

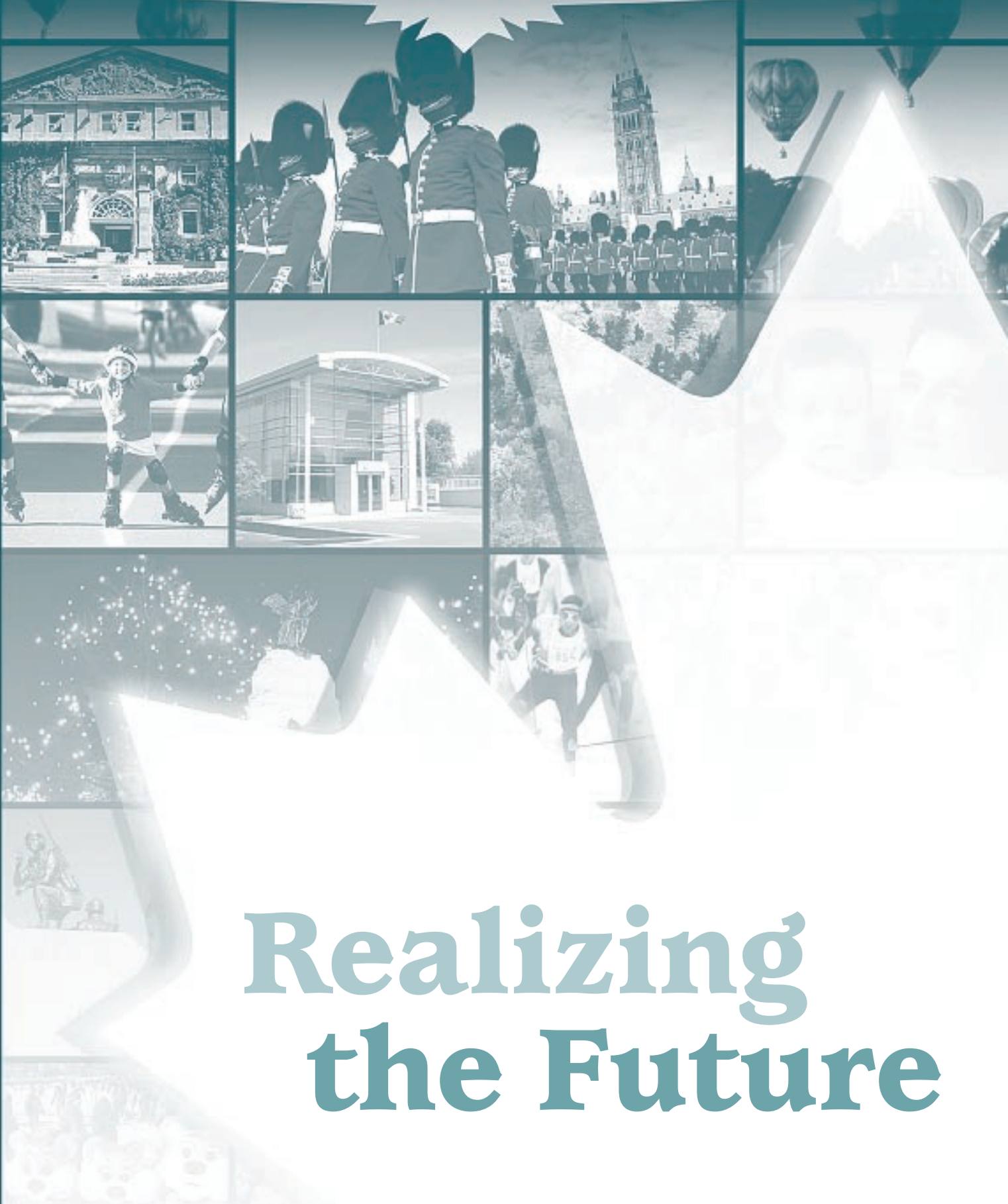


National Capital
Commission

Commission
de la capitale nationale

Canada

National Capital Commission • Annual Report 2002–2003



Realizing the Future

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National Capital Commission

Annual Report 2002–2003

Realizing
the Future

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Chairperson's Message

The NCC is an organization with a history. Year after year, we move forward along the road that Parliament laid out for us nearly a century ago. It is our task to plan and build a capital that will be worthy of Canada as it grows and changes. Our mission is to inspire Canadians with pride in their country.

The road we travelled last year was difficult in some ways. With the economy still reeling from terrorist attacks in the United States and "September 11" now a byword in the language, we are more conscious than ever of the need for security and fiscal prudence. That awareness became especially acute in the summer of 2002, when G8 demonstrators converged on Parliament Hill just as we moved in to prepare the site for Canada Day. We were forced to adapt, and we did. The events of late June showed that the NCC is a highly flexible organization. The fact that Canada Day 2002, though different in some ways, was just as great a success as ever is testimony to the competence and creativity of our staff.

In today's world, strategic focus is more important than ever. With government priorities shifting in the direction of security and economic protection, the NCC recognized an imperative to streamline. We narrowed our focus to a number of flagship events and activities, such as Canada Day, Winterlude and the Canada and the World Pavilion. These contribute most significantly to the achievement of the mandate, we concluded, and that is where we concentrated our efforts last year. The result of this strategic "regrouping," I believe, is a stronger program all round.

The winter of 2003, a colder season than we have experienced in many years, marked an important anniversary in Canada's Capital Region. Twenty-five years ago, programmers at the NCC looked at the Rideau Canal Skateway and were inspired to use it as the setting for a new winter festival. Ever since, we have been working with local municipalities and other partners to produce a festival that symbolizes and expresses our quintessentially northern way of life. Fittingly, in this 25th year, the skating season was exceptionally long and beautiful.

Programs such as Winterlude and Canada Day have emerged over the years as important mechanisms for the creation of pride and unity. However, the roots of the NCC lie in planning. In 1999, we followed in the footsteps of one of Canada's great planning pioneers — Jacques Gréber, who gave the Capital the historic plan of 1950 — when we issued the *Plan for Canada's Capital*. Our blueprint for turning the principles of this newest policy plan into reality is a complementary work called "Capital Agenda 21." This "bricks-and-mortar" implementation plan lays out in detail the projects needed to realize the policies in the 1999 plan for the region. We took Capital Agenda 21 to the public for consultation last year, and we plan to finalize it in the coming months.

We have not waited, however, to get started on the next phase of Capital-building. The concrete results of Capital Agenda 21 are already visible in the Capital and on LeBreton Flats in particular. Bulldozers moved on to the site of the new Canadian War Museum last summer, and work is now well advanced towards the 2005 opening of this revamped cultural institution in the National Capital Region.

There have been five major plans in the history of Canada's Capital, and each has played a role in the long, gradual evolution of the Capital. The accomplishments of the past are clear to see in the parks and parkways, the protected shorelines, the heritage buildings and monuments of the Canadian capital. In 1999, the *Plan for Canada's Capital* encouraged us to look forward, however, and to map out a capital for the future. The redevelopment of LeBreton Flats, now fast becoming reality, suggests that the future we have been planning for and working towards for so many years has finally arrived.



Marcel Beaudry, Chairperson

Building a Great Capital for All Canadians — Capital Agenda 21



› Symbolism in the Capital

To enhance the memorability and uniqueness of the Capital experience for visitors and residents.

The best of all that is Canadian — its history, people, values and landscape — are symbolized in the statues, banners, exhibitions, monuments and memorials of the Capital. The NCC plans to emphasize symbolism in the form of new urban design, heritage conservation and view protection in the Core Area.

› The Visitor Experience

To enhance the animation of the Capital for visitors and residents with year-round programming and integration of visitor experiences with local activities.

The NCC and its partners have been working for many years to shape the Capital as a meeting place for Canadians. Today, the Capital offers a rich array of national festivals, as well as interpretation of important Capital features, visitor services and access. The NCC plans to develop key districts and attractions to add to visitors' appreciation and understanding of Capital messages.

› The Capital's Rivers

To affirm and celebrate the ecological and historical dimension of the Capital's waterways in the Capital's evolution.

Canada's rivers have played a crucial role in Canadian history and in the development of the National Capital Region. The NCC has worked hard since its creation in 1959 to protect the Capital's shorelines and to provide appropriate access. In future, it will work with municipal and regional partners to implement an integrated development plan for the Ottawa River, and much more.

Blueprint for the 21st Century

Capital Agenda 21 constitutes a “next step.” As an implementation plan, it will take the vision, policies and principles set down in the *Plan for Canada’s Capital* (1999) and turn them into reality. The plan proposes a set of strategies, projects and actions needed to shape Canada’s Capital over the next 50 years. These initiatives fall under six themes, as shown below. In 2002–03, the NCC continued to develop the proposals and to consult with partners — including federal partners (such as Public Works and Government Services Canada), local municipalities, the general public and special interest groups. The NCC expects to finalize the plan in 2003–04. In the meantime, work has gone forward on various elements within the plan — notably the redevelopment of LeBreton Flats.



› The Capital’s Natural Environment

To enhance, through an ecosystem-focused approach, the integrity of those elements of the National Capital Region’s environment that support a healthy capital.

In a region of nearly 4,700 square kilometres, an amazing array of landscapes and habitats exists, including mixed and coniferous forests and internationally designated wetlands. The NCC plans to increase both the expanse and quality of protected lands, to restore contaminated lands and to demonstrate exemplary land management, and to work with municipalities to reduce pressures on open space in the region.

› Federal Government Office Accommodation

To provide federal office accommodation that meets program needs, provides a healthy work environment and takes into account NCC and municipal planning objectives when considering locations.

The National Capital Region is home to Canada’s federal government, and has more than 10,000 public servants working in the downtowns of Ottawa and Gatineau and in outlying campuses. Yet many government office buildings are nearing the end of their useful lives. The NCC will support the rehabilitation or replacement of older office buildings and work towards the desired 75/25 split in distribution of federal government employees in Ontario and Quebec.

› The Rural Capital

To extend the Capital presence to rural areas of the National Capital Region.

The urban Capital is surrounded by rural lands, scenic rivers and picturesque villages. Indeed, the rural area makes up some 80 percent of all land in the region. The NCC has long worked to improve access to rural districts and to restore historic assets. However, more remains to be done to open up the rural world as part of the Capital experience.

Highlights of the Year

LeBreton Flats

After nearly four decades, LeBreton Flats is on the verge of returning to life as a neighbourhood of parks, public institutions, commercial buildings and housing. Archeologists exploring the site uncovered artifacts that cast new light on working class life in 19th-century Ottawa. Some of the artifacts were loaned to the Bytown Museum for an exhibition called "Boozing, Brawling, Bawdy Bytown." On LeBreton Flats, soils contaminated by industry in centuries past continue to be cleaned, and the walls of the new Canadian War Museum are rising.

Sparks Street

The NCC continued to work on its plan to revitalize Sparks Street as an expression of the Capital's commercial heritage. Seeking to balance local concerns and national interests, the NCC conducted public consultations on the plan for mixed residential, commercial and public revitalization. It also carried out various technical studies and pursued discussions on the acquisition of buildings on the south side of the street between Metcalfe and O'Connor streets.

Champlain Bridge

Years of work culminated in the re-opening of the Champlain Bridge in July 2002. The new bridge, which replaces the historic structure of 1928, is wider and stronger than its predecessor. It also has a pedestrian walkway, bicycle lanes and an innovative reversible centre lane that is reserved for high-occupancy commuter vehicles (the direction of travel changes during the day in keeping with the main direction of commuter travel).

25th Winterlude

Visitors from out of town poured into the Capital to celebrate the 25th season of North America's greatest winter festival. Visitors turned out in the cold to see fireworks, snow sculptures and ice carvings, to eat BeaverTail pastries, to watch cross-country skiing or figure skating and to skate on the Rideau Canal Skateway. Dows Lake — the site of a new Skateway chalet — was redesigned this year so that it both looked like and acted as a gateway to the festival.

Confederation Boulevard

Work began on the final leg of Confederation Boulevard, the "International Sector," which reaches out along Sussex Drive to Rideau Hall. By the time Her Majesty Queen Elizabeth II arrived on her Jubilee tour in October 2002, the Sussex Forecourt in front of Rideau Hall had been transformed with the addition of a new traffic circle and the installation of granite-edged pavements and Confederation Boulevard lampposts and plantings.

The Juno Awards

The NCC has a mandate to make the Capital a gathering place for Canadians. In 2002, it succeeded in securing the hosting of the 2003 Junos in Canada's Capital Region. The event culminated in singers and musicians gathering here, with Shania Twain hosting a sparkling event that honoured Canada's musical best.

Values

Good communications are fundamental to good working relationships, especially in an organization as many-faceted as the NCC. In 2002-03, the NCC took action to improve internal communications and to launch a new intranet service. The new technology will improve the flow of information within the organization. Succession planning efforts also continued to ensure staff is in place with the right skills and knowledge to move the organization forward in the future.

Enhancing Relations

The NCC continued work to implement the recommendations of the Sussex Circle report to ensure municipal authorities and residents of the region are engaged in meaningful dialogue and contribute to building a capital that all Canadians can be proud of.



Michel Viens, Colette Soulière, Gershon Rother (The Green Capital User Study Team)
September 2002 Team of the Month



ABOUT THE NCC

Creating a Capital for Canadians

Mission

Creating pride and unity through Canada's Capital Region

Values

Respect

We demonstrate respect in all our relationships based on mutual trust, strong ethical behaviour and through honesty, support and communication.

We value and respect the diversity of our workforce by embracing tolerance and acceptance, and by promoting and recognizing individual and group achievement, expertise and contributions.

Well-Being

We recognize that the well-being of the individual is paramount to the success and effectiveness of the organization as a whole.

We promote well-being by encouraging a balance between our personal and professional lives.

We foster an environment of flexibility, mutual understanding, fair and reasonable expectations, empowerment and growth.

We promote a safe, healthy and secure workplace, motivating productivity, fulfillment and a stable workforce.

Commitment

We demonstrate commitment to our mandate through accountability as builders, guardians and interpreters of Canada's Capital Region.

We encourage and recognize creativity, initiative, resourcefulness and continuous learning.

We strive for excellence and apply the principles of effective leadership, teamwork and open communications.

In 1999, the NCC celebrated 100 years of urban planning in Canada's Capital. During a century of evolution, the Capital has transformed from wilderness outpost to modern metropolis. In that process, the NCC and its predecessors have served as agents of change. The earliest of these organizations, the Ottawa Improvement Commission (founded in 1899), focused exclusively on Ottawa, with emphasis on beautification and the construction of parks and parkways. The creation of the Federal District Commission (FDC) in 1927 signalled a refinement in approach, as Parliament recognized the need to conceive of the Capital as a larger region encompassing parts of Quebec and Ontario. One of the last important acts of the FDC was to commission the 1950 Gréber Plan, which laid out a blueprint for future development of Capital infrastructure (notably a system of urban and outlying parks and parkways, along with the Greenbelt). In 1959, Parliament enlarged upon the idea of the Capital as a national treasure by creating the NCC. Its mandate was to develop a capital that would reflect the whole of Canada as it evolved into a great modern state. The work of the NCC today encompasses not just the planning and construction of infrastructure — parks, monuments, bridges and roads — but also the creative use of public spaces in ways that communicate the heritage and culture of Canada to a broad constituency of Canadians.

2002

Capital Agenda 21

Sets out an implementation program for the NCC's 1999 *Plan for Canada's Capital*. Proposes strategies, projects and actions to guide the Capital's future under six main themes: symbolism in the Capital; the visitor experience; the Capital's rivers; the Capital's natural environment; federal office accommodation; and the rural Capital.

1999

Plan for Canada's Capital

Successor to the Gréber Plan and the *Federal Land Use Plan*, it serves as a guide for federal planning efforts in the first 50 years of the 21st century.

1988

Federal Land Use Plan

Enshrines the expanded mandate of the NCC to include public programming.

1950

**Gréber Plan
(General Report on the
Plan for the National Capital)**

Recommends the relocation of railways from central Ottawa, improved transportation services and decentralized government offices. Additional priorities include the creation of a scenic parkway system and the National Capital Greenbelt, shoreline restoration and the expansion of Gatineau Park. The NCC is later formed to carry out recommendations of the Gréber Plan.

1903

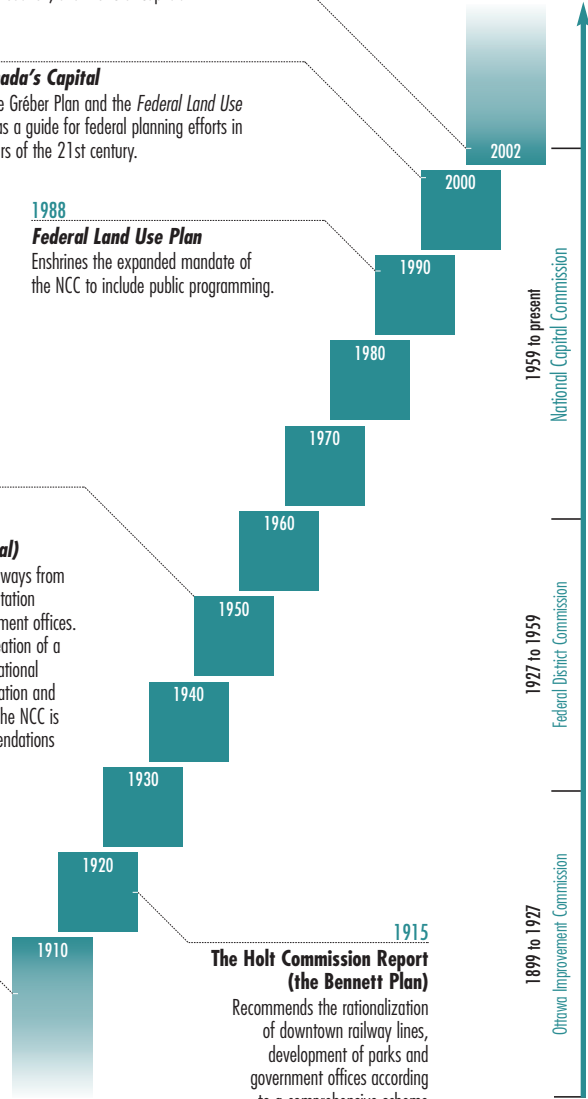
The Todd Plan

Conceives the Capital as a region defined by a system of parks.

1915

**The Holt Commission Report
(the Bennett Plan)**

Recommends the rationalization of downtown railway lines, development of parks and government offices according to a comprehensive scheme and the creation of a Capital park north of Hull.



