zone3sports

NCC CORPORATE SPONSORS

1091876 Ontario Inc. "BLB Enterprises" (Montclair)
1091876 Ontario Inc. "BLB Enterprises" (Nestlé Canada Inc.)
Accenture Inc.
Alcatel Canada Inc.
Business Development Bank of Canada
Canada Post Corporation
Canadian Forces Personnel Support Program
Canadian Tire Corporation
Casino du Lac-Leamy — Loto-Québec
Chicken Farmers of Canada
EDS Canada
Enbridge Gas Distribution
Honda Canada Ltd.
Iceculture Inc.
Kraft Foods
Pepsi Bottling Group (Canada) Co.
Philippe Dandurand Wines Ltd.
Pizza Pizza Ltd.
RBC Financial Group
Reddex Industries Ltd.
Rideau Centre
Rogers AT&T Wireless
Southbank Dodge Chrysler Jeep
Sport Maska Inc. — CCM
Stoney Ridge Cellars
Sun Life Financial Canada
Teletoon Canada Inc.
The Family Channel
The Ottawa Senators Hockey Club
VIA Rail Canada
ZIM Technologies International Inc.

NCC SPONSOR HOTELS AND RESTAURANTS

Albert at Bay Suite Hotel
ARC THE.HOTEL
Aristocrat Suite Hotel
BeaverTails Canada Ltd.
Best Western Hotel Jacques Cartier
Best Western Victoria Park Suites
Bistro 115
Blue Cactus Bar & Grill
Bravo Bravo Ristorante
Buffalo Charlie's II Bar & Grill
Capital Hill Hotel & Suites
Cartier Place Suite Hotel
Coasters Seafood Grill
Cora's Breakfast and Lunch
Crowne Plaza Ottawa
D'Arcy McGee's Irish Pub
Dancing Mermaid
Delta Ottawa Hotel & Suites
Earl of Sussex Pub
Embassy Hotel & Suites
Embassy West Hotel Conference Centre
Excellent Eateries Group
Fairmont Château Laurier
Fat Tuesdays New Orleans Experience
Four Points by / par Sheraton
Hard Rock Café
Highlander Pub
Hilton Lac-Leamy
Holiday Inn Hotel and Suites Ottawa
Holiday Inn Plaza La Chaudière Hull — Ottawa
Il Piccolino Ristorante
Il Primo Ristorante
Les Suites Hotel Ottawa
Lord Elgin Hotel
Luxe Bistro
Mamma Grazzi's
Maxwell's Bistro & Club
Mayflower II Restaurant & Pub
Mayflower Restaurant & Pub
Minto Place Suite Hotel
Monterey Inn Conference Centre
Noah's Restaurant & Catering
Novotel Ottawa
Oregano's Pasta Market
Marriott Ottawa
Quality Hotel
Radisson Ottawa
Relais Château Cartier Resort
Sheraton Ottawa Hotel
Texas Chop House
The Black Bear Pub
The Courtyard Restaurant
The Fish Market Restaurant
The Keg Steakhouse & Bar
The Marble Works Steak House

The Westin Ottawa
Tucker's Market Place
Vineyards Wine Bar Bistro
Vittoria Trattoria

NCC FRIENDS OF THE RIDEAU CANAL SKATEWAY

Diamond

BeaverTails Canada Co.
CAA Travel
Chicken Farmers of Canada
RBC Financial Group
The Westin Ottawa
University of Ottawa
Viking Rideau Corporation

Gold

Borealis Infrastructure
Canadian Institute of Chartered Accountants
Cisco Systems Canada Co.
Cognos Inc.
DC Diplomat's Choice Interior Designers
Figure 8 Skate Specialists
Ottawa Citizen
Sheraton Ottawa Hotel

Silver

Aqua Terre Solutions Inc.
Canadian Wood Council
Cartier Place Suite Hotel
Dessau-Soprin inc.
Finlayson & Singlehurst
Ginsberg Gluzman Fage & Levitz, LLP
Gowling Lafleur Henderson LLP
Lafleur de la Capitale Inc.

Bronze

Acc Par Systems
Arnon Corporation
BreconRidge Manufacturing Solutions
Canadian Society of Customs Brokers
Deloitte
General Dynamics Canada
Ginsberg-Gingras and Associates Inc.
Johnsons Business Interiors
KPMG MSLP
Les Suites Hotel, Ottawa
M. McGrath Canada Ltd.
MyTravel Canada
Novatech Disaster Restoration Inc.
Novotel Ottawa
Ottawa Congress Centre
Quality Hotel Ottawa
Ron Engineering and Construction (Eastern) Ltd.
Telesat Canada
The Fish Market Restaurant
VSP Printing 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.

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

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).

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

Master plan A land use plan, 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.

Policy plan A land use plan, approved by the Commission, that directs, through broad policies or strategies, the future development, management and programming of all federal lands within CCR. The *Plan for Canada's Capital* is a policy plan. The policy plan's goals and policies are carried out, and refined, in master and sector plans.

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.

Strategic Environmental Assessment A systematic and comprehensive process of evaluating the environmental effects of a policy, plan or program and its alternatives.

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.