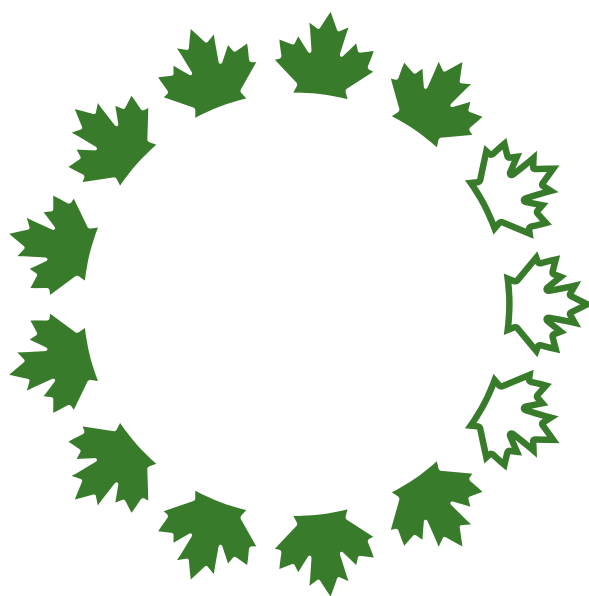


NATIONAL CAPITAL COMMISSION



2014–2015 | Annual Report

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MESSAGE FROM THE CHAIR



Over the past few years, the National Capital Commission (NCC) has gone through a period of transition. During this time, we experienced a change in our mandate, with the transfer to Canadian Heritage of

the responsibilities for staging events and celebrations in the Capital Region. In 2014–2015, we also underwent an organizational renewal, welcoming a new CEO, several new members to our executive management team and new members to our board of directors. While the NCC has undergone many changes, one thing has remained constant: our commitment to fulfilling the Capital Region's promise of value. That means ensuring that the seat of Canada's government reflects its important role and status.

This transition also provided for new opportunities. It allowed the NCC to reconnect with partners, stakeholders and Canadians, and gain a fresh perspective on how we do our work. Over the past few years, the NCC has been busy planning the delivery of major

projects to support the corporation's strategic priorities. In 2014–2015, we saw the initiation of many projects, which, once completed, will have a lasting impact on the Capital Region.

The top strategic priority for our board of directors has been to revitalize LeBreton Flats, to create a new signature destination at the site. We were pleased to see the launch of the redevelopment process last fall, more than a year ahead of schedule. Without a doubt, this is one of the most important legacy projects that the NCC will contribute to the Capital Region. We are confident that the results will create a public space of world-class calibre for both residents and Canadians across the country. We are also happy that the NCC's interim development project is progressing well. This will be an important first step in revitalizing the area, serving as a catalyst for the ongoing development of LeBreton Flats, and bringing life and activity to the area.

In addition, the NCC also advanced planning initiatives to define the future focus of the Capital. This included moving ahead with concepts for the Ottawa River shorelines, the redevelopment of Nepean Point, and projects to improve connectivity and public access to Richmond Landing and the Bronson Pulp Mill ruins.

To contribute to the sound stewardship of the Capital Region, our board plays a vital role in approving federal land use. In 2014–2015, the Board reviewed over 180 land use applications. This included granting approvals for several important projects being undertaken in the Capital Region, such as the design of the National Holocaust Monument, the concept for Windmill Development Group’s “Zibi” project, and the architectural rejuvenation of the National Arts Centre.

The NCC Board of Directors also approved the proposed alignment for the City of Ottawa’s western extension of the light rail transit line along the Sir John A. Macdonald Parkway. The participation of our board members was instrumental in reaching an agreement with the City that found an innovative solution which benefits both local and national interests. This collaborative engagement reaffirmed the Board’s commitment to work alongside our partners to achieve positive results for the Capital Region and all Canadians.

I have had the pleasure, along with other Board members, to participate directly in the NCC’s new citizen-focused engagement strategy. Board members have enjoyed participating in the numerous public design charrettes, consultations and expert symposia that punctuated the year. We had the opportunity, as Board members, to interact with and to hear first-hand from our stakeholders and the community.

The NCC also received positive feedback from residents of the Capital Region. A poll of local residents found

that 95 percent believe that the NCC has a role to play in making the Capital Region an inspiring reflection of Canada and Canadians. Another 77 percent trust the NCC to make good decisions, and 72 percent feel that the NCC shares their values.

As members of the NCC’s board of directors, our primary role is to ensure that the interests of all Canadians are represented in their capital. We take on this role in order for the Capital Region to remain a source of pride and inspiration for all Canadians, and a legacy for generations to come. Our board feels honoured to be trusted with such a role, and we will continue to work with our partners and stakeholders to ensure that the Capital Region embodies Canada’s rich past, vibrant present and vital future.