Legislation

The *National Capital Act* of 1958, amended in 1988, directs the NCC to:

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

organize, sponsor and 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 also empowers it 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 (NCR), and to approve the design of buildings and land use, as well as any changes in use relating to federal lands, in the NCR.

Crown Corporation Status

As a Crown corporation, the NCC functions much like a private-sector business. What distinguishes it from other corporations, however, is its public-policy purpose — specifically, to create a capital that will represent Canadians and inspire them with pride in their country and heritage. Crown corporation status means that the NCC is subject to the accountability regime set out in Part X of the federal

Financial Administration Act. It gives the NCC the managerial independence it must have 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 that will further mutual objectives.

Canadian Heritage Portfolio

The NCC is a member of the portfolio of the Minister of Canadian Heritage. The NCC draws strength from its Heritage partners (the national museums, the Canadian Broadcasting Corporation, the National Arts Centre and others) and works to ensure that its activities complement those of its

sister institutions. Together with its Heritage partners, the NCC works to address common priorities and concerns, including marketing the Capital and its institutions, broadcasting Canada Day shows and reviewing accommodation issues of the Capital's cultural institutions.

Products and Services

The NCC, in fulfilling its mandate, has developed a wide range of products and services. These are united not only by a common purpose and philosophy, but also by very real, functional links between four sectors of activity. In delivering diverse products and services, the NCC strikes a balance between building and preserving infrastructure (the *business* of the NCC) and using that infrastructure for nationally significant purposes (the *mission* of the NCC).

Sector I: Promoting and Animating the National Capital Region

This sector animates and interprets the Capital so as to present it to residents and visitors as a place to experience Canadian heritage, culture and achievements through varied services, events and programs. It also increases awareness of the Capital outside the National Capital Region through national marketing campaigns, communications contacts (broadcasting) and outreach activities.

Products:

- Events and public programming (e.g., Canada Day, Parliament Hill sound and light show, Winterlude)
- Interpretive programs (e.g., the Capital Infocentre, Confederation Boulevard, the Canada and the World Pavilion, the Mackenzie King Estate and the outdoor educational program on Parliament Hill)
- Outreach and marketing (e.g., the Canadian Capital Cities Organization, the "canadascapital.gc.ca" website, cooperative marketing campaigns, guidebooks)

Sector II: Planning the National Capital Region

The NCC guides the physical development and use of federal lands, coordinates and achieves excellence in design and plans development that is appropriate to the role and significance of the Capital of Canada.

Products:

- Long-term visionary plans for the NCR to guide ownership, use and development of federal lands
- Area and site plans, concepts and guidelines to shape the development and management of federal lands
- Land use and design approvals for all federal lands in the NCR

Sector III: Real Asset Management and Development

The NCC manages and protects physical assets of national significance on behalf of future generations of Canadians.

Products:

- A cohesive land base that contributes strongly to an expression of Canadian nationhood in the Capital Region
- A revenue stream from leases, disposals and development initiatives to fund NCC rehabilitation and maintenance costs
- Assets (including the official residences) that are maintained to appropriate standards

Sector IV: Corporate Services

The NCC promotes the efficient and productive use of resources through the centralized provision of corporate services to all business lines.

Products:

- Corporate and financial plans and reports
- Corporate technologies and geomatics
- Information management
- Financial and procurement services
- Accommodation
- Internal audits and evaluations
- Human resources
- Corporate research
- Corporate secretariat
- Corporate communications

The NCC was honoured with 10 Pinnacle awards in 2002-2003 from the International Festivals and Events Association (IFEA)

Gold

Winterlude 2002: "Au pays du Bal de Neige" (Best Full-Length French TV Program — National)

Silver

Winterlude 2002: "Winter Wonderland" (Best Full-Length TV Program — National); Christmas Lights Across Canada on Parliament Hill: Opening Ceremonies (Best Full-Length TV Program — Local); winter solstice guide: Re-awaken your senses (Best Promotional Brochure); Canada and the World Pavilion (Best Ad Series).

Bronze

Rideau Canal Skateway (Best Promotional Poster); tulip pin (Best Pin); Canada Day merchandise (Best New Promotion); Winterlude merchandise (Best Miscellaneous Clothing); Winterlude/Canada Day merchandise (Best Other Merchandise).

Operating Environment

Government

Much of the federal government's budget surplus forecast for 2002–03 was sidelined to deal with the double threat of terrorism and a weakening economy. In future years, excess funding will be needed to cover the costs of identified federal priorities: increased spending on health care, affordable housing and municipal infrastructure. At the same time, the government promoted social cohesion in Canada through the creation of a new interdepartmental steering committee to clarify and reinforce the core values of Canadian society and to strengthen the trust between government and citizens. The federal government committed itself to modernization of the federal public service to deal with Canada's aging civil service and to ensure the necessary influx of young, talented employees to safeguard the delivery of government services in years to come.

Economy

The effects of the 2001 terrorist attacks in the United States continued to impact the Canadian economy in 2002–03, with resulting instability in markets, layoffs, plummeting consumer confidence and a sharp decline in the number of people travelling for both business and leisure. Interest rates fell steeply as the federal government attempted to boost the economy, and the Canadian dollar dropped to its lowest level ever. These factors, added to an already weakened high-technology sector, set the stage for a difficult year in economic terms. However, the low interest rates

and Canadian dollar contributed to Canada having the strongest economic growth among G7 countries.

Society

Canada's population is growing and changing in composition. With a population now exceeding 31 million and immigration accounting for much of the growth, the government has an important role to play in promoting and interpreting Canada's various cultures, including those of Canada's First Nations. Recent surveys indicate that Canadians give high importance to living in a tolerant, multicultural society with freedom of speech and action. At the same time, they increasingly want to preserve a unique Canadian identity, separate from the American model.

Environment

Canada committed itself to the Kyoto Protocol and to a full-scale effort to reduce greenhouse gas emissions. Parliament also passed its *Species at Risk* legislation, to protect migratory birds and endangered species on federal lands and in federal waters, and is working on amendments to the *Canadian Environmental Assessment Act* in order to streamline the environmental assessment processes.

Technology

The maturing of the information revolution is profoundly affecting the character of young Canadians, who now have more affordable electronic access to information and an ability to communicate readily with peers around the world. More and more Canadians

are now making regular use of e-mail and the Internet (51.3 percent of households, compared to 35.9 percent in 1998). The federal government is moving ahead to have government services fully interactive by the year 2004. Having completed the first phase of its "Government On-Line" initiative, efforts turned last year to the task of making sure that all government sites had a common identity and offered visitors the same "Canadian" look and feel.

National Capital Region

The new City of Ottawa entered its second year in 2002 in the face of significant financial challenges. In particular, it confronted a shortfall in funding for capital infrastructure. On the Quebec side of the Ottawa River, work continued to amalgamate municipalities under the new city of Gatineau. Tourism remains well below 1999–2000 levels for the region. On the positive side, housing remained robust as mortgage rates fell to their lowest levels in many years, while property values continued to increase. Commercial vacancies, which had been extremely low during the years of the high-technology boom, began to rise, while vacancy rates for residential rental properties remained among the lowest in the country. The federal government and the province of Ontario are working with municipalities in the NCR on a 10-year initiative to modernize the region's transit system in keeping with the principles of Smart Growth.



Anne Malone-Bianconi (Interior Design and Collections Management)
November 2002 Employee of the Month

GOVERNANCE

How the NCC Works

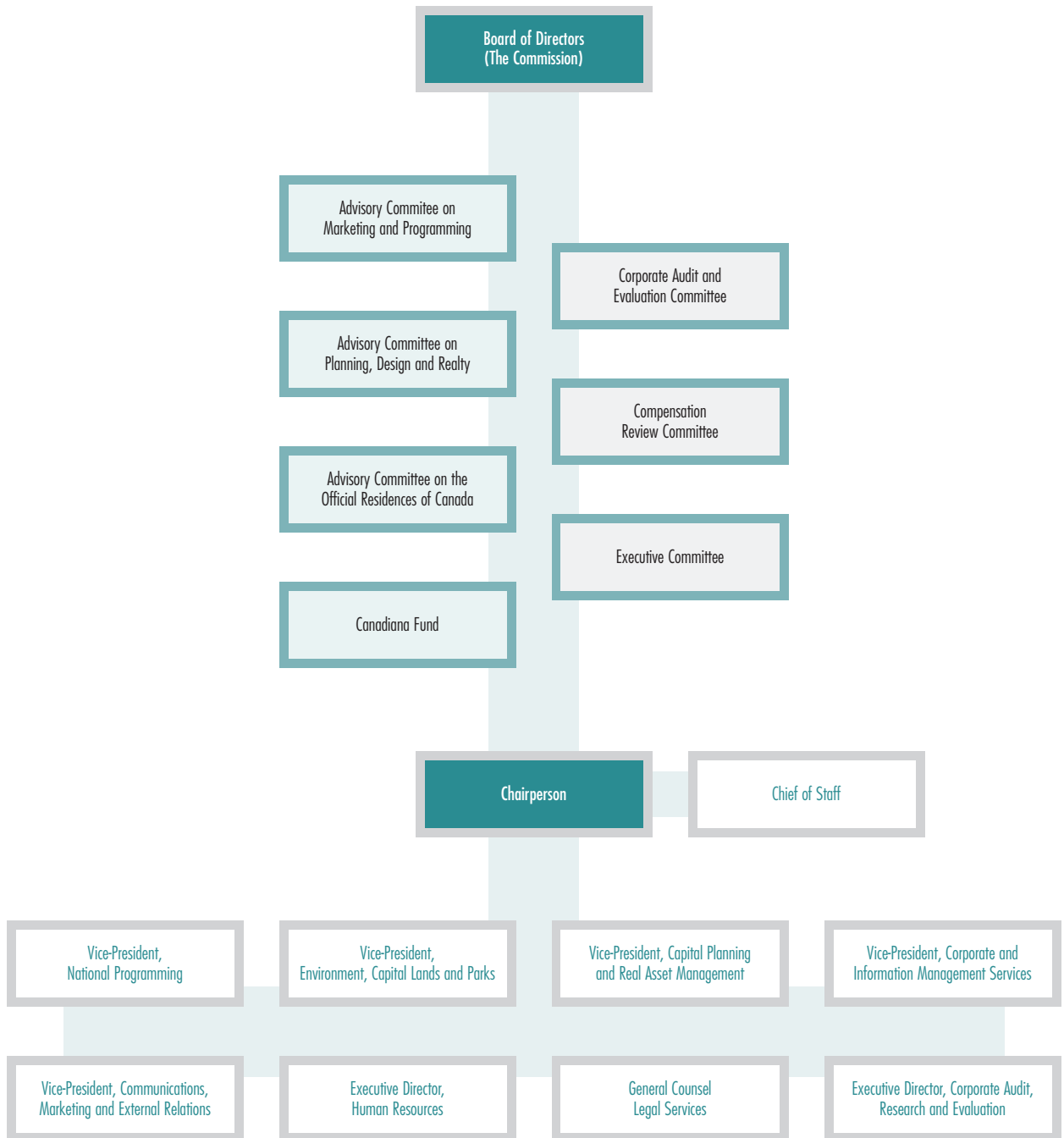
Corporate Structure and Leadership

Towards Accountability and Good Relationships

The NCC is a multi-faceted organization with eight branches, operating within four distinct sectors of activity, that work together to manage, protect

and interpret federally owned lands and properties in the National Capital Region (NCR). The organization is headed by a board of directors — the “Commission” — that continually works to improve its governance

processes and to foster good relationships with other governments and with the public. It reports to Parliament through the Minister of Canadian Heritage.



In the year 2000, during regional and municipal reform, the Commission called for a review of relationships between the NCC and its stakeholders through the Sussex Circle report (*Enhancing Relations*), which examined the corporation's openness and accountability. Since then, the Commission has been implementing recommendations in the report, particularly those making the NCC more accessible to local residents. The past two Annual General Meetings have been open to the public to foster a better under-

standing of NCC activities. At the last meeting, the NCC gave presentations on its major capital projects and provided members of the public with an opportunity to comment and ask questions.

Similarly, in 2002–03 the Commission organized its first annual meeting with special interest groups in the NCR. Presentations at this meeting focused on four themes — leisure and tourism; heritage; planning and transportation; and the environment —

and 32 groups made presentations. Public input was later taken into consideration through the NCC's annual strategic planning exercise.

Again in keeping with recommendations of the Sussex Circle report, the NCC Chairperson met five times in 2002 with the mayors of Ottawa and Gatineau on the newly formed National Capital Tripartite Planning Committee that promotes more effective planning and collaboration between the NCC and the two municipalities.

Direction



BOARD OF DIRECTORS (from left to right): Jacques Carrière, Roland des Groseilliers, Anne Elizabeth Fry, Marcel Legault, Marcel Beaudry, François Pichard, Heather Chiasson, Irving Schwartz, Ruth Carol Feldman, Robert D. Guibord

The Board of Directors

The Commission is composed of 13 members, as well as the Chairperson and Vice-Chairperson, all appointed by Order in Council. The members of the Commission are drawn from across Canada, with five representatives from the NCR. Commission members are appointed for terms of up to three years and may serve only two consecutive terms. The Commission meets at least four times per year and communicates by teleconference as required. It is responsible for general oversight of the organization. Its specific duties relate to managing and safeguarding the NCC's resources; monitoring, evaluating and reporting on performance; and providing guidance on certain operational issues. The Commission reports to Parliament on the NCC's strategic direction and performance by submitting annually to the Minister a summary of the corporate plan, including operating and capital budgets, and an annual report.

In Touch with Canadians

www.nationalcapitalcommission.gc.ca

In 2002–03, the NCC website continued to support communications with the Canadian public. During the year, some 10,000 visitors logged on to the site each week, where they found a wealth of information on major projects, job opportunities at the NCC, products, services and recent news. In particular, the NCC is promoting the website to support public consultation and dialogue on key projects such as LeBreton Flats and Capital Agenda 21.

In terms of establishing a more open dialogue with the public, a major achievement this year was the webcasting of the NCC's second Annual General Meeting. Also, a section was added to the website that allows artists to register online with the NCC for certain events and to update portfolios submitted to the NCC.

Corporate Committees

The NCC manages the decision-making process, monitors performance and evaluates certain operational issues

through the work of corporate committees. (For a list of committee members, see Appendix I.)

EXECUTIVE COMMITTEE — guides the Commission on corporate issues and strategies and approves projects and transactions.

CORPORATE AUDIT AND EVALUATION COMMITTEE — reviews internal audit and evaluation reports and the Auditor General's annual financial audits and special examinations. It also takes responsibility for discussing and seeking ways to improve corporate governance and to respond to government priorities through the work of the Commission

COMPENSATION REVIEW COMMITTEE — reviews the performance, remuneration and benefits granted to full-time Governor-in-Council appointments, such as the Chairperson.

Advisory Committees

The advisory committees recommend and provide technical guidance to the NCC, other federal organizations and private-sector representatives in the Capital. (For a list of committee members, see Appendix I.) The NCC

acquires national perspective and professional breadth through the operation of these committees, and it recruits members who are recognized experts in Canada's professional, academic and business communities.

ADVISORY COMMITTEE ON MARKETING AND PROGRAMMING — advises on cultural programming, marketing, sponsorships, partnerships and communications.

ADVISORY COMMITTEE ON PLANNING, DESIGN AND REALTY — advises on the use, development and management of public lands and properties, including architecture, public works, banners, signs and statuary, in the NCR.

ADVISORY COMMITTEE ON THE OFFICIAL RESIDENCES OF CANADA — advises on maintenance and operational issues related to the six official residences in the NCR.

CANADIANA FUND — solicits donations of funds, heritage art and furniture for the enhancement of the state rooms of the official residences in keeping with their public functions.

Corporate Governance Guidelines

Members of the Commission are required to act honestly, diligently, carefully and in good faith, in accordance with the requirements of the *Financial Administration Act*. By 1996, when the Treasury Board Secretariat and the Department of Finance published the guidelines entitled *Corporate Governance in Crown Corporations and Other Public Enterprises*, the NCC had already started to implement most of the provisions in the guidelines. Since then, it has continued working to strengthen and enhance its governance structures and practices.

Today, the NCC ensures, through regular briefings and through three corporate performance reviews annually, that the Commission has the information and analysis it needs to understand the issues facing the corporation and to provide sound advice and guidance. It follows a systematic reporting process for significant governance issues (for example, environmental management). The Commission is deeply involved in the NCC's strategic planning process, providing guidance and direction related to strategic retreat results and reviewing the corporate plan and annual report before these documents are submitted to the Minister of Canadian Heritage. The NCC provides information to new Commission members on the corporation's accountability, reporting structures and by-laws. Commission members tour the operations and meet all members of the senior management team to discuss corporate processes and products and to review current issues. The NCC provides new members with federal guidelines related to the role of Crown corporation directors, conflict of interest and governance. Commission members are permitted to excuse themselves from discussions and decision-making related to potential areas of conflict of interest.

The members of the Commission do not receive remuneration for regular Commission meetings, but they are compensated for work on various committees. In 2002–03, compensation paid to all members of the Commission for committee work totalled \$117,785. (For a list of Commission members and details of attendance at meetings and expenses, see Appendix I.)

RECRUITMENT The NCC operates in a broad range of industry sectors — specifically, community and media relations; special events planning and multimedia; environmental, cultural, urban and regional planning; urban design and development; architecture; real estate and development; and management and business — and it needs a broad range of expertise among its directors. When vacancies arise, the Chairperson advises the Minister's office regarding the sector experience and skills that are needed. In 2001–02, the NCC improved the recruitment process through the development of competency profiles for members of the Commission. These profiles identify roles and responsibilities — for example, strategic planning, risk assessment and performance management — and they pinpoint core attributes and skills that are needed in areas such as finance, marketing, communications, planning and urban design. These competency profiles will help the NCC and the Minister of Canadian Heritage to choose new members, to fill gaps in skills and experience and ultimately to strengthen the Commission. Work on the gap analysis continues and should be completed in fall 2003.

MANAGING RISK The Commission monitors and provides guidance in key areas within a dynamic risk environment that is managed by the Executive Management Committee. The NCC has a wide variety of mechanisms to monitor and manage risk

— among them, a comprehensive strategic planning process and several succession planning initiatives. In addition, the NCC conducts risk assessments for specific aspects of its operations, including the Integrated Asset Management Information System (IAMIS) that identifies processes and procedures needed to manage large systems projects. In the area of environmental management, the Commission monitors progress towards goals stated in a 1999 contaminated sites management program. A regular reporting process has also been implemented relating to water quality issues and response to environmental incidents. Major construction projects — in 2002–03 these included the LeBreton Flats redevelopment, the completion of the reconstruction of the Champlain Bridge, the development of the Sussex Forecourt and the official residences rehabilitation program — are also monitored as part of the NCC's project management system to ensure that risks are being managed appropriately.