Russell Mills
Chair

MESSAGE FROM THE CEO



When I was appointed CEO of the National Capital Commission (NCC) in February 2014, I set out three main objectives for the 2014–2015 fiscal year. The first was to commit to a “citizen-focus” in all of the organization’s activities, and to lead it by example;

the second was to bring forward creative solutions to make the NCC a value-added partner for the region; and the third was to reconnect the NCC with its core mandate of long-term planning and stewardship in a modern and innovative way. Looking at the past year’s activity, these goals were at the forefront of the NCC’s accomplishments.

As the federal agency most responsible for fulfilling the Capital Region’s “promise of value” to visitors and to residents, the NCC continuously engages and connects with its stakeholders. Throughout 2014–2015, we set out an ambitious public engagement agenda that increased the frequency of such activities, while at the same time experimented with new collaborative and interactive approaches.

Over the course of the year, 40 public consultations were organized, attended by 1,600 participants. Many of these events were held in the NCC’s new Capital Urbanism Lab, now a lively hub for ideation and sharing points of view on how to build a great Capital Region. In this collaborative setting, the NCC hosts public design charettes,

discussion forums and workshops in order to develop projects and to share Canadian and international best practices. It is a rewarding experience for me and for the NCC’s professional staff to receive insightful feedback from the public and then put it into action.

I had the pleasure of inviting a series of experts and colleagues to share their knowledge with the public and NCC staff, for example, the renowned New York architect Daniel Libeskind, with whom the NCC is working to build the National Holocaust Monument. It was a privilege to invite Françoise Mercure, President of the Commission de la capitale nationale du Québec, to learn from Québec City’s experience. A series of three-way video conferences with planning counterparts in Washington, D.C., and Canberra provided fresh professional development opportunities for NCC staff.

To build a signature Capital Region, the NCC must be both a value-added partner and a good ally. In addition to creating a regular meeting schedule with municipal leaders, I have reached out to meet with many stakeholders: citizens, elected officials, First Nations leaders, federal and private sector partners, community associations, heritage and conservation groups, and diplomatic missions. It is invariably a true pleasure to hear these interlocutors envisioning building a stronger Capital Region.

Adopting a stance of “principled flexibility,” the NCC advocates for preserving green spaces, creating safe pathways, promoting design excellence, and ensuring heritage preservation and sustainable land use—critical factors

that give Canada's Capital Region its essential character. At the same time, we support the municipalities and other partners in their important work improving the quality of life, economic viability and sustainability of the region.

In 2014–2015, the NCC demonstrated creativity as a value-added partner in many ways, and I will mention just a few: for example, the innovative and cost-conscious solution to the Phase Two routing of the City of Ottawa's light rail transit (OLRT) system, and the 100 land transactions expedited to meet OLRT's Phase One deadlines. The NCC also provided essential support for the successful relaunch of Lansdowne Park. Working with the Ville de Gatineau, the NCC helped to realize the redevelopment of Jacques-Cartier Street, and launched a planning exercise for the north shoreline of the Ottawa River.

It is also a matter of working directly with local communities. For example, in the ByWard Market, we jointly developed a contemporary new building design for 7 Clarence Street, following an iterative design process that engaged adjacent businesses, residents and the heritage community. Through this collaboration, we arrived at a design that is sympathetic to the original in its scale, materials and setting in the Tin House Court.

Reconnecting to our core responsibilities of planning and stewardship, in effect, is a return to the essence of what the NCC and its predecessors have done for more than a century. With the adoption this year of the first Capital Urban Lands Plan, the NCC raised the bar in regional urban planning and ecological urbanism. The completion of the Plan for Canada's Capital 2017–2067 in draft form, ready for final consultations in the coming year, will give our stakeholders and the public an opportunity to help define 17 “big ideas” orienting the Capital toward 2067.

The historic call for proposals for the redevelopment of LeBreton Flats is seminal to our role as Capital planners and stewards. During 2014–2015, we moved decisively to set forth a non-prescriptive competitive approach that engaged the private sector to reimagine this long-awaited landmark district to feature a new, anchor public activity. By year-end, this initiative had resulted in the selection of four teams of proponents who are advancing to the request for proposal stage.

The record of activities in this annual report reflects the hard work and dedication of our committed employees, whose individual names are set out in this report for the first time. Every day, they set out to build a dynamic, sustainable and inspiring Capital Region that is a source of pride for all Canadians and a legacy for future generations. It is a great honour to lead this organization that strives to make our Capital Region a wonderful place to live and to create its unique signature.

I would also like to thank my fellow board members, as well as our advisory committee members, all of whom make important contributions to Canada through selfless service and generous gifts of time and expertise. Through their efforts and those of our partners and, with the broad participation of the public, we are steadily realizing the immense promise of our nation's Capital Region.



Dr. Mark Kristmanson
Chief Executive Officer

With its mandate reaching back over a century,
the NCC's mission looks decades
ahead to ensure that the planning, development,
conservation and improvement
of the Capital reflects its significance as
Canada's seat of national government.

The NCC is dedicated to building a dynamic,
sustainable and inspiring Capital Region that
is a source of pride for all Canadians,
and a legacy for generations to come.

The National Capital Commission serves all Canadians.



YEAR IN REVIEW

In 2014–2015, the National Capital Commission (NCC) carried on its century-old mandate to build a distinguished and vital Capital Region that is symbolic of Canada's democracy and a source of pride for all Canadians. In doing so, the NCC performed three roles: long-term planner, principal steward of vital public places and creative partner in advancing excellence. These three roles are at the heart of what the NCC is and what it does.

An aerial photograph of Ottawa, Canada, showing the city's layout. The Ottawa River flows through the center, with the city grid visible on both sides. The river is a prominent feature, winding through the urban landscape. The city is divided into various districts, with a dense grid of streets in the central areas. The river is a deep blue, contrasting with the green and brown tones of the land. The overall image has a slightly grainy, historical feel.

LONG-TERM PLANNING

As long-term planner, the NCC enhances the natural and cultural character of Canada's Capital Region to ensure that it is an inspiring source of pride for all Canadians.

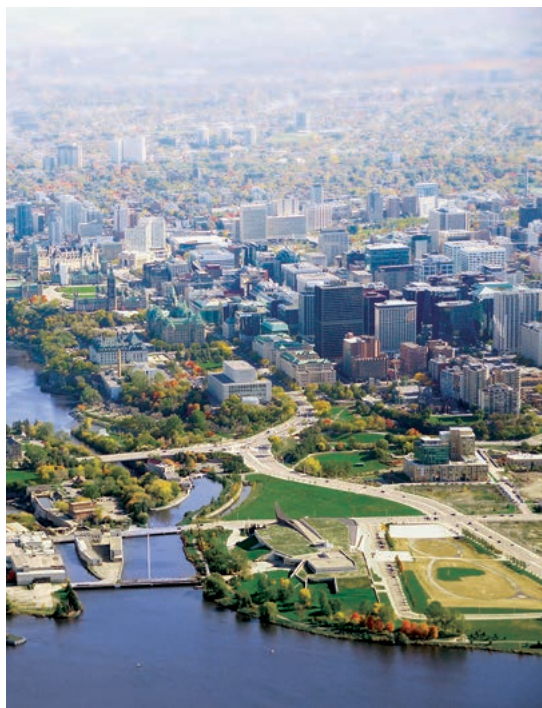
Being a long-term planner requires foresight, vision and imagination. It also calls for an appreciation of the past, to understand how previous plans have shaped the present and how they link to the future. Planning is an active process that involves reaching out, engaging and collaborating to build a shared vision of what we want to achieve together. Last year, in fulfilling its role of long-term planner, the NCC ensured that the future planning direction for Canada's Capital Region promotes excellence and serves as a blueprint for achieving a great region.

ENVISIONING A SIGNATURE DESTINATION AT LEBRETON FLATS

Located just west of the Parliament Buildings on the Ottawa River, LeBreton Flats occupies one of the most beautiful waterfront sites in Canada's Capital Region. Rich in history, it remains one of the region's few undeveloped properties, and represents a unique opportunity to create an exemplary, vibrant urban destination in the heart of Canada's Capital Region. To realize the potential of this site, the NCC launched a request for qualifications (RFQ)

in September 2014. Development teams were invited to envision a new signature destination occupying up to 9.3 hectares, with option lands consisting of an additional 12.3 hectares, at LeBreton Flats. At the centre of this vision will be a new anchor institution or attraction that further animates the site and brings a unique experience to the area, while complementing existing structures and planned future developments at LeBreton Flats.

At the close of the RFQ in January 2015, the NCC had received five proposals. A selection committee of NCC



Four Competing Visions

The four proponents selected by the National Capital Commission each have a unique proposal for creating a world-class, signature destination at LeBreton Flats.