PERFORMANCE EVALUATION In 2001–02, the Commission undertook a self-evaluation of the NCC's governance practices relative to Treasury Board guidelines. After a full review, the Commission concluded that, in general, the corporation is well governed and managed, that the corporation has appropriate management processes in place and that a good working relationship exists between management and the Commission. In addition, the Commission identified improvements in administration to facilitate its work and committed itself to repeat the self-evaluation on a regular basis. The next self-evaluation is scheduled for spring 2003.

Operations

Executive Management Committee

The Executive Management Committee (EMC) translates strategic decisions of the Commission into appropriate action at the operational level. This Committee, established when the NCC was created,

consists of the Chairperson, the Chief of Staff and all senior executives (specifically, branch vice-presidents and executive directors and the NCC's General Counsel). The EMC meets weekly to review staff submissions relating to new projects and the daily work of the NCC.



EXECUTIVE MANAGEMENT COMMITTEE (from left to right): Guy LaFlamme, Diane Dupuis, Deborah Tudin, Gilles Lalonde, Marcel Beaudry, Richard Fajarczuk, Micheline Dubé, Michelle Comeau, Curry Wood, Suzanne Gustafsson.

Branch Management

Each of the NCC's eight branches is headed by a branch executive — a vice-president or executive director — responsible for branch operations and for ensuring that the policies and values of the NCC are fully implemented and well managed. Each branch operates under a memorandum of understanding with the Chairperson that sets 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 ensure achievement or to implement timely corrective action.

SUCCESSION MANAGEMENT PLANNING In 1999, the NCC developed a succession management program to ensure continuity for senior executives. Strategies were developed for three groups — The Executive Management Committee, directors and other key positions. Managers and directors interested in promotion to senior management levels were asked to self-identify, after which their skills were evaluated and training programs were developed to address skill deficiencies. Since the launch of this initiative, two directors from a pool of 21 candidates have been promoted to senior management while three out of 26 staff have moved into directorial positions. Work continues to identify key positions and to ensure the existence of qualified successors.



Jérôme Muller (Project Architect)
April 2002 Employee of the Month

THE YEAR IN REVIEW

Reaffirming Our Role as
the Builder of the Capital

Strategic Issues

Building a Capital for the 21st Century

The *Plan for Canada's Capital* articulates a vision of the evolving Capital over the next 50 years and lays down the principles that will guide that evolution. This is only the beginning. A great deal of work and consultation has been started to take the plan to the next level — leading to an implementation plan called “Capital Agenda 21” and developments now underway at LeBreton Flats — and to transform policies into actual projects.

September 11, 2001

The effects of September 11, 2001, will be felt for many years to come. The NCC has been forced to confront new issues of security at mass events such as Canada Day. At the same time, September 11 underlined the importance of the NCC's mission — to unite and inspire Canadians with pride in their common nationality and to instill a passion for Canadian values of peace and tolerance.

Renewal of Programming

The NCC needs to adapt its programming plan to challenging fiscal realities. For several years now, program budgets have been eroding in the face of steadily rising costs. In a post-September-11 world, the NCC has had to refine its programming and identify new ways to promote social cohesion.

Community and Consultation

The NCC addresses its national mandate in a local context and is committed to improving relationships with local governments and the public. As the effects of amalgamation in the cities of Ottawa (January 1, 2001) and Gatineau (January 1, 2002) were assimilated, the NCC formalized relationships with the new municipalities and took steps to strengthen its traditional role as a leader in the Capital Region.

The Workforce

Through a process of “commercialization” in the mid-1990s, the NCC met the challenge of deficit reduction and cut its workforce in half. Though it thereby saved its rich array of programs for the 21st century, the impact of downsizing on its workforce was substantial in terms of increased workload. The NCC is seeking new ways to support employees so that they can continue to work productively.

Sustainable Funding

Costs continue to rise. The NCC faces the challenge of identifying new sources of sustainable funding. It also recognizes the need to develop strategic alliances to make the most of scarce programming and marketing resources.

Partnerships and Consultations

Partnership is key to achievement. Consultation is key to understanding. To fulfill its mandate, the NCC has both an obligation and a need to work with a wide range of partners and to consult the public. The past year is filled with examples of creative cooperation, all of which have put their unique stamp on the NCC's achievements.

Business

In 2002–03, corporations contributed nearly \$2.5 million (cash and in-kind services) to support NCC programs and activities such as Winterlude, the Rideau Canal Skateway, Fall Rhapsody, Sunday Bikedays and Canada Day. For

Winterlude alone — which last year celebrated its 25th edition — corporations contributed over \$600,000 (in cash and in-kind services) to help maintain the world's longest skating rink and to make Winterlude sparkle.

Municipal Planners

Canada's Capital involves many political jurisdictions, with federal and municipal governments sharing the responsibility for planning in different areas. The NCC worked closely with the cities of Ottawa and Gatineau last year as they developed their official plans. To ensure coordination of plans, the NCC took part in the planning process on both sides of the Ottawa River and deferred several studies in order to harmonize the planning timetable.

The Community

The NCC continues to engage the public in discussions on projects in the NCR. In 2002–03, it held 19 public consultations on key projects, including LeBreton Flats, the *Gatineau Park Master Plan* update, Capital Agenda 21, the transportation plan, the Mud Lake pathway and new access to the Mackenzie King Estate. The results of these consultations were fed into the planning process.

Public Meetings

As of 2002, the Commission will meet once a year with local interest groups to exchange information and ideas about the NCC's mandate. The corporation later takes these discussions into consideration in the annual strategic planning exercise. The Annual General Meeting, in its second year in 2002, represents yet another opportunity for the NCC to engage the public in its work, to inform them on the past year's achievements and to give an overview of the upcoming year. These meetings are in addition to the dozens of public and stakeholder consultation and information sessions carried out each year on a variety of subjects.

Speakers' Bureau

As part of the NCC's commitment to inform the public of its projects and

activities, the NCC delivered 15 presentations through the Speakers' Bureau. These presentations dealt with a variety of issues, including NCC practices and policies relating to environmental management, its role in tourism in the Capital, the Ottawa River Corridor Study and updates on key projects in the Core Area.

National Capital Tripartite Planning Committee

In keeping with the recommendations from the Sussex Circle governance study of 2000, the NCC held five meetings of the Chairperson and the mayors of Ottawa and Gatineau in 2002–03. At these meetings, the partners discussed many issues of mutual interest, including federal office accommodation on both sides of the Ottawa River, strategic transportation and rapid transit, interprovincial bridges, the setting up of a regional film office and the Juno Awards.

Canadian Capital Cities Organization

The cross-Canada pooling of experience and resources helps the NCC to promote the development and recognition of Canada's 14 capitals. In 1996, a new national organization, the Canadian Capital Cities Organization (CCCO), was created as a mechanism to link Canada's capitals, as a vehicle for the sharing of expertise and information and as a platform for the launching of joint initiatives. The idea for this organization arose in 1994, when the NCC organized a national conference of planners, administrators and academics in provincial and territorial capitals and urged them to unite to form a cross-Canada network. The NCC continues to be actively involved in the CCCO through the implementation of various initiatives, the largest of which is an annual national exchange called "Celebrate Canada in the Capitals."

Canadian Capital Cities Organization

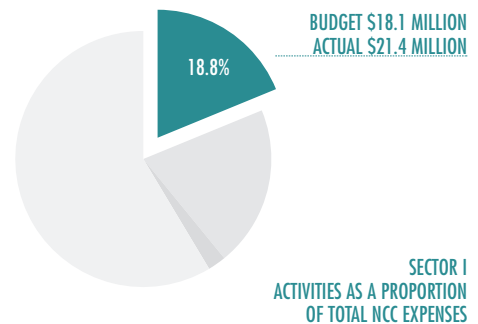
The NCC has forged yet another link between the national Capital and the provincial capitals of Canada. Confederation Boulevard is a ceremonial route that circles through the heart of Canada's Capital. That boulevard is distinguished by tall, flag-bearing lampposts, each crowned with a bronze maple leaf, and by distinctive street furniture. In 2002–03, the NCC and the CCCO presented Fredericton — the capital of New Brunswick — with benches and lampposts that duplicate those found on Confederation Boulevard. This is the sixth capital to receive such a gift.

Sector I

Promoting and Animating the National Capital Region

Objective

To foster Canadian pride and contribute to awareness and understanding of, and participation in, Canada's Capital and its region.



Focus is everything. In 2002–03, the NCC refined its programming plan to concentrate principally on a small group of high-profile “flagship” programs — Canada Day, Winterlude, the Canada and the World Pavilion and the sound and light show on Parliament Hill. It also narrowed its targeted clientele to serve principally Canadians who visit the Capital.

CANADA DAY Canada hosted the latest in a series of G8 summits in June 2002 and, to avoid violent protest, chose a remote western location for the meeting. The demonstrators turned to Ottawa — and, in particular, Parliament Hill — as an alternative platform for protest. Parliament Hill is the traditional epicentre of Canada’s national festival. An estimated 150,000 people gathered there as usual on July 1 to watch the flag-raising ceremony, to see the Musical Ride and to enjoy the noon and nighttime shows.

Most years, it takes up to two weeks to transform the site into a huge outdoor auditorium; in 2002, the logistics team had only 72 hours at its disposal. The situation called for inventiveness and flexibility. The noontime event took place as usual on the Hill, but the evening show telecast was moved to Prince Edward Island and was replaced in Ottawa by a band concert with simpler technical requirements. Moreover, lacking time to build a stage on site, the NCC assembled three small, hydraulic stages off-site and moved them in at the last moment. The plan worked. The evening show on the Hill was as big a hit as ever, with lively music perfectly suiting the crowd’s festive mood. Here and at three other official sites, some 650 Canadian artists, supported by nearly as many volunteers, performed on July 1. The day culminated gloriously, with 1,800 multicoloured fireworks brightening the night sky as

PROGRAMMING

Strategy: Revitalize the NCC’s flagship events and programs to ensure they continue to attract visitors, offer an effective means of communicating Canada to Canadians and continue to instill pride in being Canadian.

thousands gathered along the shores of the Ottawa River to celebrate Canada.

WINTERLUDE It was perfect winter weather for the celebration of the 25th Winterlude in 2003, and the festival attracted an estimated 650,000 visitors over three weekends. As usual, the program was a mix of old and new. Thirteen teams of snow sculptors — one from each Canadian province or territory — took part in this year’s Canada Snow Sculpture Competition in Major’s Hill Park, with a depiction of the Vimy monument in France taking top prize. The Crystal Garden International Ice-Carving Competition — an old favourite — invited the public to try carving. The Winterlude Triathlon was back, as were the giant snow slides at Snowflake Kingdom and Fantasy on Ice (figure-skating) on the Rideau Canal. New attractions included the Zero Gravity Circus Troupe, who daringly combined acrobatics with fire. On the last day, the Ice Hogs toured the festival in horse-drawn carriages before departing dramatically by hot-air balloon. The public helped to make the festival a success by donating some 1,600 Christmas trees; these were recycled as part of the décor on the Rideau Canal. Festivals and Events Ontario chose Winterlude from among 3,000 nominated festivals and community events to add to its list of the “Top 50 Ontario Festivals.”

CANADA AND THE WORLD PAVILION Now in its second year, this award-winning exhibit highlights the international achievements of Canadians in cultural, humanitarian and scientific areas. Last year’s program included a variety of encounters with internationally involved Canadians and concerts with such world-renowned

PERFORMANCE TARGETS

2002–2003 ACCOMPLISHMENTS

Reintroduce the sound and light show on Parliament Hill in 2002, rebuilding audiences to the record levels of the year 2000 (160,000) and maintaining satisfaction levels of at least 85 percent.

The sound and light show was reintroduced July 5 to September 8, 2002. The season was two months shorter than usual due to security issues; nevertheless, over 146,000 spectators attended. The Parliament Hill survey was deferred to 2003–04 due to the reduced season; however, informal feedback from visitors indicated that satisfaction levels were being maintained.

For the 2005 season, update the sound and light show on Parliament Hill.

A feasibility study of potential sites for the future sound and light show was initiated.

In 2003, take advantage of Winterlude’s 25th anniversary to reinforce the event’s status and secure the involvement of partners in the celebrations to increase programming content and reach. Surveys will be conducted to measure the impact and reach of this event and to set targets for improvement.

The 25th Winterlude attracted an estimated 650,000 visitors — normal festival attendance levels — despite the very cold winter conditions. The cities of Ottawa and Gatineau and 17 partners assisted in the successful delivery of events and activities. Participants from around the world took part in the Crystal Garden International Ice-Carving Competition. Volunteers gave over 18,000 hours of work during the year, highlighting the 25th year of the NCC’s volunteer program (which started with Winterlude 1979). No formal survey was conducted due to the anniversary nature of the event. Instead, a survey will be completed next year to coincide with the Gateway element of Winterlude.

NCC programming, especially for Canada Day, will ensure representation of all Canadian regions, official languages, Canadian values and Canadian diversity.

The diversity of Canada was well represented, with 650 artists from across the country participating in Canada Day 2002 and 500 volunteers recruited, representing multiple cultures.

The number of visits to the Canada and the World Pavilion will increase to 120,000 annually by 2004–05, and measures of satisfaction and increased pride will be maintained at over 85 percent.

The Pavilion received 98,421 visitors, a 59 percent increase from last year. Visitors reported a 95 percent satisfaction level — well over target; 95 percent said they learned something new about Canada’s international achievements.

musicians as La Bottine Souriante and Canadian Brass. However, much of the special programming focused on children — for example, the day of family activities that marked the closing in October 2002. Also, 63 school groups took advantage of an interactive program that introduced them to international trade. As for additions to the fabric of the building itself, a set of beautiful Iznik tiles — a gift from

Turkey to Canada — was unveiled on the grounds. A new marketing campaign helped to make the Pavilion better known, and nearly 100,000 satisfied visitors went through the doors between May and October.

SOUND AND LIGHT SHOW The renewed sound and light show — revamped with a compelling new score and dramatic images of Canada —

returned to Parliament Hill for a successful season. Once again, the façade of Centre Block on Parliament Hill was transformed nightly into a backdrop for a sweep of images telling Canada's story. Though the season was cut in half by delays associated with new security requirements, the show nevertheless came close to reaching its annual target of 160,000 spectators.

VISITOR SERVICES

Strategy: Ensure that the Capital Infocentre and the Capital Contact Centre remain the primary sources of information about the Capital for Canadians and visitors.

Canada and the World Pavilion

Princess Margriet of the Netherlands — who was born in Ottawa during the Second World War — unveiled the International Peace Garden at the Canada and the World Pavilion in spring 2002. Her family donated tulip bulbs to the Capital in 1945 in gratitude for Canada's help during the war. The Peace Garden is part of an international movement that began in 1990, with a new garden being inaugurated every year in a different country. Attractions Canada chose the Canada and the World Pavilion as "Canada's Best New Attraction" in 2002.

THE CAPITAL INFOCENTRE The events of September 11, 2001 and a slowdown in the economy continued to depress tourism in 2002–03. Also, when G8 Summit demonstrations hindered pedestrian traffic and threatened security in the downtown in late June, the NCC was obliged to shut the centre for two days. Nevertheless, visitation at the Capital Infocentre declined only slightly over the year, suggesting that the travelling public is becoming more aware of the centre's varied services and continually inclined to use them. Parts of the award-winning centennial exhibit, *A Capital Story*, were restored to the second floor mezzanine as a permanent feature.

CAPITAL CONTACT CENTRE The Capital Contact Centre remains the primary source of information about the Capital and the NCC — the focus of 80 percent of all enquiries made to the Capital Contact Centre last year was related to tourism alone. The general slowdown in tourism last year did adversely affect the number of contacts achieved. However, the decline resulted just as much from another NCC success story — specifically, the public's increasing comfort with and reliance on the NCC's corporate website as an alternative source of information. To increase efficiency and improve coordination, last year the Centre took over the NCC's emergency line during business hours.

PERFORMANCE TARGETS

The Capital Infocentre will sustain visitation levels of 325,000 visits annually.

The Capital Contact Centre will maintain public satisfaction at 2001 levels (87 percent satisfied with services provided).

2002–2003 ACCOMPLISHMENTS

The Capital Infocentre welcomed 322,470 visits, a decrease of only 2.6 percent from the previous year, despite a slowdown in tourism and closing for two days during the G8 Summit.

The Capital Contact Centre made 88,858 contacts in 2002–03, a decrease of 11 percent from last year. No formal survey was conducted; however, informal feedback (based on quality standards identified through a nation-wide survey of the expectations of Canadians with regard to government services) indicates satisfactory service levels. Thanks to more targeted marketing, the Tours and Itineraries Service managed 657 reservations in 2002–03 (a 28 percent increase over last year).

As well as staging a number of major “flagship” events, the NCC invested in key scenic and cultural aspects of the Capital experience in order to make the Capital meaningful to Canadians and more representative of Canada.

COMMEMORATIONS Monuments, statues, plaques and memorials of all kinds — strategically placed at key intersections, in public squares and next to historic buildings — they embody the collective memory of Canadians and contribute strongly to the symbolic power of the Capital. Commemorations also help the NCC to *communicate Canada to Canadians* and to *create pride*. Commemorative opportunities abound, but prime commemorative sites are at a premium in the central Capital. The NCC therefore needs to exploit existing sites carefully and to choose commemorative themes in the context of a coherent and comprehensive plan. With that in mind, the NCC began to review and update its commemorations policy in 2002–03 as a guide for future design and placement of commemorations.

ON PARLIAMENT HILL Parliament Hill is the single most important gathering place in Canada’s Capital, if not the country. As such, it represents a major opportunity for the NCC — which is responsible for visitor services on the grounds — to disseminate Capital messages and information. One of the most important interpretive tools in the NCC’s arsenal is the *Discover the Hill* self-guiding booklet. Last year, the NCC revamped the publication, adding a new “child-friendly” section. It also renewed its school program, creating a game-like tour called “Capital Cues and Clues” that made use of symbolic elements on the Hill — for example, Queen Victoria’s crown or the bell behind Centre Block — to stimulate discussion and lead into learning activities. Satisfaction levels were high: virtually all teachers rated the event high in terms of quality and usefulness.

STREETScape: PHASE II For two years now, travellers stopping to admire the view at points along Confederation Boulevard have noticed a series of large and impressive interpretation

INTERPRETATION

Strategy: Ensure that the Capital’s main assets, its sites and symbols, are communicated to Canadians and others via an effective interpretation program.

panels. Reading the text, studying the pictures and fingering castings of real artifacts, they have gone on their way with deeper insight into the significance of the view — down the Ottawa River, perhaps, or towards Parliament Hill. The first 10 panels in the Streetscape series were installed in 2001, and they explore major national themes (for example, the role of rivers or railroads in the Canadian experience) with reference to views. In 2002–03, the NCC planned a second series of 15 panels featuring national institutions in the Capital — for example, the Supreme Court and the Bank of Canada — and will involve federal partners in the development of concepts and text.

PERFORMANCE TARGETS

In 2002–03, the NCC will implement a revised commemorations policy to improve the effectiveness of the program and ensure broader thematic representation.

By the end of 2002–03, a long-term public programming plan will be developed for the Core Area to guide future commemorative and interpretative initiatives.

By 2004–05, the NCC will have completed a system of interpretative tools to improve appreciation of “Canada’s Discovery Route,” Confederation Boulevard.

Over the planning period, the *Discover the Hill* program will see some 700,000 visits per year.

In 2002–03, the NCC will conduct a visitor satisfaction survey for Parliament Hill and will update its programming and visitor infrastructure strategies accordingly.

The NCC will review its youth programming for the 2003–04 season and achieve increased awareness levels of the role of the Capital among at least 85 percent of program participants.

2002–2003 ACCOMPLISHMENTS

Work has begun to review the Commemorations on Federal Lands policy as well as procedures and commemorations criteria. However, the new policy will not be completed until 2003–04, to allow for external consultations.

A consultation document for public experience of the Core Area was developed, with external consultations scheduled for early 2003–04, and completion of the plan by mid-year.

For Streetscape, phase II — the installation of interpretative tools — opportunities were explored for federal partnerships on Confederation Boulevard. The Quebec shore plan identified sites along the Voyageurs Pathway (Leamy Lake Park to Aylmer) for interpretation on NCC lands.

Nearly 750,000 visitors were welcomed to the *Discover the Hill* program, which included outdoor interpretation, Info-Tent information and orientation services over the summer months.

The Parliament Hill visitor satisfaction survey was postponed until next year due to the shortened season. The programming and visitor infrastructure strategies will be updated at that time accordingly.

The NCC Educational Programs Strategy was completed and approved. School group tours increased from last year for all programs. A survey on awareness levels was not completed due to the planning and development of new youth programs.

MARKETING AND PROMOTION

Strategy: Work with partners to undertake large-scale marketing and broadcast initiatives based on NCC events and the National Capital Region (NCR).

Appreciation comes with awareness. The NCC needs support in order to build a great capital. To win that support, it must make the Capital better known and shine the spotlight on past achievements. The Communications, Marketing and External Relations Branch worked with high-profile local and national organizations to improve the Capital profile and to generate new revenues. Significant work during the year resulted in a draft of the new Marketing, Public Affairs and

Communications plan, which will guide the NCC in the promotion of its activities and programs over the next five years.

“THE GARDENER” From their origins in 1899, the NCC and its predecessors have been learning and refining the principles of gardening and landscaping in this northern capital. Today, the gardens of the Green Capital are an important source of prestige, both for the Capital and the corporation. In 2002, the NCC signed an agreement with the New York State American Public Broadcasting Station (WPBS Watertown) for a 13-episode program featuring renowned NCC horticultural advisor, Ed Lawrence. Each program features some of North America’s greatest gardens and includes “how-to” elements filmed at Ottawa’s Rideau

Hall, the Governor General’s residence. The shows were seen across Canada and on 80 public broadcasting stations in the United States.

VISIBILITY Broad-based recognition, appreciation and support are central to the NCC’s ability to go on building a great capital for future generations. Appreciation hinges on knowledge. To get the support it needs, the NCC must associate its name clearly and unequivocally with properties and events that contribute to quality of life in the Capital. In 2002–03, the NCC reviewed its policies and procedures for signage and acknowledgements to make sure that credit is given where credit is due. It also began to redesign the corporate logo to represent more precisely the multi-faceted corporation of today.

PERFORMANCE TARGETS

The NCC will establish new broadcast agreements and increase the number and prestige of broadcast programs and events attracted to the NCR.

The visibility of the NCC will be increased through the development of an enhanced corporate logo by the end of 2002–03, and increased and more prominent signage and acknowledgements related to the NCC at NCC and NCC-supported events.

2002–2003 ACCOMPLISHMENTS

NCC efforts were key to winning the Juno Awards for the region in 2003 and in bringing national attention to the Capital with 2.2 million Canadians tuned into the event. A re-run of the television production of “The Gardener,” featuring NCC employee Ed Lawrence, was concluded with WPBS, an American public broadcast station.

Concepts were developed for the corporate identity update, with enhancements to be completed in 2003–04. Prominent signage was installed at LeBreton Flats acknowledging the NCC’s contribution to the redevelopment of the site. Improved signage was also installed at Winterlude and some 25 additional signs were installed at various venues with cross-promotion of other NCC-related programs and activities.

SPONSORSHIP AND MERCHANDISING

Strategy: Maintain and develop sustainable sponsorship and merchandising opportunities by establishing new partnerships with broadcasters, other media, marketing organizations, national retailers and sponsors.

PERFORMANCE TARGETS

The NCC will increase cash revenues by 32 percent over the next five years through sponsorship, merchandising and marketing partnerships (excluding in-kind and Canada and the World Pavilion and sound and light show revenues, which are accounted for separately).

2002–2003 ACCOMPLISHMENTS

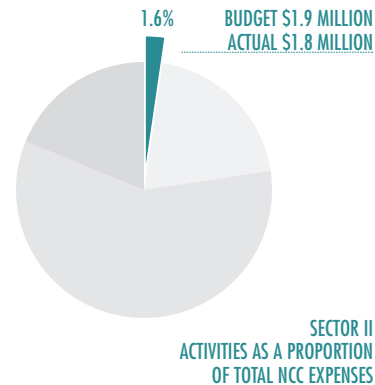
Nearly \$2.2 million in cash was generated in 2002–03, reaching an increase of 22 percent of the 32 percent long-term target.

Planning the National Capital Region

Objectives

To plan the orientation, use and development of federal lands in the National Capital Region (NCR), in consultation with other planning jurisdictions, and to ensure that the evolution of those lands is consistent with the image, character and quality of life in the Capital.

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.



Strategy: Position the *Plan for Canada's Capital* as the overriding vision for the future development of Canada's Capital Region and as the framework for the completion of various supporting plans and implementation strategies.

Building on the 1999 *Plan for Canada's Capital*, in 2002–03 the NCC set out to develop a complementary strategy and commissioning plan that would translate high-level vision into concrete reality and map out specific projects in detail (especially LeBreton Flats and Sparks Street). The planning sector also began work to develop the Core Area Sector Plan.

CAPITAL AGENDA 21 This bricks-and-mortar plan — nothing less than a blueprint for the Capital of the future — represents the next step in the planning process. The *Plan for Canada's Capital* is a general policy plan, with principles sketched out against a high-level vision of the 21st century Capital. Capital Agenda 21, on the other hand, shows just how that vision will be turned into reality. It lays out strategies, identifies projects and recommends actions in the context of six major themes: symbolism in the Capital; visitor experience; rivers; natural environment; federal government office accommodation; and the rural Capital. (For more information, see page 4.) In 2002–03, the NCC undertook a Strategic Environmental Assessment and worked with other planning agencies — notably Public Works and Government Services Canada and the cities of Ottawa and Gatineau — to refine Capital Agenda 21. It then took the results to the public for consultation.

CORE AREA SECTOR PLAN The sector plan for the central Capital (a subordinate part of the still emerging Urban Lands Master Plan) addresses the containment of urban sprawl through intensive mixed-use development. The plan represents the third phase in a three-step planning process — specifically, Vision, Concept and, now, Specific Initiatives — for the Core Area

of the Capital. In 2002–03, the NCC launched public consultations to shape certain initiatives and to move them forward wherever possible. Work focused in particular on two projects:

- **LEBRETON FLATS** The NCC launched a series of public consultations on the realignment of the Ottawa River Parkway and the design of LeBreton Boulevard, and it completed Environmental Assessment studies in compliance with the *Canadian Environmental Assessment Act*. In meeting with the NCC in May 2002, local interest groups asked the NCC to continue its work to preserve archeological artifacts in the area and to consider including some affordable housing in the final development plan.
- **SPARKS STREET** The NCC continued to study its options, the most contentious of which related to the creation of a public square at the intersection of Sparks and Metcalfe streets, as well as some technical studies on traffic and weather.

GATINEAU PARK MASTER PLAN The NCC's goal is to balance public use with the preservation of nature in a 36,131-hectare conservation area in the Gatineau Hills. The second master plan for Gatineau Park was completed in 1990. A great deal has changed since then, including the transfer of management authority for the park to a contractor. Today, with the *Plan for Canada's Capital* (1999) sitting at the top of the regional planning hierarchy, the NCC is working to revisit the earlier work to see if it is still relevant in light of new policies and events of the past decade. In 2002–03, the NCC unveiled preliminary proposals to interested partners and identified a need to assess current issues, trends and patterns of use in Gatineau Park.

PERFORMANCE TARGETS

2002–2003 ACCOMPLISHMENTS

By the end of 2002–03, the NCC will have developed and received Commission approval of Capital Agenda 21 to implement the *Plan for Canada's Capital*.

Public consultations were held on Capital Agenda 21. Commission approval has been deferred to 2003–04 to allow for adequate consultation and to harmonize the document with Ottawa's approved official plan.

Through a consultative process, the Core Area Sector Plan will be completed in 2002–03.

Public consultations on the Core Area Sector Plan will now occur with those for the Urban Lands Master Plan in mid-2003–04, with finalization scheduled for later in the year. Several supporting studies were initiated, including the Core Area Programming Vision, the Ottawa River Integrated Development Plan, the Downtown Urban Design Strategy and the Core Area Illumination Plan.

By 2002–03, the NCC will complete the *Gatineau Park Master Plan* update.

Workshops were conducted with interest groups and employees and a number of public consultations were held. However, completion of the *Gatineau Park Master Plan* update was extended into 2003–04 in order to accommodate additional public consultations.

By the end of 2002–03, through a consultative process, the NCC will have completed a detailed planning rationale for the revitalization of the block between Metcalfe and O'Connor streets on the Sparks Street Mall.

The completion of planning rationale and analysis and Federal Position Statement has been deferred to mid-2003–04 to allow more participation by external stakeholders. During 2002–03, issues identification and analysis and several support studies (e.g., microclimatic, traffic and parking and capital stages studies) were completed.

By the end of 2003–04, in collaboration with the relevant stakeholders and building on the planning work for the Metcalfe/O'Connor block, the NCC will have completed a comprehensive planning concept for the revitalization of the Sparks Street Mall, from Elgin Street to Bank Street.

A vocation study was initiated for completion in mid-2003–04. The development of the revitalization strategy and vision has been deferred to 2004–05 to allow for stakeholder and public consultation.

By the end of the planning period, the NCC will have completed all elements of the Urban Lands Master Plan, thus completing the last of three master plans contained in the NCC's Capital Planning Framework.

Planning work has been delayed until 2003–04. An initiation brief was prepared and will be presented to the Commission in early 2003–04 prior to planning efforts being undertaken. The plan is still expected to be completed by the end of the planning period.

LAND USE AND DESIGN

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

The NCC works in close partnership with municipalities on both sides of the Ottawa River. With new amalgamated municipalities in both Ontario and Quebec, local authorities initiated a new round of major planning activities. The NCC must work with them — and with federal partners — to make sure that the “Capital” fact is reflected in planning at every level.

LEGISLATIVE AUTHORITY In a complex jurisdiction where many federal and municipal agencies are active, the NCC plays a vital coordinating role in the development and use of federal lands. As well as managing, developing and using its own lands and buildings, the NCC has legislative authority to review and approve

property transactions and land use and design proposals emanating from other federal owners in the NCR. (For more information, see page 43.)

CULTURAL LANDSCAPES Geographers at the beginning of the 20th century conceived the idea of a “cultural landscape” (for example, a group of significant buildings set in a landscape, or a tract of land strongly associated with some cultural or historic event). At the NCC,

cultural landscapes are defined as “geographical terrains that exhibit characteristics or represent the values of a society as a result of human interaction with the environment.” The concept is useful in that it helps to expand the principles of heritage protection beyond buildings. In 2002–03, the NCC began working on a set of principles that would help it to recognize and protect such cultural assets in the NCR.

PERFORMANCE TARGETS

By 2003–04, the NCC will prepare criteria for the identification of and guidelines for the protection of key cultural landscapes in the NCR.

During the planning period, the NCC will ensure a suitable depository for each of its major artifact collections. Priorities within this timeframe will be the Colonel By House collection and the historical material from Leamy Lake Park.

2002–2003 ACCOMPLISHMENTS

A study was initiated to identify evaluation criteria for cultural landscapes in the NCR.

An agreement was completed with Parks Canada to assess and catalogue the Colonel By House collection over four years. This will be followed by the development of a disposal strategy. Artifact transfer agreements were completed or revised for Leamy Lake, Corridor des Voyageurs, Jacques-Cartier Park and the Billings Midden collections. New archeological materials from the Woodland Period (prehistoric) in Jacques-Cartier Park (Gatineau) were discovered, and a suitable depository is under review. Discussions are underway for the transfer of the LeBreton Flats collection to the City of Ottawa.

TRANSPORTATION

Strategies: Facilitate and orchestrate federal strategies and programs that have an impact on 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 deal with interprovincial and municipal transportation issues in the NCR.

TRANSPORTATION The NCC continued to play its traditional leadership role, both as the federal contact point for municipalities and as a coordinator for property-related activities of other federal organizations in the Capital. Among other things, it worked to promote federal-municipal consensus on long-term transportation issues, such as those relating to symbolically important interprovincial bridges.

INTERPROVINCIAL BRIDGES The Sussex Circle report of 2000 urged the NCC to hold regular meetings with mayors

in the NCR; the NCC responded by setting up a tripartite committee with representation from Ottawa and Gatineau. The committee met five times in the course of 2002–03, with discussions at these inaugural sessions focusing heavily on transportation issues (in particular, the siting of two new interprovincial bridges in the NCR and the construction of a ring road). More bridges are needed in the NCR to facilitate movement between

the two provinces, and the NCC began to work on environmental assessments for potential sites. The NCC currently owns two of five interprovincial bridges in the NCR. These bridges connect Ontario and Quebec within the NCR and serve as links in a system of parkways and boulevards. They have enormous strategic and symbolic importance, and the NCC pushed last year for consolidation of bridge ownership in its hands.

PERFORMANCE TARGETS

By the end of 2002–03, the NCC will have prepared a strategic transportation plan that defines the federal role in transportation and public transit in the NCR and that contributes to the Capital Agenda 21 initiative.

By the end of 2003–04, the NCC, in collaboration with its partners and relevant stakeholders, will have completed a joint environmental assessment study to determine the future location and effects of new interprovincial bridges and of a ring road system to serve the NCR.

2002–2003 ACCOMPLISHMENTS

Approval of a strategic transportation plan has been deferred to mid-2003–04 to allow partners and stakeholders to participate.

The terms of reference for a joint environmental study were completed, and the study is scheduled for completion in mid-2003–04. Work continued on planning, transportation and environmental issues related to a new ring road system to serve the NCR.

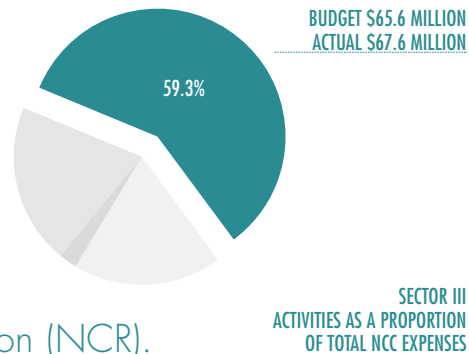
Real Asset Management and Development

Objectives

To provide opportunities to enhance the rich cultural heritage and natural environment of the National Capital Region (NCR).

To optimize the contribution of lands and buildings in supporting the programs and mandate of the NCC.

To manage environmental assets and liabilities in a sustainable and responsible manner.



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.

As the owner and manager of hundreds of square kilometres of land in the NCR, 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 corporation managed and protected those assets to acceptable standards of quality through the rigorous application of policies and regulations and by means of a life cycle maintenance and rehabilitation program (the Multi-Year Capital Construction Program).