- Claridge Homes proposes indoor and outdoor concert facilities, with cultural enterprises surrounded by green spaces and mixed-use development.
- Devcore Group proposes multiple cultural institutions around a *grande allée*, with green spaces and mixed-use development.
- Focus Equities proposes to house the headquarters of an international organization, along with cultural venues, green spaces and mixed-use development.
- Rendez Vous LeBreton Group proposes a major event centre, complemented by green spaces and mixed-use development.

senior staff and two external experts—renowned architect A. J. Diamond, and professional planner and land economist Mark Conway—evaluated the proposals. Of the five proposals received, four were prequalified for the next phase: a request for proposals (RFP). The prequalified proponents who are preparing design proposals as part of the RFP process are Claridge Homes, the Devcore Group, Focus Equities and the Rendez Vous LeBreton Group. The NCC hired P1 Consulting as fairness monitors to ensure the integrity of the RFP process. Public consultation on the four designs will take place in early 2016, with the winning design to be announced by the middle of 2016.

A NEW DIRECTION FOR URBAN LANDS

The NCC forged the future planning direction for the Capital Region in 2014–2015, with the completion of a new plan for urban lands. The first of its kind, the Capital Urban Lands Plan sets the long-term vision for the development, conservation, improvement and management of these lands. Central to the master plan are best practices in urban planning and ecological urbanism to ensure that urban lands promote social connections, environmental sustainability and economic viability. The Capital Urban Lands Plan will be included in the NCC's modernized planning framework, and will inform the next Plan for Canada's Capital, both to be completed next year.

The Holt-Bennett Plan Turns 100

In January 1915, the Federal Plan Commission, a predecessor to the National Capital Commission, released the Holt-Bennett Plan. Named for Herbert S. Holt, the Commission's chair, and for eminent city planner Edward H. Bennett, this was one of the first comprehensive master plans for the Capital Region. Gatineau Park, the Portage Bridge and the location of the National Gallery of Canada are some of the legacies of this plan.

REIMAGINING THE CAPITAL'S SHORELINES

The shorelines and waterways of the Ottawa River in Ontario and Quebec represent some of the Capital Region's greatest natural features. They have played a significant role in the history and development of the region, and today provide important meeting places and scenic views of Canada's Capital Region, as well as being widely used for recreation. In 2014–2015, the NCC began to explore a new vision to reimagine the shorelines. Public consultations were held in November 2014 and May 2015 with the community and stakeholders to discuss potential concepts for the shorelines along the Sir John A. Macdonald Parkway and north shore of the Ottawa River, respectively.



In addition to public consultations, the NCC invited master's students from the Queen's University School of Urban and Regional Planning to design concepts for the Sir John A. Macdonald Parkway shorelines, as a term project for their program. The students presented their design proposals at a very well-attended public event in December 2014. The NCC will move forward with further consultations on draft concepts for these sectors early in 2015–2016, with the plans to be finalized by the end of the year.

LIGHTING THE CAPITAL AT NIGHT

In 2014–2015, the NCC advanced work to develop an illumination plan for the core of the Capital Region. This plan would offer a holistic vision for illuminating

sites around the core, including public spaces, buildings, heritage structures, national commemorative monuments and public art. Its purpose is to transform the current ad hoc lighting of the Capital into a memorably picturesque nighttime cultural landscape, while enhancing environmental sustainability and public security. In November 2014, an expert panel was invited to discuss the overall elements of the plan. A follow-up public consultation in March 2015 discussed the mission and objectives of the Capital Illumination Plan, and identified specific sites in the region that should be illuminated. The NCC will seek external expertise to develop the Capital Illumination Plan over 2015–2016. While the plan will have a long-term focus, the NCC hopes to have specific elements in place in time for Canada's sesquicentennial in 2017.



STEWARDSHIP

As the principal steward of vital public places across the Capital Region, the NCC safeguards the Capital's symbolic, natural and cultural heritage.

Being a steward means being trusted to keep past legacies alive, in order that present and future generations have the opportunity to enjoy and experience them. As the principal steward of vital public places across the Capital Region, the NCC worked throughout 2014–2015 to manage, maintain, rehabilitate and protect built heritage of national interest, as well as natural assets and cultural landscapes.

A LANDSCAPE RETURNED TO PUBLIC USE

The NCC finalized the design concept in 2014–2015 for its interim improvements at LeBreton Flats adjacent to the Sir John A. Macdonald Parkway between the Wellington Street and the Booth Street intersections, on a site that underwent soil decontamination last year. The interim improvements will create a new public space at the gateway to the Capital's core, serving as a catalyst for the ongoing development of LeBreton Flats,

and bringing life and activity to the area. The design concept was developed in collaboration with elders and cultural planners of the Algonquin First Nation, members of the public, and colleagues at Canadian Heritage. The design will feature a new home for the Fleck/Ahearn Fountain, originally erected in 1880 and uncovered during excavations at LeBreton Flats. The new setting for the fountain will include artistic horticultural design, interpretive elements and public art. Construction will begin in summer 2015, with the site opening to the public the following year, in June 2016.