CHAMPLAIN BRIDGE One of the Capital's most historic bridges was given a new lease on life in July 2002, when the rebuilt Champlain Bridge re-opened to traffic. The original bridge was built over the Ottawa River in 1928 and served for three-quarters of a century before being replaced. Conceived around the time that Canada was celebrating its 60th anniversary, the old bridge combined steel girder technology from the age of rail with decorative elements from the Capital's emerging system of parkways. The new bridge — wider, stronger and better

PERFORMANCE TARGETS	2002–2003 ACCOMPLISHMENTS
<p>The NCC will prepare and implement the following regulations to ensure the protection and management of NCC lands:</p> <ul style="list-style-type: none"> a. In 2002–03, the NCC will implement the <i>Animal Control Regulations</i>; b. In 2002–03, the NCC will initiate a review of the <i>National Capital Commission Traffic and Property Regulations</i>; and c. By 2005–06, the NCC will implement revised <i>National Capital Commission Traffic and Property Regulations</i>, as needed. 	<ul style="list-style-type: none"> a. The <i>Animal Control Regulations</i> were published, regulatory signage installed and the <i>Regulations Enforcement Plan</i> implemented. An awareness campaign was launched that involved handing out information leaflets to park users at 76 NCC sites and mail distribution in Chelsea. b. A draft situation analysis was prepared in light of comments on existing traffic and property regulations and a risk assessment tool will be developed in 2003–04. c. Existing traffic and property regulations will be reviewed and revised accordingly.
<p>By 2002–03, the NCC will complete rehabilitation of the Champlain Bridge, and by 2003–04, it will complete the commissioning and management plan for the bridge.</p>	<p>The Champlain Bridge re-opened to traffic, with a reversible high-occupancy vehicle centre lane, in July 2002. Because of traffic congestion, the northern approach intersection was later modified. The commissioning and management plan for the bridge was also completed</p>
<p>The NCC will deliver priority health and safety and life cycle management improvements on official residences, including:</p> <ul style="list-style-type: none"> a. Resolution of office accommodation issues at Rideau Hall by the end of 2005–06, including health and safety upgrades to the main residence; b. Implementation of infrastructure and life cycle management priorities, including new electrical power lines, rehabilitation of the Sussex Forecourt and restoration of the Main Gate at Rideau Hall by the end of 2002–03; and c. By the end of 2003–04, the NCC will have installed a grounds irrigation system using untreated river water. 	<ul style="list-style-type: none"> a. Structural repairs and plaster conservation of the Royal Suite at Rideau Hall were completed. The Stable Building retrofit started and is scheduled for completion in late 2003–04. Other required Main Residence upgrades are either under design or in construction. b. A number of major projects were completed at Rideau Hall, including a mechanical/electrical room upgrade, a 13.2 kV power line installation, utility greenhouse rehabilitation and the Rideau Hall Main Gate and Forecourt restoration. c. The construction of an irrigation system from the Ottawa River to the grounds of Rideau Hall was completed in 2002–03.
<p>By 2004–05, the NCC will implement core components of the Integrated Asset Management Information System in the following sequence:</p> <ul style="list-style-type: none"> a. During 2002–03, the templates and the inventory components of the Agreement Module will be developed; b. By 2002–03, the scope of the Life Cycle Management Module will be completed. The implementation will be completed in 2003–04; and c. During 2002–03, the project scope for the Environmental Module will be completed. The implementation will be completed in 2004–05. 	<ul style="list-style-type: none"> a. Work continued to complete templates for the Agreement Module and user-acceptance testing. b. Nearly 80 percent of the Life Cycle Management application was completed and user-acceptance testing got underway. c. The draft report on the Environmental Module user requirements was completed.
<p>In 2002–03, the NCC will conclude an agreement with the City of Ottawa for the joint maintenance of Confederation Boulevard.</p>	<p>Discussions progressed with the City of Ottawa; however, a lack of municipal resources and other priorities has delayed the project.</p>
<p>The NCC will achieve the following revenue targets for 2002–03:</p> <ul style="list-style-type: none"> a. Leasing revenues from its rental portfolio of \$13.5 million; b. Development lease revenues, principally from the Sussex-MacKenzie site, of \$500,000; and c. Land disposal revenues of \$6.0 million. 	<ul style="list-style-type: none"> a. A total of \$14.3 million was generated in leasing revenues due to low vacancy rates and arrears, as well as additional leases. b. The ground lease was signed for the Sussex-MacKenzie site, however development revenues have been re-forecast and will now start to be realized in future years. c. Land disposal revenues reached \$6.2 million (including related revenues).
<p>In 2003–04, a user fee policy will be developed, and in 2004–05 a revised user fee program implementation strategy will be established based on the policy.</p>	<p>A draft paper on user fee guidelines and a draft paper on a user fee policy were completed and are under review.</p>

equipped to meet the demands of modern interprovincial travel — is a worthy heir to that fine old structure.

It includes bicycle lanes that connect the recreational pathway systems in Ontario and Quebec and an innovative, reversible centre lane to serve commuters in high-occupancy vehicles. As an expression of environmental responsibility, the NCC recycled metals and other materials from the original bridge.

CONFEDERATION BOULEVARD Confederation Boulevard is a ceremonial route that circles the central Capital, with a northeastern spur leading to Rideau Hall. The boulevard is distinguished along its length by broad granite-edged pavement, distinctive lamp-posts, plantings and street furniture. The NCC added another element to Confederation Boulevard in 2002 when, in conjunction with roadwork undertaken by the City of Ottawa, it improved the Forecourt of Rideau Hall to boulevard standards. The Forecourt now borders a landscaped traffic circle, which provides better traffic safety, as well as a gracious arrival to Rideau Hall. Confederation Boulevard lamp-posts were installed and rows of maple trees planted. The main gates — originally fabricated in 1868 for Canada's first Governor General — are designated heritage treasures. They were removed in 2002, carefully restored and put back in position, along with a section of iron fence to either side of the Gatehouse. Thanks

to this work, the renewed Forecourt was ready, with colourful banners flying from every lamppost, when Her Majesty Queen Elizabeth II arrived on her Jubilee tour in October 2002.

OFFICIAL RESIDENCES The NCC, as steward of six official residences in the NCR, continued to apply a life cycle management plan for these precious heritage assets. These residences must be maintained in keeping with their historic significance and with their role as stages in public life. With new, short-term funding in place from 2001 to 2003, the NCC launched a new program of capital works to deal with urgent rehabilitation and health and safety projects at the official residences. Major infrastructure projects continued, in particular, at Rideau Hall, the oldest and most fragile of the residences.

IAMIS The NCC is a major landowner with ownership of about 10 percent of all land in the NCR, as well as roads, bridges and hundreds of buildings. These assets constitute both a drain on corporate resources and an important source of revenue. In order to ensure that real-asset managers have accurate and up-to-date information with which to manage valuable assets, the NCC has been working for several years to develop the Integrated Asset Management Information System (IAMIS). By the end of 2002–03, it had nearly completed the Life Cycle Management function (80 percent).

Champlain Bridge

People strolling around Bate Island in the Ottawa River in the fall of 2002 had a good view of the new Champlain Bridge. They also saw an unusual exhibit. Anxious to preserve at least part of the old bridge, engineers had arranged for a massive segment of one of the original steel girders of 1928 to be installed on the island as the backdrop for an exhibit on the history and significance of Champlain Bridge.

Strategy: Fulfill role as “Capital builder” through revitalization of the Core Area of the Capital.

Rideau Canal Skateway

The Friends of the Rideau Canal Skateway — in 2002–03, the group boasted 72 organizations — last year put \$61,700 into maintaining the 7.8-kilometre skateway for what turned out to be a near-record season of 70 days. (The longest season ever was 81 days; the average is 50.) The NCC has been working for eight years now to build up this solid body of community supporters, and is beginning to reap the rewards in the form of support for this valuable national and community resource.

The *Plan for Canada’s Capital* and Capital Agenda 21 are in harmony with federal initiatives that target the central Capital for renewal and revitalization. For some time now, the NCC has worked with the Department of Canadian Heritage and other portfolio members to plan the renewal of federal spaces in the Capital core, and Confederation Boulevard falls squarely within the framework of these efforts. In the same context, the NCC launched an important project last year — the redevelopment of LeBreton Flats.

LEBRETON FLATS In June 2002, the NCC officially launched the LeBreton Flats project — the largest such undertaking in its history — with a sod-turning ceremony at the site of the new Canadian War Museum; construction

began in November. Earlier in the year, the NCC had worked to prepare the site and to perform environmental assessments and archeological research. The latter yielded an array of buried cultural treasures from 1900, the year of the Great Fire, and these have cast a brighter light than ever before on the life of working class people in Ottawa at the turn of the 20th century. A major element in preparing the site for construction was remediation of soils contaminated by a century of industrial activity. The Canadian War Museum is only one of a group of national cultural institutions that one day will line the riverside meadows of LeBreton Flats as part of a district that will combine public, residential and commercial uses with impressive parkland.

PERFORMANCE TARGETS

2002–2003 ACCOMPLISHMENTS

LeBreton Flats redevelopment:

- a. By the fall of 2002, the NCC will have completed remediation, and initiated the transfer, of the portion of the site unaffected by the Ottawa River Parkway identified for the new Canadian War Museum (CWM). By the fall of 2003, the balance of the Museum site will be remediated and transferred.
- b. By the end of 2002–03, the NCC will have obtained all necessary approvals for infrastructure and remediation for the remainder of the area north of the aqueduct.
- c. By the end of 2003, the construction of LeBreton Boulevard will be completed.

- a. The site for the CWM was prepared for construction with the removal of contaminated soil and the completion of environmental and archeological assessments. The Occupancy Agreement with the CWM was signed; however, the land transfer has been deferred until a land-use agreement is completed.
- b. An environmental assessment and remediation of soil for the Ottawa River Parkway detour was completed. The construction of the detour will take place in 2003–04.
- c. The environmental assessment for LeBreton Boulevard started in 2002–03 and the tender for construction work will be issued in 2003–04. Completion of LeBreton Boulevard is now expected in early 2004–05.

Sparks Street revitalization:

By the end of 2002–03, the NCC will have completed all studies, consultation and activities that are required to satisfy the approval process, including those required by the City of Ottawa.

Several studies in support of the revitalization of Sparks Street were completed, including microclimatic, geotechnical, urban landscape, Capital stages and traffic and parking studies. Planned public consultations will occur in the context of the Core Area Sector Plan during 2003–04. Public consultations will follow the study period and are planned for fall 2003. Pursuit of City of Ottawa approvals for specific aspects has been deferred pending further public consultations.

After a hundred years of landscaping and park-building, Canada's Capital has earned itself a nickname — the "Green Capital." To encourage visitors to recognize and appreciate the area's "green" assets as part of the Capital experience, the NCC continued to manage Gatineau Park as an accessible gateway into the Canadian hinterland. It also formulated a plan to make the region's recreational pathways better known, and it took steps to renew the Rideau Canal Skateway.

GATINEAU PARK This conservation area boasts 36,131 hectares of forest and lakes and nearly 200 kilometres of hiking and ski trails, and allows an extraordinary glimpse of Canadian nature on the very doorstep of the urban Capital. For the second year in

a row, the Park's campgrounds won top honours at the Grand Prix du tourisme de l'Outaouais in 2002. In winter, the Park once again hosted the Keskinada Loppet — part of an international circuit of 14 cross-country ski races. Every year, this race brings some of the world's top cross-country skiers to Canada. In 2003, the Keskinada Loppet was chosen as one of eight races in the prestigious FIS Marathon Cup.

RIDEAU CANAL SKATEWAY The idea was to create a "gateway" to a skating experience at beautiful Dows Lake on the Rideau Canal. Major progress was achieved by the introduction of decorative elements (for example, the vertical "feather" banners) and the construction of tree-adorned rest

Strategy: Manage an appropriate range of park services and outdoor recreational facilities to enable visitors to enjoy a Green Capital experience and to support the promotion and animation of the NCR.

areas and a skating chalet that added both charm and convenience to the site. The NCC also brought new life to Dows Lake through innovative programming. Crowds gathered, for example, when the Ottawa Senators (Stanley Cup hopefuls in 2003) came to show off their skills or when figure-skaters from the Minto Skating Club re-created a village skating pond from the past. The plan worked. In its 33rd season, the Rideau Canal Skateway attracted a healthy 900,000 people, many of them arriving and departing from Dows Lake.

RECREATIONAL PATHWAYS The recreational pathways were one of the great inspirations of the 1970s. Today, some 170 kilometres of recreational pathway line the Capital's waterways and run from one end of the NCR to the other. These pathways link the Capital to Canada via the Trans Canada Trail. They also offer extraordinary access to the cultural and scenic treasures of the region. In 2002–03, in keeping with enhancements proposed in the Strategic Development Plan, construction began on a series of new pathways in the City of Gatineau (in Jacques-Cartier Park and along Laurier Street in Gatineau). Trails that were planned during the year for future construction include one that will bring cyclists and joggers to the National Arts Centre and another that will follow Sussex Drive northeastward along the international sector of Confederation Boulevard.

PERFORMANCE TARGETS	2002–2003 ACCOMPLISHMENTS
<p>The NCC will enhance the Capital's recreational pathway system (the Capital Pathway) by rehabilitating 57 kilometres of existing pathways by 2007; will complete new links (Jacques-Cartier Park, Laurier Street in Gatineau, the National Arts Centre, Sussex Drive) by 2005; and will develop 40 percent of the Greenbelt Pathway by 2007.</p>	<p>The recreational pathway system was enhanced with work on the Jacques-Cartier north-south pathway link, the Farm Drive pathway, and the Rideau River Eastern pathway. The National Arts Centre link is under reconsideration.</p>
<p>By 2004–05, the NCC, together with partners, will complete an update of the "Strategic Development Plan for an Integrated Network of Recreational Pathways for the National Capital Region (1994)"</p>	<p>Plans to complete certain links in the recreational pathway network will be reviewed and implemented when the update is complete in 2003–04. Preliminary discussions have been held with the cities of Ottawa and Gatineau. The municipality of Chelsea, the Township of Russell and Municipalité régionale de comté des Collines-de-l'Outaouais will also be consulted as part of the study update process.</p>
<p>Over the planning period, the NCC will enhance the Rideau Canal Skateway, focusing on constructing new facilities (including a Skateway chalet), enhancing rest areas and transforming Dows Lake as a major gateway to the Skateway.</p>	<p>A new Skateway chalet and three new rest areas were constructed; a programming framework was developed and implemented for Dows Lake. The Skateway generated \$410,000 in revenues, and results of a public satisfaction survey indicate a high level of satisfaction with the services provided on the Rideau Canal Skateway. A virtual tour of the Skateway was launched on-line and welcomed 119,000 visitors.</p>

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.

Gatineau Park

A new national training centre for cross-country skiers has been established in Gatineau Park. The centre, run jointly by Cross Country Canada and Carleton University, will offer high-quality coaching to young skiers, aged 18 to 23. Gatineau Park will offer them a superb trail system over some of the most demanding cross-country terrain in the world. This is the third such centre in Canada (the others are in British Columbia and elsewhere in Quebec).

In 2002–03, the NCC allocated new resources — financial and human — towards the strengthening of environmental management in the NCR. In particular, it improved the existing database of information on contaminated sites and defined a new framework for scientific research.

STEWARDSHIP As environmental steward of federal lands in the NCR, the NCC works on the basis of its *Environmental Site Assessment Plan* (1999) to collect data and clean up contaminated sites. The past year's largest and most dramatic remediation occurred at LeBreton Flats. The victim of well over a hundred years

of uncontrolled industrial use in the 19th and early 20th centuries, the contaminated ground of LeBreton Flats has proven to be a major obstacle to redevelopment. The NCC addressed the challenge in 2002–03 and completed the first phase of clean-up (the Canadian War Museum site) in what will be an ongoing process paralleling redevelopment activities across the Flats. During the year, the NCC also undertook remediation on Victoria Island and on Bate Island, both former industrial sites. The Fuel Tank Management program moved forward as well, with development of the Fuel Storage Tank Management Procedure and Inspection Program.

PERFORMANCE TARGETS

Establish during 2002–03, and update annually, a multi-year environmental action plan that will include specific targets in the areas of natural resource management, land use and management and environmental stewardship.

During the planning period, 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 2005–06, it will also have assessed 60 percent of its low-priority sites. For the sites presenting high risk of impact on human health and/or environmental non-compliance, the NCC will complete detailed Phase II ESAs plus risk assessments, management, clean-up and monitoring, as appropriate.

By March 31, 2003, the NCC will update the inventory of the known above-ground storage tanks (ASTs) and underground storage tanks (USTs) located on its lands and will establish an inspection program.

2002–2003 ACCOMPLISHMENTS

A three-year environmental action plan was completed and the NCC approved a policy on environmental sustainability.

Phase I ESAs were completed on 51 sites of the 104 low-, medium- and high-priority properties. Phase II ESAs were also completed on 29 sites. The NCC reached 100 percent of its annual targets for the Contaminated Sites Management Program and remains on track to complete the targeted number of ESAs by the end of the planning period. The NCC also remains on track to assess 60 percent of its low-priority sites by 2005–06.

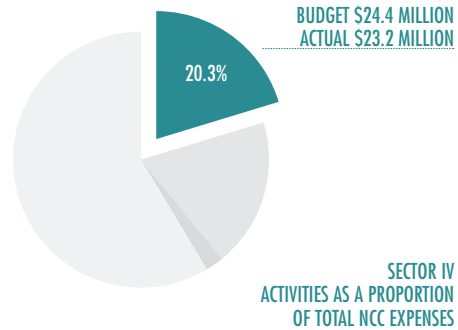
The Fuel Storage Tank Inspection program was completed and inventories conducted for various NCC portfolios. An inventory of fuel storage tanks on NCC-leased properties was also initiated. The new Fuel Tank Liability Module was adopted and data collected for several NCC portfolios.

Corporate Services

Objectives

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

To increase awareness and support for the National Capital Commission in the National Capital Region (NCR) and nationally.



CENTRAL SERVICES

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

Last year as always, the NCC provided a full range of corporate-wide strategic business support — legal, financial, human resource, research and more — all of which help the NCC to operate effectively and to respond to the daily challenges of doing business on behalf of Canadians.

SPECIAL EXAMINATION The Auditor General of Canada conducted a spe-

cial examination in 2002–03. These examinations are performed every five years to determine if corporate assets are being appropriately safeguarded and controlled; financial, human and physical resources are being managed economically and efficiently; and operations are being carried out effectively. The Auditor General reported that no significant deficiencies had been identified.

PERFORMANCE TARGETS

2002–2003 ACCOMPLISHMENTS

Ensure that the results of studies conducted according to the Corporate Research Plan 2002–03 are accurate, timely and relevant.

This target was met. Research studies were carried out in areas such as communications, programming and tourism. Research studies conducted by external organizations were also shared with the NCC. A new product, *CAPITALizing on Research*, was launched in 2002, which summarizes key research conducted by the NCC over the course of the year.

Ensure that the NCC respects all applicable legal and regulatory requirements (including obligations under the *Financial Administration Act*, *Government Contracting Regulations* and *Access to Information and Privacy Act*), with minimized or justified exceptions/complaints.

This target was met. Several other ad hoc reports were completed, including the Employment Equity Annual Report 2001 and the Health and Safety Report 2002. As part of the *Official Languages Act*, a language of work survey was conducted with results expected in early 2003–04.

Monthly monitoring and reporting on awarded contracts took place during the year. The annual purchasing activity report was prepared and submitted to Public Works and Government Services and comparative results presented to the NCC as part of the monitoring process.

A total of 97 access to information requests were received (a 28 percent increase over last year), and 98 requests were completed, involving a review of 20,971 pages of information (150 percent more than last year). There were six access to information complaints throughout the year; one was successfully resolved and investigations were initiated on the remainder. The 2000–01 Annual Report to Parliament on the Access to Information and Privacy acts was completed and submitted on time.

The NCC facilitated ministerial and central agency approvals of approximately 14 Treasury Board submissions. Approval was received for some key initiatives: LeBreton Flats Consulting and Construction contracts, Canada Day Security Measures Funding, restoration of the Stable Building at Rideau Hall and Animal Control and Traffic and Property regulations. The *Summary of the Corporate Plan 2002–03 to 2006–07*, the *Annual Report 2001–02* and the *Corporate Plan 2003–04 to 2007–08* were completed and submitted to the Minister on time. Furthermore, approvals were coordinated for the Main and Supplementary Estimates and the Annual Reference Level Update on schedule.

Ensure timely implementation of all key recommendations resulting from the annual attest audits of the Office of the Auditor General and, by 2003–04, ensure implementation of all key recommendations resulting from the Office of the Auditor General's special examination in 2002.

The NCC received a clean bill of health from the Office of the Auditor General's special examination, with only minor improvements required, which are being addressed through a management action plan.

The NCC efficiently completed the financial year-end 2001–2002 activities, prepared the various presentations to committees on the financial statements and achieved successful results in the Office of the Auditor General's Financial Attest Audit Plan for 2002–03, with a single observation.

Implement electronic document management through the NCC by 2003–04.

The pilot project for electronic document management was successful, resulting in the approval for an organization-wide implementation in 2003–2004.

Implement a basic intranet capability by the end of 2002–03.

This target was met and information sessions held for staff. The beta version of the site was developed and tested over the year and separate development and production environments were created to support the project. The intranet now includes dynamic Web pages that include updates to staff on new corporate items of interest and upcoming events, messages from the Chairperson and an in-the-spotlight section, as well as a bulletin board and personalized directories. A governance framework, identifying roles and responsibilities for the intranet, was established to keep the site up-to-date. The intranet was named "Inside NCC" — a reflection of the NCC's corporate values.

Undertake continual updates to Web technologies to support programming and operational requirements (e.g., consultations, sponsorship and revenue generation) over the planning period.

Web functionality was enhanced to allow the Public Contact System to record and respond to requests for updates on public consultations received via the NCC website. This system was used for public consultations relating to Capital Agenda 21, the *Gatineau Park Master Plan* review and the strategic transportation initiatives. Live webcasts were conducted for the Annual General Meeting and the Juno Awards announcement. An on-line survey of the corporate website revealed a satisfaction rating of 3.6 out of 5. Users of the website agreed they were able to find information on NCC projects, the organization and career opportunities, and that it was useful. The survey revealed universal accessibility, enhancing two-way communications and the site search engine as areas for future improvement.

Minor improvements were recommended to provide a more structured process for project management and procurement management. A management action plan was prepared in response to the recommendations.

TECHNOLOGY The NCC continued to develop the technological capabilities needed to operate with optimal efficiency. Various technological improvements were made — for example, in the height of buildings, which in Ottawa are restricted in relation to the height of the Peace Tower: last year, the NCC developed geographic models of allowable heights so that it could monitor new building developments for compliance. As well, traditional

technologies were not neglected. Better two-way radio coverage will improve public safety by helping conservation officers in Gatineau Park to conduct effective search and rescue and enforce regulations. It was in the area of communications, however, that the NCC really shone. In 2002–03, for example, the NCC webcast its Annual General Meeting, as well as the announcement for the Junos.

RESEARCH Every year, the NCC carries out research projects for a number of purposes: to gauge its market, to evaluate programs and to set a course for the future. In 2002–03, public image came to the forefront. With the 2000 Sussex Circle report in hand as a

reminder of the importance of good public relations, the NCC has been working to effect improvements. Last year, it conducted a telephone survey of 602 residents of the NCR to gauge progress. The results were encouraging, with 80 percent of those surveyed stating that they benefited from the corporation’s presence in their community. Even among those who were critical of the NCC (11 percent), two-thirds acknowledged the benefits. “Residents value the NCC,” stated the report, “because of the contribution they see it making to the region’s quality of life in the form of green spaces, recreational opportunities and cultural events.”

The Sussex Circle report of 2000 made it clear that the NCC had to improve communications with the general public and with its partners in the municipality. In 2002–03, the NCC responded to those recommendations in a variety of ways. Notably, it continued the previous year’s innovation in the form of an Annual General Meeting with the public, and it added to the impact of its communications initiatives by setting up a federal-municipal advisory committee.

NATIONAL CAPITAL TRIPARTITE PLANNING COMMITTEE To improve working relationships with the municipalities, the NCC established a three-way forum in 2002–03 and over the year organized five meetings with the mayors of Ottawa and Gatineau. The issues discussed ranged from transportation (notably, rapid transit and interprovincial bridges) to federal accommodation and the need for a regional film office. With the cities on both sides of the river expanding rapidly, it was agreed in the meetings that timely communication and joint strategic planning were needed.

ANNUAL GENERAL MEETING In the long and complex process of planning and building the Capital, the NCC depends on the support of local residents. Recognizing that local support hinges, in turn, upon a healthy, two-way flow of information and debate, the NCC inaugurated a public Annual General Meeting in 2001 and opened its doors to the general public. The second meeting held in November 2002, built on the initial success of the first meeting through an innovative webcast of the proceedings, thereby enormously increasing the event’s reach. The NCC

COMMUNICATIONS

Strategy: Use proactive communications to provide information on the NCC and its activities to the public.

reported on the meetings with local mayors and on major projects (notably, LeBreton Flats and the new *Animal Control Regulations*). Afterwards, the floor was thrown open to the assembly for comments and discussion.

PERFORMANCE TARGETS	2002–2003 ACCOMPLISHMENTS
The public’s awareness of NCC business and activities, and perceptions of corporate image, will show improvement over the planning period (via annual surveys).	Various studies were completed, including a corporate image survey, an omnibus survey of residents and a national survey of Canadians’ perception of the Capital and of the NCC. The national survey indicated that 76 percent of Canadians strongly agreed that the NCR is a source of pride.
The NCC will obtain positive feedback (via media analyses and corporate survey results) regarding the effective communication of major NCC projects, particularly the redevelopment of LeBreton Flats and the revitalization of Sparks Street.	The NCC completed four media analyses on media activity and tone in coverage in relation to major NCC projects. The NCC received positive coverage in the media, specifically for the LeBreton Flats redevelopment. Overall, there were more than 7,500 media reports in 2002–03. On a scale of 1 to 10, tone of coverage was positive at 7.9.

CONSULTATION

Strategy: Offer increased opportunities for the public to interact with the NCC, to provide input into NCC processes and activities and to obtain information about the NCC and its activities.

Awareness!

Advertisements in the local media caught the attention of readers with a bold headline — “Canada’s Capital Region: one of the best places to live in North America!” Pointing to the recreational pathways, Gatineau Park, the Greenbelt and the region’s festivals, the advertisement shared the findings of the 2002–03 public image survey. “Capital residents have one of the highest contentment levels in North America,” it said; “75 percent say they are very satisfied with their quality of life.”

LOCAL INTEREST GROUPS During the year, the NCC continued its practice of consulting periodically with the public on major projects, such as LeBreton Flats and Capital Agenda 21. It went even further, however, in its efforts to encourage the sharing of ideas when it inaugurated a series of meetings with special interest groups (one of the Sussex Circle report recommendations in 2000). The first of these meetings — which are planned as an annual event — was held on May 2, 2002. Interest groups in the community were invited (either directly or through general advertisements) to

make presentations to the NCC’s board of directors according to four themes: leisure and recreation; heritage; planning and transportation; and the environment. Thirty-two groups responded to the invitation to meet the members of the Commission, and they unveiled concerns on topics ranging from green space management and the preservation of built heritage to automobile traffic and chemical pesticides. The results of the meeting were later taken into consideration at the NCC’s annual strategic planning session.

PERFORMANCE TARGETS

Over the planning period, the NCC will increase the number of people reached in NCC consultations or information sessions.

The NCC will achieve increasingly positive feedback from the public over the planning period, in terms of opportunities for meaningful input during NCC consultations and satisfaction with the processes employed.

2002–2003 ACCOMPLISHMENTS

Measures on the number of people reached in NCC consultations and information sessions have proven difficult. A number of means were used to inform the public, such as broader postal drops, increased breadth of newspaper use and more timely provision of information to the media. A total of 16 meetings or consultations were held with the public, including the Annual General Meeting, the meeting of special interest groups and discussions on major projects. Through feedback, participants advised that their purpose for attending the meetings was satisfactorily met.

Positive comments were received from public consultation on the *Gatineau Park Master Plan* review and the meeting with special interest groups, both in terms of content and process. A residents’ survey was conducted to determine the impact of increased efforts to provide information and opportunities for public input. The results indicated that residents are satisfied with the NCC’s efforts in these areas, as well as with the NCC’s products and programs. The NCC also conducted a public image survey of residents of the NCR on their views of the NCC. Results showed that over 80 percent feel they personally benefit from the NCC’s presence in the community. A national omnibus survey was conducted to test public perceptions of the Capital. The results were used to develop the Marketing, Public Affairs and Communications Plan.

HUMAN RESOURCES MANAGEMENT

Strategy: Deliver human resources management services that ensure that the NCC is positioned as an employer of choice.

themselves as potential directors, and 10 were selected through a process of testing and interviews for further evaluation. Of these, eight have been provided with a personal training program to help them prepare for the emergence of vacancies; work is continuing with the remaining two. For managers, the potential pool of candidates was much larger, numbering some 150 people. The NCC therefore opted for a comprehensive training program that is open to all interested parties.

In terms of human resources renewal, the NCC sought ways to support the integration of corporate values into day-to-day operations. To enhance its reputation as a continuous learning organization, the NCC, as a separate employer, has established targets for investment in training, has refined the job classification system and is putting in place a succession management program. In the wake of September 11, the NCC also took steps to address the need for enhanced security as it relates to personnel, property and information assets.

SUCCESSION MANAGEMENT The NCC worked to prepare itself, as senior executives retire over the next few years, to effect a smooth transition. Formal succession planning, which the NCC began in 1999, tries to ensure that talented, well-prepared employees are standing in the wings as opportunities emerge. In 2002–03, seven directors self-identified as potential vice-presidents and benefited from a complete evaluation of their skills and competencies; two advanced to become vice-presidents. Similarly, 23 individuals identified

PERFORMANCE TARGETS

Maintain the level of resources invested in training at an average of 3 percent of the salary envelope and 37.5 hours per employee per year.

Complete the final phases of the Succession Management Program in 2002–03 and update it annually.

Incorporate and monitor implementation of a values-based approach into business activities and obtain employee feedback on success of the initiative in 2003–04 and 2005–06.

Conduct the analyses necessary to be able to prepare a competitive bargaining proposal in 2004 (including salary relativity monitoring).

By the end of 2002–03, the NCC will have implemented 80 percent of the health and safety measures required to comply with the revisions to Part II of the Canada Labour Code, with the remaining measures to be completed during 2003–04.

2002–2003 ACCOMPLISHMENTS

2.8 percent of the employee salary base was spent on training with an average of 33.5 hours per employee.

Individual training and development plans for participants in the Succession Management Program are being implemented. The target will now be met in 2003–04, when the launch of the second call for senior executive positions will take place.

The integration of corporate values was monitored through the periodic reporting process; a reminder of corporate values has been introduced as part of employee orientation sessions. An employee survey was conducted and results will be known in 2003–04. In addition, branches conducted a number of employee surveys to measure satisfaction with progress on the implementation of specific work area priorities.

Draft bargaining proposals were developed in support of the collective bargaining process.

A three-year action plan was completed to manage the implementation of health and safety measures, and recommendations from the Security Audit were addressed. The NCC implemented 73 percent of the recommended health and safety measures; development and consultations have been completed on the remaining recommended measures with implementation delayed to 2003–04.

Environmental Stewardship

The NCC contributes to the quality of life in the National Capital Region (NCR) through a range of environmental activities that seek to sustain or enhance the quality of the natural or biophysical environment. It seizes every opportunity to create and build on partnerships and to promote and demonstrate sound environmental practices.

Environmental Management Strategy

In 2001, the NCC developed and approved the Environmental Management Strategy to guide it in managing its considerable natural and built assets and in carrying out operations. It adopted six principles of sustainable development as part of this strategy, and it created a multi-year action plan to transform the strategy and principles into a program of concrete action.

Contaminated Sites Management Program

The NCC employs the Environmental Site Assessment (ESA) process to screen contaminated sites. The process, first implemented at the NCC in April 1999, involves the categorization of sites according to the Canadian Council of Ministers of the Environment National Classification System. The last four years of the program have provided the NCC with valuable information on the type and sources of contaminants typically found on NCC land. They have also given it factual results and experience that are useful in managing contaminated sites. The NCC plans to have investigated 90 percent of its properties by the end of 2006–07. To date, it has identified 43 percent of its properties as Class 2 sites, where some action is probably required; less than 1 percent has been identified as Class 1, the highest risk category. The program also deals with the management of fuel storage tanks on NCC lands, and this has been extended to include NCC-leased properties as well. Fuel storage tank audits have been completed on 15 sites and on the 51 sites subject to Phase 1 ESAs. Issues of compliance were identified for 63 storage tanks in the audit, and these are currently being remedied.

Environmental Impact Assessments

The NCC voluntarily adheres to the spirit of the *Canadian Environmental Assessment Act*, conducting Environmental Impact Assessments (EIAs) on all projects and transactions, and Strategic Environmental Assessments (SEAs) on land use plans. Over the year, it carried out ESAs and EIAs for various NCC projects such as the LeBreton Flats redevelopment, the Ottawa River Development Plan and the *Gatineau Park Master Plan* review. It reviewed and managed a further 55 EIAs for external projects such as the widening of Highway 417, construction of the Canadian War Museum and expansion of the Queensway-Carleton Hospital.

Federal Land Use Approvals

The NCC has the authority to review all federal government proposals to change, build or demolish federal assets in the NCR. In 2002–03, 86 land use and land transaction submissions were made, and 57 approvals were granted or files closed. Approvals included disposal of land for the Canadian War Museum and the access road to the Mackenzie King Estate from the Champlain Parkway. One hundred and twenty-nine new design files were received, and 115 approvals were granted or files closed, including those for the Rideau Hall Stable Building, the Sussex Forecourt, the Canadian War Museum and the Canada Aviation Museum Expansion Concept.

Natural Resources Management

The NCC works to protect natural areas, ecosystems and animal species on its land, and it monitors water quality. Test results during the swimming season showed that water quality at all NCC public beaches conformed to provincial standards, and none had to be closed for health

reasons. An update to the list of plants and fauna at risk identified 77 plant and 44 animal species at risk and requiring protection in Gatineau Park.

Lease Management

The NCC incorporated environmental provisions into all of its agricultural and residential leases to ensure good environmental management. It conducted site visits, made lease management recommendations for 13 farm operations and inventoried farm management practices at six farms.

Pesticides

As per policy, the NCC applied no pesticides in Gatineau Park, and it participated with other federal government departments in the preparation of Integrated Pest Management guidelines. These draft guidelines — a code of practice — will be completed in summer 2003–04.

Solid Waste Management

The NCC continued to review and update its recycling program at all of its sites.

Alternative Fuels

The NCC fleet remains unchanged at 32 vehicles, though the number fluctuates to 40 during the summer season. As part of its commitment under the *Alternative Fuels Act*, the NCC continues to rely on Q-Tool Analysis (developed by Natural Resources Canada) to support the fleet replacement plan. The plan mandates the replacement of vehicles every four to seven years. The purchasing policy supports a move to smaller vehicles (four to six cylinders), which are sufficient for the NCC's purposes. The vehicles are fuelled, whenever possible, with environmentally friendly, low-level ethanol-blended fuels. Electric cars are available on the market and will be considered when they become more affordable.

Looking Ahead — Evolving Toward the Future

The world has changed, and the “future” — that uncertain territory that used to lie somewhere over the horizon — is suddenly upon us. For Canada, that future means a society that is fundamentally diverse, more culturally mixed than at any time in its history, and more economically connected to the world. In the sweep of change that this diversity entails, the NCC will hold steady to its mission to build a great Capital on behalf of future generations. At the same time, it will evolve to keep pace with Canada in transition.

What was merely a plan at the end of the 20th century — the *Plan for Canada's Capital* (1999) — is ready now, in the form of an implementation plan called Capital Agenda 21, to take shape as bricks and mortar. In the immediate future, attention will focus on the Core Area of the Capital. Work has already begun to transform LeBreton Flats into an area of mixed public, commercial and residential uses, and studies are underway to restore life and meaning to historic Sparks Street. On the Quebec side of the Ottawa River, the NCC has also indicated its interest in the acquisition of the last remaining parcels of industrial land in the Core Area on behalf of the Canadian people. The NCC is also working with the City of Gatineau

to create a new scenic gateway into Gatineau Park. These are only a few of the projects currently on the drawing board.

The NCC is poised to change the face of the Capital in the next few years. However, the creation of a meaningful capital involves more than physical infrastructure. In the last quarter of the 20th century, the NCC conceived and delivered a rich array of programs and events to communicate Canada to Canadians. As the country changes and matures, however, the NCC must seek new and meaningful ways to use the extraordinary public spaces of the Capital. In effect, it will conceive a new programming vocabulary to express the changing face of Canadian society.

The NCC does not work alone. Indeed, success in delivering on the future's promise depends very much on the quality and strength of the relationships between the NCC and its federal, municipal and public and private sector partners. If those relationships are to prosper, the NCC needs to communicate its achievements even more aggressively and to generate much more excitement and support. It must also find new ways for residents in the Capital to influence the evolution of their community.

The cost of building the Capital continues to rise. Over the years, the NCC has faced a number of fiscal challenges, each time finding creative ways to improve productivity. That emphasis on creativity must continue, as the NCC makes the most of every dollar and finds new ways to use its assets to generate sustainable revenues.

For all its promise, the 21st century has already shown a new and troubling face to the world — the face of terrorism. As it works to bring Canadians together in the Capital's public spaces, the NCC must pay new attention to public safety. The corporation will work with federal and municipal partners, and in cooperation with law enforcement agencies, to ensure that Canadian celebrations unfold in a spirit of peace and harmony.

For 104 years now, the NCC and its predecessors have worked to build a great capital on behalf of future generations of Canadians. As the world changes and Canada becomes more diverse, the NCC's mission is more important than ever — to bring Canadians together, to communicate our common values and to inspire pride in shared nationhood.



Simon Stafford (Production Services)
December 2002 Employee of the Month

FINANCIAL PERFORMANCE HIGHLIGHTS

2002-2003

Parliamentary Appropriations

Parliamentary appropriations for 2002–03 were \$124.7 million, representing an increase of \$22.8 million from last year’s total of \$101.9 million — see Table 1.

In 2002–03, total operating appropriations increased by \$0.7 million from the previous year, to \$66.4 million. The increase is mainly attributable to additional ongoing allocations received through supplementary estimates for increased salaries.

Effective in 2002–03, grants and contributions appropriations have been amalgamated with operating appropriations.

Capital appropriations increased by \$22.1 million to \$58.3 million in 2002–03. The increase is largely the result of increased special appropriations received for the LeBreton Flats redevelopment project (\$46.7 million compared to \$12.0 million in 2001–02), net of a decrease of \$10.6 million in appropriations for the official residences and a \$2.9-million repayment on a loan received in 2000–01 for asset rehabilitation.