Creating “Harmony” at LeBreton Flats

The theme for the interim improvements at LeBreton Flats is “Harmony.” The design celebrates the Anishinabe (Algonquin) philosophy of living with nature and “looking after the earth.” It represents the important, yet fragile, balance between people and our living ecosystems: land, water and sky.



Recognizing Excellence in Heritage Preservation

The National Capital Commission received the Award of Excellence as part of the Ottawa Architectural Conservation Awards for additions to the historic Rideau Hall Dome Building. The addition was selected for the Award of Excellence, since it respects the architectural heritage of the building, its exterior and construction materials.

PRESERVING THE PAST WHILE BUILDING FOR THE FUTURE

The NCC has had a long-standing role in preserving built heritage. In keeping with this role, the NCC finalized a new design in 2014–2015 for the redevelopment of 7 Clarence Street, a heritage building dating back to 1877 in the historic ByWard Market area. Through a series of public consultations with adjacent businesses, residents and interest groups, the NCC arrived at a design for the new building that met with widespread approval.

The new structure will be a contemporary building sympathetic to the original design by its scale and materials to keep with the heritage characteristics of other precious buildings in the Tin House Court and the ByWard Market. Construction will start in summer 2015, and is slated for completion by fall 2016. The NCC has offered 7 Clarence to diplomatic missions as an international pavilion to showcase their bilateral relationships with Canada as part of the celebrations for Canada's sesquicentennial in 2017.

TELLING CANADA'S STORY

Canada's Capital Region is home to national commemorations honouring significant historical anniversaries, national events and accomplishments. In 2014–2015, the NCC supported the Government of Canada's ongoing plans for national commemorative projects in the region, now under the leadership of Canadian Heritage. For example, the NCC oversaw the design development and construction of the War of 1812 Monument, which was unveiled on Parliament Hill in November 2014. The unveiling of the monument culminated four years of work that resulted in a distinguished commemoration that will inspire and educate future generations about this formative milestone in Canada's history. Also this past year, the NCC advanced the design and construction of the National Holocaust Monument, including the completion of soil decontamination at the monument's future site at LeBreton Flats. The contract for the monument's design was awarded in spring 2014 to a team led by Lord Cultural Resources of Toronto, including New York architect Daniel Libeskind,

Quebec landscape architect Claude Cormier, Toronto photographer Edward Burtynsky and historian Doris Bergen. The NCC is overseeing the construction of the monument, to be completed by the end of 2016. Canadian Heritage continued its planning of the Memorial to the Victims of Communism in 2014–2015. The NCC provided the proponents with substantive design guidance received from its Advisory Committee on Planning, Design and Realty (ACPDR), and it is expected that the memorial's design will be completed in the coming fiscal year.

EXPERIENCING THE CAPITAL'S FOUR SEASONS

Canada's Capital Region offers year-round natural beauty and rich recreation options to visitors and residents. In 2014–2015, the NCC contributed to providing exceptional outdoor experiences throughout the region.

As the Capital's official gardener, in spring 2014, the NCC showcased close to one million tulips in some 30 different locations and 100 floral beds across the Capital Region, as part of the annual Canadian Tulip Festival. These magnificent floral displays attracted more than 600,000 visitors, and contributed to the Tulip Festival's being named

Canada's top event of the year by the American Bus Association.

In summer 2014, the NCC presented the 44th edition of Sunday Bikedays, in collaboration with its 16-year partner, Alcatel-Lucent. An estimated 300,000 cyclists, in-line skaters, runners and walkers made over 900,000 visits to experience over 50 kilometres of car-free parkways in Ottawa and Gatineau Park.

Honouring a Father of Confederation

In September 2014, the Rockcliffe Parkway was renamed the Sir George-Étienne Cartier Parkway, in honour of one of Canada's founding fathers. The two major parkways that connect east and west Ottawa are named after Sir John A. Macdonald and Sir George-Étienne Cartier, two men who worked side-by-side to link Canada from coast to coast.





45 Years of Ice-Making Expertise

Since the opening of the Rideau Canal Skateway in 1970, the National Capital Commission has been its proud manager. Over 45 years, the NCC has grown its expertise in maintaining the Skateway ice: from using simple brooms and shovels, to having a specialized machine called a “Froster” that floods and smooths the ice surface. The NCC also relies on the advice of Dr. Nirmal Sinha, a researcher with the National Research Council Canada and a world leader in the science of ice, to establish ice safety guidelines.