Total appropriations will be \$98.8 million for 2003–04, a decrease of \$25.9 million over 2002–03. The variance stems mainly from a \$35.8-million reduction to \$10.9 million for the LeBreton Flats redevelopment project (from \$46.7 million in 2002–03) and a \$6.0-million decrease for capital reprofiling to 2000–01. These downward fluctuations are partly offset by a \$13.2-million increase in appropriations for the Sparks Street revitalization project and a final \$2.5-million payment in 2002–03, on a \$5.0-million capital reprofiling approved for 1999–2000 — see Chart 1.

TABLE 1 PARLIAMENTARY APPROPRIATIONS 2001–2002 AND 2002–2003
(IN THOUSANDS OF DOLLARS)

	2002–2003	2001–2002	VARIANCE
Operating	\$48,843	\$44,949	\$3,894
Supplementary operating	3,791	7,721	(3,930)
Amalgamation of grants and contributions	13,740	12,983	757
Sub-total	66,374	65,653	721
Capital	56,376	25,671	30,705
Supplementary capital	1,919	10,563	(8,644)
Sub-total	58,295	36,234	22,061
Total appropriations	\$124,669	\$101,887	\$22,782

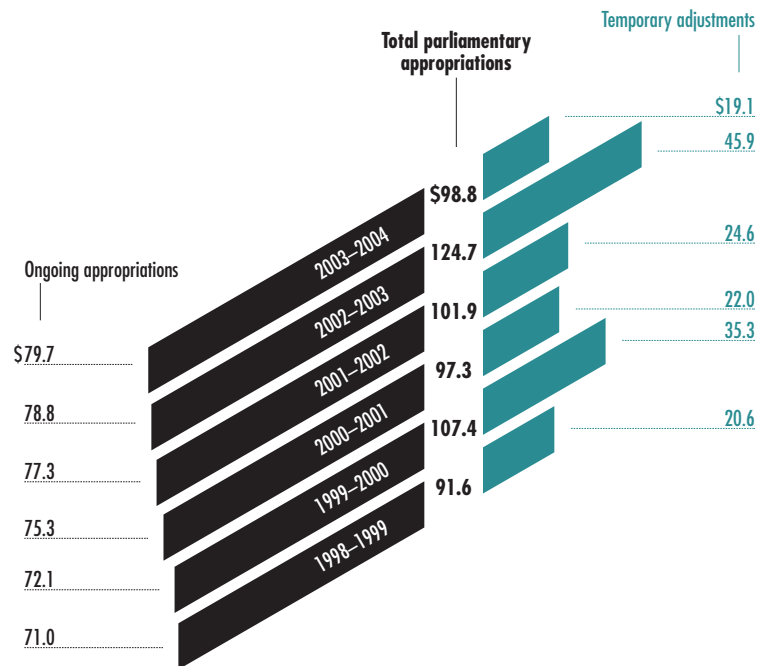
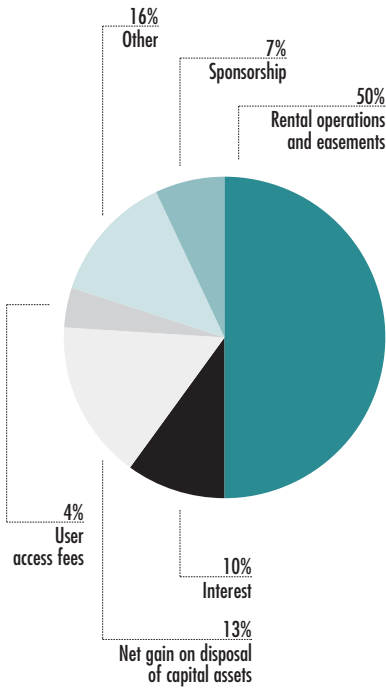


CHART 1 PARLIAMENTARY APPROPRIATIONS 1998–1999 TO 2003–2004
(IN MILLIONS OF DOLLARS)

Operating Income



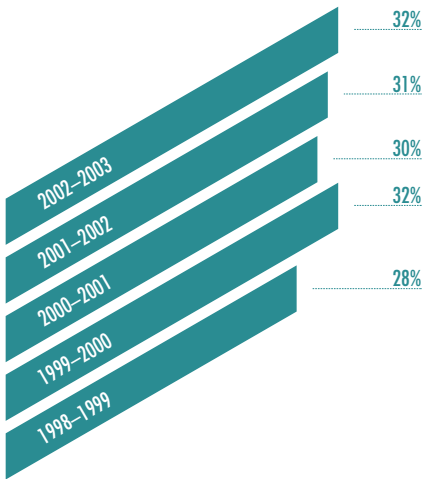
**CHART 2
SOURCES OF OPERATING INCOME
2002-2003**

As shown on the NCC’s Statement of Operations, operating income totalled \$35.0 million in 2002-03 compared to \$34.6 million in 2001-02. The increase of \$0.4 million is mainly the result of higher goods and services sponsorships (\$0.6 million), other fees and recoveries (\$0.5 million) and user access fees (\$0.3 million), partly offset by a lower net gain on disposal of capital assets (\$0.9 million). Operating income generated from other sources in 2002-03 was comparable to that of last year.

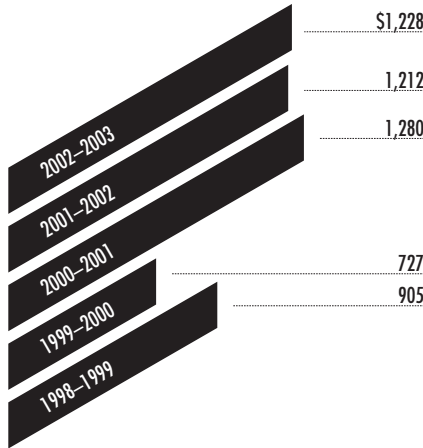
As illustrated in Chart 2, rental operations and easements continue to represent the most significant source of operating income (50 percent this year).

Apart from one-time adjustments, parliamentary appropriations have stabilized in recent years, and as a result, operating income plays an important role in helping offset the NCC’s increased cost of operations. In 1998-99, operating income (excluding net gain on disposal of capital assets) accounted for approximately 28 percent of total operating funding, versus 32 percent in 2002-03. Chart 3 illustrates the NCC’s sustained efforts over the years to increase revenues.

The NCC is also continuing efforts to maintain a high level of sponsorship income and promote increased partnership contributions and volunteer support. In 2002-03, as shown in Chart 4, sponsorship in cash for all NCC programs remained relatively stable at \$1.2 million.



**CHART 3
NCC OPERATING REVENUES
RELATIVE TO TOTAL FUNDING
1998-1999 TO 2002-2003
(EXCLUDES CAPITAL APPROPRIATIONS AND
NET GAIN ON DISPOSAL OF CAPITAL ASSETS)**



**CHART 4
SPONSORSHIP IN CASH
1998-1999 TO 2002-2003
(IN THOUSANDS OF DOLLARS)**

Cost of Operations

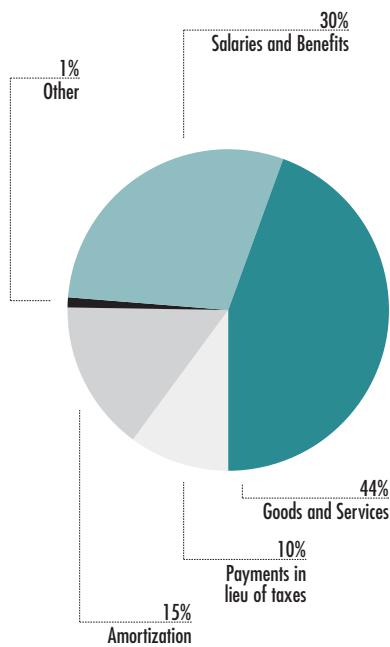
As shown on the NCC's Statement of Operations, the total cost of operations for 2002–03 amounted to \$114.0 million compared to \$105.2 million a year earlier. Goods and services expenditures increased by \$4.6 million, primarily due to a \$2.3-million increase in the costs of property management and maintenance contract renewals and costs associated with newly acquired properties. Asset rehabilitation expenses also increased by \$1.0 million while building rental costs and the cost of goods sold

both increased by \$0.5 million. The \$2.3-million increase in salaries and employee benefits is mainly attributable to the impact of the collective agreement and salary increments (\$1.4 million), as well as increased employee benefits. Finally, the amortization expense increased by \$1.7 million.

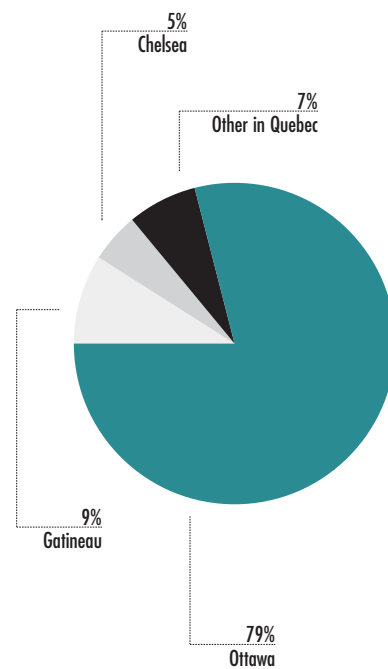
The NCC's 2002–03 expenses are classified by major category in Chart 5. As well, the actual expenses for 2001–02 and 2002–03 are provided in Note 8 to the Financial Statements.

Goods and services represent the largest expense (\$50.4 million), followed by salaries and employee benefits (\$33.4 million), amortization (\$17.2 million) and payments in lieu of municipal taxes (\$11.7 million).

The NCC makes annual payments in lieu of municipal taxes to municipalities (and school boards in Quebec). Chart 6 shows the distribution of payments by municipality for 2002–03.



**CHART 5
EXPENSES BY
MAJOR CATEGORY 2002–2003**



**CHART 6
PAYMENTS IN LIEU OF
MUNICIPAL TAXES 2002–2003**

Capital Expenditures

In 2002–03, the NCC spent \$42.2 million on purchases and improvements to capital assets. Major projects included

the LeBreton Flats redevelopment (\$20.8 million), the rehabilitation of the official residences (\$7.3 million)

and the Champlain Bridge reconstruction (\$3.2 million).

Budgetary Analysis

The following table compares the forecast operating results as per 2002–2003 to 2006–2007 Corporate

Plan to 2002–2003 actual results and highlights resulting variances.

TABLE 2 STATEMENT OF OPERATIONS 2002–2003 (IN THOUSANDS OF DOLLARS)

	BUDGET	ACTUAL	VARIANCE
Income			
Rental operations and easements	\$16,773	\$17,457	\$684
Net gain on disposal of capital assets	4,200	4,513	313
Interest	2,541	3,630	1,089
Sponsorship			
Cash	1,211	1,228	17
Goods and services in-kind	1,800	1,290	(510)
Sublease, headquarters	1,308	1,350	42
User access fees	250	1,431	1,181
Other fees and recoveries	2,511	4,145	1,634
	30,594	35,044	4,450
Cost of Operations			
Promoting and animating the National Capital Region	18,146	21,391	(3,245)
Planning the National Capital Region	1,934	1,785	149
Real asset management and development	65,611	67,640	(2,029)
Corporate services	24,427	23,200	1,227
	110,118	114,016	(3,898)
Net cost of operations before parliamentary appropriations	(79,524)	(78,972)	552
Parliamentary appropriations	65,015	66,374	1,359
Net Loss	\$(14,509)	\$(12,598)	\$1,911

The increase in rental operations and easement revenues stems mainly from newly acquired properties. Higher-than-budgeted interest revenue was generated as a result of start-up delays with Sparks Street and LeBreton Flats initiatives. The sponsorship received from Bell Globemedia was recorded at a lower value (\$0.6 million representing the market value) than originally estimated (\$1.1 million as per contract), resulting in an unfavourable

variance in goods and services in-kind sponsorships.

The increase in user access fees is mainly related to the different accounting treatment to record revenues generated by Gatineau Park, notwithstanding the revenue sharing terms negotiated in the maintenance management contract. Input tax credits have been budgeted at \$1.1 million in other fees and recoveries; however, in accordance

with generally accepted accounting principles, actuals (\$1.7 million) are recorded net of expenditures, under the different sectors. Using the same approach for the budgeted amount, the favourable variance in other fees and recoveries now totals \$2.7 million. It is mainly attributable to unbudgeted partnership contributions (\$0.5 million), an increase in merchandising revenues (\$0.6 million) and actual expense recoveries — other than headquarters sublease —

(\$1.5 million), which are only recorded as they are earned.

The \$3.2-million variance in the cost of operations of the promoting and animating the National Capital Region sector relates mainly to expenditures originally planned as capital but charged to operations for programs and activities (\$1.2 million), unbudgeted expense recoveries (\$0.8 million), security costs associated with the G8 Summit (\$0.6 million), program expenditures funded from partners (\$0.5 million), expenditures related to the Queen's Jubilee (\$0.4 million) and merchandising expenses (\$0.3 million), net of a \$0.5-million decrease in goods and services in-kind from Bell Globemedia.

The actual cost of operations of the real asset management and development sector exceeded the budget by \$2.0 million. This is largely the result of the expenditures planned as capital but charged to operations for the official residences and other projects (\$3.4 million), the accounting treatment of revenues and expenditures from Gatineau Park (\$1.0 million), unbudgeted expense recoveries (\$0.7 million) and increased security and personnel costs, which are partly offset by lower-than-budgeted amortization expense (\$1.6 million) and payments in lieu of municipal taxes (\$2.1 million).

The favourable variance of \$1.2 million in the corporate services sector

is primarily due to actual input tax credits of \$1.7 million budgeted for as other fees and recoveries and a downward adjustment to the amortization expense (\$0.2 million), less increased litigation and legal fees (\$0.7 million).

The increase in actual parliamentary appropriations compared to budget results essentially from the special one-time appropriation received for G8 security expenses (\$0.6 million), additional ongoing appropriations for increased salaries and employee benefits (\$0.6 million) and an ongoing adjustment for the expenditures planned as capital but charged to operations (\$0.1 million).



Fatima Alves (Integrated Asset Management Information System Support)

August 2002 Employee of the Month

FINANCIAL STATEMENTS

2002-2003

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, records, 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
Vice-President, Corporate and
Information Management Services



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 2003 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 2003 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

May 29, 2003, except as to note 14, which is as of June 18, 2003

NATIONAL CAPITAL COMMISSION
BALANCE SHEET AS AT MARCH 31

(THOUSANDS OF DOLLARS)
2003 2002

Assets		
Current		
Cash and cash equivalents (note 3)	\$38,915	\$29,377
Short-term investments (note 3)	73,554	66,079
Accounts receivable		
Federal government departments and agencies	3,303	3,490
Tenants and others	3,888	6,452
Prepaid expenses	3,820	2,774
	123,480	108,172
Long-term investments (note 3)	4,786	4,516
Long-term receivables (note 4)	4,950	5,787
Capital assets (note 5)	505,820	468,619
	\$639,036	\$587,094
Liabilities		
Current		
Accounts payable and accrued liabilities		
Federal government departments and agencies	\$1,375	\$1,565
Others	12,770	19,162
Current portion of provision for environmental clean-up (note 11)	16,912	9,834
Current portion of unsettled expropriations of property and land exchanges	2,837	
	33,894	30,561
Provision for environmental clean-up (note 11)	29,698	24,551
Employee future benefits (note 6)	5,167	4,725
Deferred rent inducement	3,043	3,226
Other long-term liabilities	1,921	1,948
Unsettled expropriations of property and land exchanges	350	3,180
	74,073	68,191
Commitments and contingencies (notes 10 and 11)		
Equity of Canada	564,963	518,903
	\$639,036	\$587,094

The notes are an integral part of the financial statements.

Approved by the board of directors



Marcel Beaudry
Chairperson



Irving Schwartz
Chairperson, Corporate Audit
and Evaluation Committee

NATIONAL CAPITAL COMMISSION
STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	(THOUSANDS OF DOLLARS)	
	2003	2002
Income		
Rental operations and easements	\$17,457	\$17,621
Net gain on disposal of capital assets	4,513	5,438
Interest	3,630	3,647
Sponsorship		
Cash	1,228	1,212
Goods and services	1,290	653
Sublease, headquarters	1,350	1,281
User access fees	1,431	1,126
Other fees and recoveries	4,145	3,629
	35,044	34,607
Cost of Operations (notes 7 and 8)		
Promoting and animating the National Capital Region	21,391	18,119
Planning the National Capital Region	1,785	1,394
Real asset management and development	67,640	63,039
Corporate services	23,200	22,632
	114,016	105,184
Net cost of operations before parliamentary appropriations and non-operating income	(78,972)	(70,577)
Parliamentary appropriations (note 9)	66,374	65,653
Net loss before non-operating income	(12,598)	(4,924)
Non-operating income		
Insurance proceeds		4,438
Net Loss	\$(12,598)	\$(486)

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF EQUITY OF CANADA FOR THE YEAR ENDED MARCH 31

	(THOUSANDS OF DOLLARS)	
	2003	2002
Operations		
Balance at beginning of year	\$514,594	\$478,846
Net loss	(12,598)	(486)
Parliamentary appropriations to acquire and improve capital assets (note 9)	58,295	36,234
Balance at end of year	560,291	514,594
Canadiana Fund (note 1)		
Balance at beginning of year	4,309	3,950
Donations	363	359
Balance at end of year	4,672	4,309
Total balance at end of year	\$564,963	\$518,903

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31

	(THOUSANDS OF DOLLARS)	
	2003	2002
Cash flows from operating activities		
Cash receipts from parliamentary appropriations for operating activities	\$66,828	\$70,578
Cash receipts from rental operations and easements	18,452	16,685
Cash receipts from other operations	8,238	5,242
Cash paid to suppliers and employees	(97,698)	(84,709)
Interest received	3,960	3,547
Cash flows (used in) from operating activities	(220)	11,343
Cash flows from investing activities		
Purchases and improvements to capital assets	(26,916)	(35,425)
Proceeds on disposal of capital assets	5,701	4,095
Disbursements for short-term investments	(338,503)	(66,079)
Cash receipts from short-term investments	331,028	34,404
Disbursements for long-term investments	(2,580)	
Cash receipts from long-term investments	2,249	
Disbursements for environmental clean-up	(19,506)	(168)
Cash flows used in investing activities	(48,527)	(63,173)
Cash flows from financing activities		
Cash receipts from parliamentary appropriations to acquire and improve capital assets	58,295	41,233
Cash receipts for pay equity		3,688
Disbursements for pay equity	(17)	(323)
Cash receipts for Canadiana Fund	7	32
Cash flows from financing activities	58,285	44,630
Increase (Decrease) in cash and cash equivalents	9,538	(7,200)
Cash and cash equivalents at beginning of year	29,377	36,577
Cash and cash equivalents at end of year	\$38,915	\$29,377

The notes are an integral part of the financial statements.

Notes to Financial Statements

As at March 31, 2003

1. Authority and Objectives

The National Capital Commission (NCC) was established in 1959 under the terms of 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 consist of cash and highly liquid investments which have a maturity of less than three months at the date of acquisition.

(b) Investments

Short-term investments are recorded at the lower of cost and market value. Long-term investments are recorded at cost and are written down to market value when the loss in value is considered to be other than a temporary decline.

(c) Capital Assets

Capital assets are generally recorded at historical cost. Property acquired for a nominal value or by donation is recorded, as transferred capital assets, 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 the

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. Improvements and development costs relating to lands are also capitalized.

(d) Amortization

Amortization of 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	3, 5 and 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	3 years
Antiques and works of art	Not amortized

(e) 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 in kind, 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.

(f) Pension Plan

NCC employees are covered by the Public Service Superannuation Plan administered by the Government of Canada. The NCC's contributions to the plan are limited to 2.14 times the employees' contributions on account of current and certain past service. These contributions, which amounted to \$3.317 million (\$3.044 million in 2002), represent the total pension obligations of the NCC and are charged to operations on a current basis. The NCC is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(g) Employee Termination Benefits Obligation

Severance pay generally accrues to employees over their service period and is payable on their separation or retirement. The obligation is actuarially determined using the projected benefit method prorated on services and management's best estimate of salary projection, discount rate and average remaining service period of active employees expected to receive benefits. Management recognizes changes in the liability based on actuarial results and recognizes adjustments arising from actuarial gains or losses in the year in which they occur.

(h) Workers' Compensation Obligation

The NCC assumes all risks for workers' compensation claims. The NCC recognizes the actuarial value of its workers' compensation obligation using management's best estimate and actuarial data obtained from the Workplace Safety and Insurance Board.

(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 of the effective date of the lease and are amortized over the term of the lease.

(j) 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.

(k) Provision for Environmental Clean-up

The NCC records a provision for environmental clean-up 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.

(l) 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.

(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 clean-up, 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 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 shall be purchased from a member of the Canadian Payments Association and are redeemable on short notice.

(a) Cash and Cash Equivalents

As at March 31, 2003, cash and cash equivalents include banker's acceptances which amounted to \$33.228 million (\$28.521 million in 2002) at a weighted average interest rate of 2.9 percent (2.1 percent in 2002). 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, 2003, short-term investments include banker's acceptances, guaranteed notes and Treasury bills which amounted to \$73.554 million (\$66.079 million in 2002) at a weighted average interest rate of 2.9 percent (2.7 percent in 2002) and

have an average term-to-maturity of four months (seven months in 2002). 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, 2003, long-term investments include cash, banker's acceptances and bonds of the Government of Canada and of provincial governments which amounted to \$4.786 million (\$4.516 million in 2002) at a weighted average interest rate of 9.3 percent (4.6 percent in 2002). The fair value of these investments is \$5.194 million (\$4.751 million in 2002).

(d) Segregated Funds

Cash and cash equivalents, short-term investments and long-term investments amounted to \$117.255 million (\$99.972 million in 2002). The following funds, which amounted to \$93.497 million (\$76.355 million in 2002), are segregated:

(a) cash donations received for the Canadiana Fund in the amount of \$5,233 (\$8,539 in 2002);

(b) funds of \$14.359 million (\$17.609 million in 2002) for the purpose of acquiring and trading lands along the Sparks Street Mall, in Ottawa, pursuant to governor-in-council authority;

(c) funds of \$4.829 million (\$2.145 million in 2002) for the revitalization of Sparks Street, in Ottawa;

(d) funds of \$5.430 million (\$13.822 million in 2002) for rehabilitation of the official residences;

(e) funds of \$35.704 million (\$9.771 million in 2002) for the redevelopment of LeBreton Flats; and,

(f) funds of \$33.170 million (\$32.999 million in 2002) 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 \$7.095 million (\$6.126 million in 2002), whereas acquisitions and disposal expenses were \$6.923 million (\$0.639 million in 2002).

4. Long-Term Receivables

The long-term receivables include an amount of \$3.150 million (\$3.327 million in 2002) representing the present value of services to be rendered to the NCC for the maintenance of parks and roadways until 2022. This account also includes \$1.800 million (\$2.460 million in 2002) for services to be rendered as betterment to NCC properties.

5. Capital Assets

	(THOUSANDS OF DOLLARS) MARCH 31, 2003				(THOUSANDS OF DOLLARS) MARCH 31, 2002		
	LAND	BUILDINGS, WORKS AND INFRASTRUCTURE	EQUIPMENT	TOTAL COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
LAND AND BUILDINGS, WORKS AND INFRASTRUCTURE ^{1,3}							
Greenbelt	\$28,754	\$36,370		\$65,124	\$25,949	\$39,175	\$39,522
Gatineau Park	19,592	16,960		36,552	10,434	26,118	26,264
Parkways	36,503	109,581		146,084	59,337	86,747	85,521
Parks	27,493	55,974		83,467	28,251	55,216	52,865
Bridges and approaches	1,741	69,918		71,659	23,718	47,941	46,211
Historical properties	158	59,176		59,334	30,973	28,361	23,344
Recreational facilities	18,331	21,191		39,522	12,975	26,547	25,899
Rental properties	57,932	49,492		107,424	30,056	77,368	82,631
Development properties	80,554	8,459		89,013	3,552	85,461	53,257
Unsettled expropriations and land exchanges	3,187			3,187		3,187	3,181
Administrative and service buildings	4,478	15,923		20,401	10,631	9,770	9,672
	278,723	443,044		721,767	235,876	485,891	448,367
Less: provision for transfers ²	(1,838)			(1,838)		(1,838)	(1,838)
	276,885	443,044		719,929	235,876	484,053	446,529
LEASEHOLD IMPROVEMENTS		16,964		16,964	4,652	12,312	12,725
EQUIPMENT							
Machinery and equipment			8,623	8,623	8,000	623	835
Office furniture and equipment			4,218	4,218	3,642	576	781
Vehicles			1,182	1,182	626	556	576
Computer and communications equipment			10,961	10,961	8,903	2,058	1,927
Antiques and works of art							
Canadiana Fund			4,667	4,667		4,667	4,301
Other			975	975		975	945
			30,626	30,626	21,171	9,455	9,365
Total	\$276,885	\$460,008	\$30,626	\$767,519	\$261,699	\$505,820	\$468,619

1. The total cost of land and buildings, works and infrastructure includes \$12 million of construction in progress.

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.

3. The NCC has identified surplus lands and buildings planned for disposal. As at March 31, 2003, their net book value amounted to \$19 million.

6. Employee Future Benefits

The NCC provides to its employees termination and workers' compensation benefits. The obligations for these benefits represent an unfunded liability.

(a) Employee Termination Benefits Obligation

Employee termination benefits are generally based on employees' length of service and rate of pay. The present values of employee termination benefits and current benefits expenses are determined by the NCC's actuary based on assumptions provided by management. The significant actuarial assumptions adopted in measuring the NCC's obligation are a discount

rate of 5.95 percent (5.68 percent in 2002), salary projection of 3 percent (3 percent in 2002) and average remaining service period of active employees expected to receive benefits of 11 years (11 years in 2002). The actuarial liability of \$3.9 million (\$3.4 million in 2002) could be materially different if assumptions on which the valuation is based vary significantly in future years. The statement of operations includes a charge of \$612,494 (\$567,464 in 2002) for the cost of these benefits in the year. The benefits paid to employees during the year were \$131,295 (\$316,701 in 2002).

(b) Workers' Compensation Obligation

The obligation excludes future administrative fees and the actuarial value presented was derived from actuarial data obtained from the Workplace Safety and Insurance Board. The obligation of \$1.3 million (\$1.3 million in 2002) could be materially different if assumptions on which the valuation is based vary significantly in future years. The statement of operations includes a charge of \$357,642 (\$190,010 in 2002) for the cost of these benefits in the year.

7. 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:

Promoting and Animating 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.

8. Cost of Operations

SUMMARY OF EXPENSES BY MAJOR CLASSIFICATION

	(THOUSANDS OF DOLLARS)	
	2003	2002
Salaries and employee benefits	\$33,445	\$31,143
Goods and services	50,393	45,776
Goods and services in kind	1,290	653
Payments in lieu of municipal taxes	11,680	12,133
Amortization	17,208	15,479
	\$114,016	\$105,184

9. Parliamentary Appropriations

	(THOUSANDS OF DOLLARS)	
	2003	2002
Parliamentary appropriations for operating expenditures received during the year	\$65,360	\$64,185
Parliamentary appropriations to acquire and improve capital assets received during the year	58,295	36,234
Parliamentary appropriations receivable at end of year	1,014	1,468
	\$124,669	\$101,887
Applied as follows:		
Parliamentary appropriations recorded on the Statement of Operations	\$66,374	\$65,653
Parliamentary appropriations recorded on the Statement of Equity	58,295	36,234
	\$124,669	\$101,887

10. Commitments

(a) The NCC has entered into agreements for services, leases of equipment and operating leases for office accommodations. The agreements have different termination dates, with the latest ending in 2020, and total \$156 million (\$159 million in 2002). 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 \$27.5 million (\$27.3 million in

2002) have been awarded for these functions; these contracts will terminate in 2006–07.

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

	(thousands of dollars)
2003–04	\$ 17,863
2004–05	\$ 13,385
2005–06	\$ 10,614
2006–07	\$ 7,811
2007–08	\$ 5,753

(b) The NCC has entered into contracts for capital expenditures of approximately \$9 million (\$21 million in 2002). Payments under these contracts are expected to be made within the next five years.

(a) Claims

Claims have been made against the NCC totalling approximately \$10.3 million (\$11.0 million in 2002), excluding interest and other costs, for alleged damages and other matters. The final outcome of these claims is not determinable and, accordingly, these items are not recorded in the accounts. In the opinion of management, the position of the NCC is defensible. Settlements, if any, resulting from the resolution of these claims will be accounted for

in the year in which the liability is determined.

(b) Environmental Protection

As part of the Environmental Management Framework and the Acquisition and Disposal Program, the NCC has prioritized 1,527 property assets that qualify for environmental assessment. Following a preliminary assessment of 827 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 clean-up at \$46.6 million (\$34.4 million in 2002) and at \$19.2 million (\$32.4 million in 2002) respectively. The contingency reflects the suspected costs or 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.

12. Related Party Transactions

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

In addition to the related party transactions described below, and those disclosed elsewhere in these financial statements, the NCC also enters into transactions with Crown entities. In the normal course of business and on

normal trade terms applicable to all individuals and enterprises, the NCC incurred expenses totalling \$8.6 million (\$8.5 million in 2002) for utilities, rental of space, asset and service purchases from other government departments and agencies, and earned revenues totalling \$7.8 million (\$7.0 million in 2002) from services rendered, rental operations and sales of assets to other government departments and agencies.

13. 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.

14. Subsequent Event

On June 18, 2003, the NCC received authority from the Governor in Council to acquire industrial lands on the north shore of the Ottawa River owned by George Weston Limited and Weston Inc. This site is part of the NCC's long-term strategy for

the core area of Canada's Capital Region. In the event that these lands were to be acquired, the transaction would be financed by parliamentary appropriations and would be recorded as a capital asset and a cash disbursement.

15. 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

As at March 31, 2003

BOARD OF DIRECTORS

Chairperson

Marcel Beaudry, Gatineau, Quebec
Re-appointed September 2, 1999 to
September 1, 2006
Lawyer

Vice-Chairperson

Heather Chiasson, Ottawa, Ontario
Re-appointed October 22, 2002 to
October 21, 2005
Health Care Professional

Board Members

Jacques Carrière, Gatineau, Quebec
Re-appointed November 26, 2002 to
November 25, 2005
Chartered Accountant

Claudia Chowanec, Ottawa, Ontario
Appointed August 7, 2002 to
August 6, 2005
Business and Human Resources
Professional

Dana B. Clendenning, Fredericton,
New Brunswick
Appointed August 22, 2000 to
August 21, 2003
Business Consultant

Marc Denhez, Ottawa, Ontario
Was a member from March 16, 1999
until August 6, 2002
Lawyer

Eric A. Denhoff, Victoria, British Columbia
Appointed January 16, 2002 to
January 15, 2005
Business Consultant

Roland des Groseilliers, Ottawa, Ontario
Re-appointed January 12, 2001 to
January 11, 2004
Optometrist

Ruth Carol Feldman, Winnipeg, Manitoba
Re-appointed March 10, 2001 to
March 9, 2004
Real Estate Sales Associate

Anne Fry, Edmonton, Alberta
Appointed May 30, 2002 to
May 29, 2005
Entrepreneur

Robert Guibord, TP, ATG, Ottawa, Ontario
Appointed January 24, 2003 to
January 23, 2006
Architectural Technologist

Michael E. Kusner, Gormley, Ontario
Re-appointed March 18, 2001 to
March 17, 2004
Planning Consultant

Norma J. Lamont, Ottawa, Ontario
Was a member from January 23, 1996
until January 23, 2003
Public Relations

Marcel Legault, Member,
Vaudreuil-Dorion, Quebec
Appointed November 26, 2002 to
November 25, 2005
Engineer

Marc Letellier, Quebec City, Quebec
Was a member from December 12, 1995
until November 25, 2002
Architect

François Pichard, Gatineau, Quebec
Re-appointed November 26, 2002 to
November 25, 2005
Accountant

Nancy Power, Edmonton, Alberta
Was a member from January 21, 1999
until November 29, 2002
Real Estate Developer

Irving Schwartz, Sydney, Nova Scotia
Was a member from October 29, 1996
until November 29, 2002; acting member
until replacement appointed
Business Proprietor

Ruth A. Spence, Yellowknife, Northwest
Territories
Re-appointed November 26, 2002 to
November 25, 2003
Health Care Professional

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

Dana B. Clendenning

Ruth Carol Feldman

Norma J. Lamont

François Pichard

Ex-Officio Member

Marcel Beaudry

COMPENSATION REVIEW COMMITTEE

Chairperson

Norma J. Lamont

Members

Ruth Carol Feldman

Nancy Power

Irving Schwartz

ADVISORY COMMITTEE ON MARKETING AND PROGRAMMING

Chairperson

Raymond M. Hébert, Winnipeg, Manitoba

Vice-Chairperson

Chad Gaffield, Ottawa, Ontario

Members

Jean-Pierre Arvisais, Blainville, Quebec

Jules Duguay, Quebec City, Quebec

Heather MacLellan, St. John's,
Newfoundland and Labrador

Duncan McKie, Toronto, Ontario

Pauline Rafferty, Victoria, British Columbia

Board Members

Roland des Groseilliers

Eric A. Denhoff

Ex-Officio

Marcel Beaudry

ADVISORY COMMITTEE ON PLANNING, DESIGN AND REALTY

Chairperson

Carolyn Woodland, Etobicoke, Ontario

Vice-Chairperson

Claude Provencher, Montreal, Quebec

Members

Larry Beasley, Vancouver, British Columbia

Peter Busby, Vancouver, British Columbia

William R. Green, Tremblant, Quebec

Gilles Larose, Montreal, Quebec

Brian MacKay-Lyons, Halifax, Nova Scotia

Lawrence R. Paterson, Okotoks, Alberta

Donald Schmitt, Toronto, Ontario

David Witty, Winnipeg, Manitoba

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

Vice-Chairperson

Daniel Brisset, Montreal, Quebec

Members

Carol Gault, Calgary, Alberta

J. André Perrier, Gatineau, Quebec

Jean-François Sauv , Montreal, Quebec

Board Members

Anne Fry

Ruth A. Spence

Ex-Officio Member

Marcel Beaudry

THE CANADIANA FUND

Chairperson

Paul C. LaBarge, Ottawa, Ontario

Vice-Chairperson

Agnes Benidickson, C.C., Ottawa, Ontario

Members

Marian Bradshaw, Toronto, Ontario

Diane Campbell, Halifax, Nova Scotia

Joan Carlisle-Irving, St. Andrews-by-the-Sea,
New Brunswick

Dr. Willie C.W.J. Eliot, C.M., Charlottetown,
Prince Edward Island

Chad Gaffield, Ottawa, Ontario

Catherine Graham, Toronto, Ontario

John C. Perlin, C.M., C.V.O., St. John's,
Newfoundland and Labrador

Gerald Pittman, Calgary, Alberta

Ray Protti, Toronto, Ontario

Douglas B. Richardson, Saskatoon,
Saskatchewan

Joan Richardson, Headingley, Manitoba

Dr. Milton Wong, Vancouver, British
Columbia

Ex-Officio Member

Marcel Beaudry

Observer

Julia Reitman

Appendix II: NCC Partners and Sponsors

The success of the programming and activities of the 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 2002–2003.

NCC PARTNERS

Bank of Canada
 ByWard Market BIA
 Canada Science and Technology Museum
 Canadian Agriculture Museum — Central Experimental Farm
 Canadian Aviation Museum
 Canadian Broadcasting Corporation
 Canadian Christmas Tree Growers Association
 Canadian International Development Agency
 Canadian Korean War Commemoration Committee
 Canadian Labour Congress
 Canadian Museum of Civilization
 Canadian Museum of Contemporary Photography
 Canadian Museum of Nature
 Canadian Olympic Association
 Canadian Paralympic Association
 Canadian Ski Museum
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 City of Gatineau
 City of Ottawa
 Communications Canada
 Communications Research Centre Canada
 Currency Museum of the Bank of Canada
 Department of Canadian Heritage
 Department of Foreign Affairs and International Trade
 Department of National Defence and Canadian Forces
 Embassy of the Netherlands
 Embassy of Thailand
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 Library and Archives of Canada

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 Ministry of Tourism and Recreation of Ontario
 Ministry of Transportation of Ontario
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 National Capital Balloon Club
 National Film Board of Canada
 National Gallery of Canada
 New Edinburgh Community Association
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 Office of the Secretary of the Governor General
 Ottawa Emergency Services
 Ottawa Fire Services
 Ottawa-Hull Ice Carvers Society (OHICS)
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 Ottawa Tourism and Convention Authority (OTCA)
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 Mayflower Restaurant & Pub
 Mayflower II Restaurant & Pub
 Minto Place Suite Hotel
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