In fall 2014, the NCC hosted Fall Rhapsody in Gatineau Park, with more than 400,000 people attending the four weekends. Events were held in partnership with the municipalities of Chelsea, La Pêche, Pontiac, and the communities of Kitigan Zibi Anishinabeg and Pikwàkanagàn to offer people the chance to enjoy the magnificent fall colours at different locations in the Park.

The record cold temperatures in the Capital Region made for a great skating season on the Rideau Canal, one of the Capital’s most cherished winter attractions. The Rideau Canal Skateway had a record 45th season, with 59 consecutive skating days—breaking the 2003–2004 record of 46 days—and more than one million visits. In Gatineau Park, more than 7,000 cross-country ski passes and over 800 snowshoe passes were purchased for the winter season.

NATIONAL CAPITAL COMMISSION ASSETS

10%

The National Capital Commission owns over **10 percent of the lands in Canada's Capital Region**, totalling 473 km², and 20 percent of the lands in the Capital's core. This makes the National Capital Commission the region's largest landowner.

297 km²

The National Capital Commission owns **297 km² of land in Gatineau Park**. Some 2.7 million people visit Gatineau Park each year.

154 km²

The National Capital Commission owns **154 km² of land in the Greenbelt**. The Greenbelt provides 150 kilometres of trails for recreational activities.

106 km

The National Capital Commission owns **106 km of parkways** in Ottawa and Gatineau Park, as well as over 200 kilometres of recreational pathways that are part of the Capital Pathway network.

15

The National Capital Commission manages **15 urban parks and green spaces** in the Capital Region, including Confederation Park, Vincent Massey Park, Major's Hill Park and Jacques-Cartier Park.

1,660

The National Capital Commission manages **1,660 properties** in its real estate portfolio. This includes 555 properties leased for residential, agricultural, institutional, recreational and commercial purposes.

6

The National Capital Commission is responsible for managing the **six official residences** in the Capital Region. This includes Rideau Hall, 24 Sussex Drive, Stornoway, Harrington Lake, the Farm and 7 Rideau Gate.

7.8 km

The National Capital Commission is responsible for managing the **7.8-kilometre Rideau Canal Skateway**, the world's largest outdoor skating rink. About one million people visit the Skateway each season. The Skateway generates some \$160 million annually for the Capital Region's economy.

A man with a beard, wearing a dark blazer over a striped shirt, stands on the left side of the frame, holding a tablet. He is looking towards a group of people seated in the background. The setting is a modern, industrial-style room with exposed wooden beams and a wooden floor. The audience consists of several people of diverse backgrounds, some looking at the presenter and others at their laptops. The lighting is warm and focused on the presenter. The overall atmosphere is professional and collaborative.

CREATIVE PARTNER

As a creative partner, the NCC promotes excellence in development, conservation and improvement in order to strengthen the distinctive quality of Canada's Capital Region, locally, nationally and internationally.

Building a great Capital Region requires innovative thinking, leadership and partnerships. In 2014–2015, the National Capital Commission acted as a creative partner, advancing excellence and contributing to the Capital Region’s promise of value for all Canadians.

COLLABORATION AND INNOVATION

In March 2014, the NCC and the City of Ottawa arrived at a breakthrough agreement on the alignment of the western extension of the Ottawa light rail transit line along the Sir John A. Macdonald Parkway. The resolution of this long-standing dispute was reached after intensive negotiations within a 100-day deadline. The NCC’s Chief Executive Officer and Ottawa’s City Manager chaired a joint working group consisting of three City of Ottawa councillors and four NCC Board members. Supported by external planning experts, cost estimators and senior staff members, the working group developed an innovative solution that will realign the parkway and place the buried light rail line directly beneath it. The solution advances light rail transportation in the Capital within the City’s affordability envelope, while also meeting the NCC Board of Directors’ conditions for protecting access to the shorelines and maintaining unimpeded views of the natural features of the parkway. The joint working group will remain in place as an effective means to resolve any other issues that may arise as the Ottawa light rail transit project moves forward.



The NCC and City of Ottawa agree on a western light rail route.

Enhancing an Icon of the Capital

The National Capital Commission’s and City of Ottawa’s innovative solution for the western extension of the Ottawa light rail transit line will add 38 percent more accessible green space between the Sir John A. Macdonald Parkway and the Ottawa River. It will also protect the mature forest that flanks the parkway.

SHARING IDEAS FOR A GREAT CAPITAL

Being a creative partner means engaging with others to share ideas, knowledge and experience. In 2014–2015, the NCC successfully introduced a new ethos of public engagement by reaching out to a broad spectrum of residents and stakeholders in the Capital Region. Almost all of these events were held in the NCC’s new Capital Urbanism Lab. This space at NCC headquarters provides a place for innovative gatherings and inspiration, as well as a forum where leaders, experts and the public can share ideas about how to build a great capital. Forty public consultations and Capital Urbanism Lab events were held in 2014–2015. The events covered a range of subjects related to NCC projects, as well as other topics associated with the planning and stewardship of the Capital. Many of the Capital Urbanism Lab events were hosted in partnership with other organizations, and featured a number of renowned experts. Events included one on design excellence, in association with Ottawa Architecture Week; another on ecological urbanism,



Consulting on the Capital Region

In 2014–2015, some 1,600 people took part in-person, at the National Capital Commission's public engagement and consultation events, with another 800 submitting comments online.

co-sponsored by the Embassy of the Republic of France; a panel discussion and symposium on the way forward for heritage in the Capital; and a standing-room-only lecture with award-winning architect Daniel Libeskind at the National Gallery of Canada, held in partnership with Carleton University's Azrieli School of Architecture and Urbanism.

ADDING VALUE TO THE CAPITAL REGION

The results of a poll of residents in Canada's Capital Region, completed in fall 2014, revealed that respondents feel the NCC is doing a good job at adding value to the Capital Region. The poll was the first of its kind conducted since the refocusing of the NCC's mandate and responsibilities in the fall of 2013. The NCC received high marks from respondents in the Capital Region in terms of its work to make the Capital an inspiring reflection of Canada and Canadians. A large number of respondents also trusted the NCC to make good decisions, and felt that the NCC shares their values. The poll also identified areas where the NCC could improve, in terms of building awareness of its mandate and the assets that it manages. The NCC will continue

to engage the public and better communicate about its mandate and the important assets it manages in Canada's Capital Region. The NCC intends to conduct a national survey in 2015–2016 to get a better understanding of how Canadians outside of the Capital Region view the NCC.

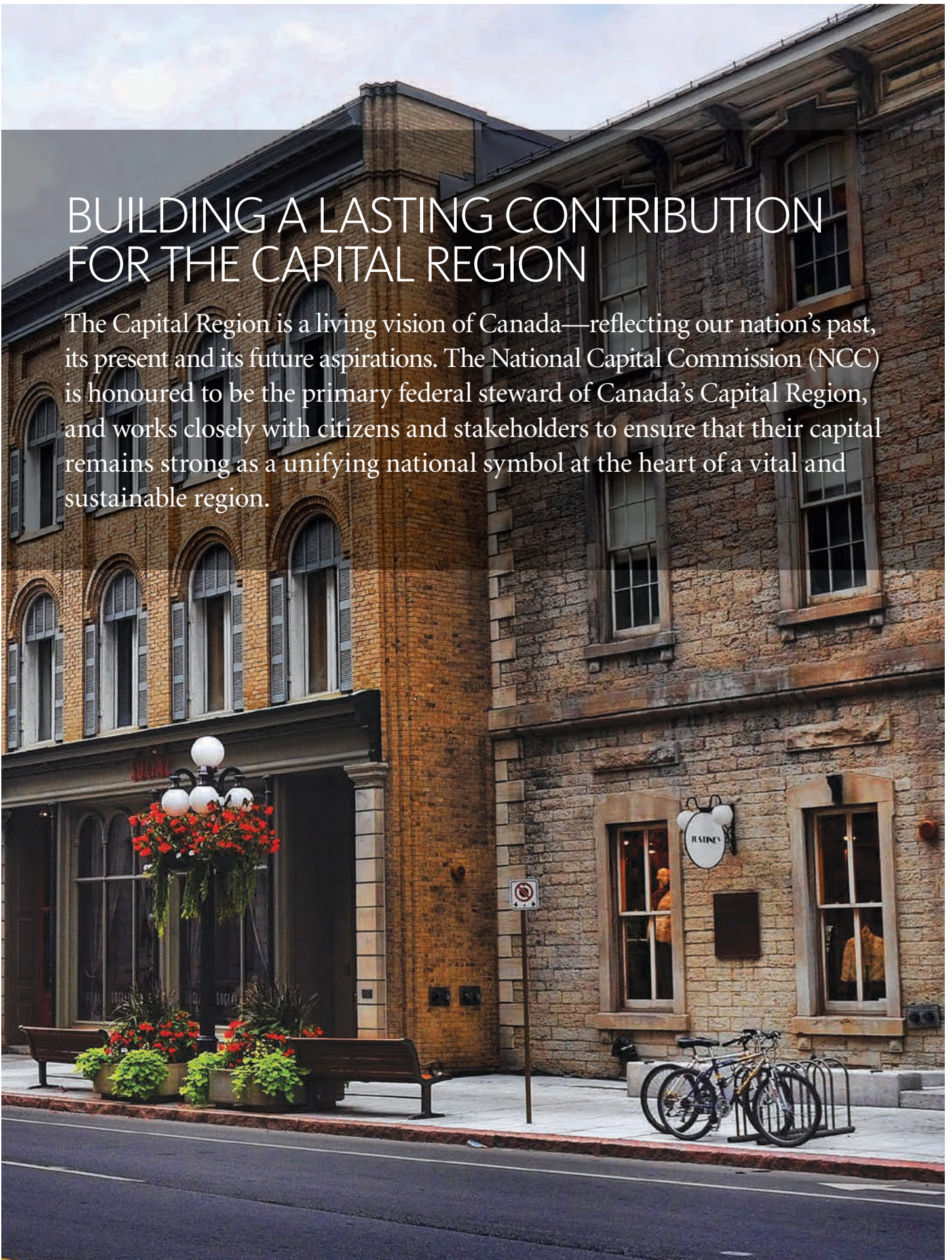
High Marks From Residents in the Capital Region

According to a poll of 1,500 people, conducted by Environics, residents in Canada's Capital Region give the National Capital Commission high marks for the work that it does. Among poll respondents:

- 95 percent believe that the NCC has a role to play in making the Capital an inspiring reflection of Canada and Canadians;
- 77 percent trust the NCC to make good decisions; and
- 72 percent feel that the NCC shares their values.

BUILDING A LASTING CONTRIBUTION FOR THE CAPITAL REGION

The Capital Region is a living vision of Canada—reflecting our nation's past, its present and its future aspirations. The National Capital Commission (NCC) is honoured to be the primary federal steward of Canada's Capital Region, and works closely with citizens and stakeholders to ensure that their capital remains strong as a unifying national symbol at the heart of a vital and sustainable region.





A 50-YEAR VISION FOR THE CAPITAL REGION

To build a lasting legacy for the future, the NCC will complete the next Plan for Canada's Capital in the coming year. This plan will outline a transformative vision for the region over the next 50 years, extending from 2017 to the bicentennial of Confederation in 2067. With this modernized planning framework, which is intended to be an evergreen planning roadmap, the NCC will continue its long legacy of future-focused planning aimed at inspiring excellence and building a vibrant and distinctive capital.

A NEW SIGNATURE DESTINATION IN THE CAPITAL REGION

Efforts to revitalize LeBreton Flats will create a signature destination at this historic site, and establish a new anchor institution. The NCC's interim development project will create a new public space at the site, while improvements at the adjacent Bronson Pulp Mill ruins and Richmond Landing will offer new connections and public access to LeBreton Flats and the Ottawa River shorelines. Other projects in which the NCC is a partner—including the City of Ottawa's Pimisi light rail station at LeBreton Flats and Windmill Development

Group's Zibi redevelopment on neighbouring Chaudières and Albert islands—will add to the character and animation of the sector. These combined projects have the potential for creating a vibrant new district in the heart of the Capital Region.

PRESERVING OUR COLLECTIVE PAST

To preserve the past for current and future generations, the NCC will conserve built heritage of national interest, including “modern heritage,” as well as natural assets and cultural landscapes under its stewardship. This will include protecting precious green spaces, preserving the natural beauty of Gatineau Park and the Greenbelt, maintaining the official residences, and conserving built heritage. Through its land use and design approval authority, the NCC will ensure that projects involving federal lands align with the character of Canada's Capital Region and its heritage.

The NCC will also support national commemorative projects honouring past events and achievements that are part of the Canadian identity. When Canada celebrates its 150th anniversary in 2017, the NCC will showcase the Capital Region, and its land and assets—showing the country and the world the best of Canada, and creating an inviting place for celebration.



FOSTERING A COHESIVE CAPITAL REGION

Building a lasting legacy is the responsibility of all those who share the Capital Region. The NCC will champion the Capital Region's promise of value by working to foster a cohesive Capital Region. Through this, the NCC will be a creative partner that advocates for, and contributes to, promoting excellence and raising the standard of the Capital. Providing exceptional service to Canadians and ensuring corporate excellence will be

central to the NCC's efforts. Sharing ideas and expertise, engaging in meaningful dialogue, and working toward finding innovative solutions will be part of the NCC's ongoing commitment to be a value-added partner. This will include reaching out to the community, stakeholders, elected officials, First Nations, partners and all Canadians. The NCC will also support and work collaboratively with all partners, to achieve shared goals and advance projects that continue to build the Capital Region as an inspiring place, a source of pride for all Canadians, and a legacy for generations to come.

CORPORATE GOVERNANCE



MANDATE

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

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

The NCC is subject to the accountability regime set out in Part X of the *Financial Administration Act*. It reports to Parliament through the minister designated as minister responsible for the *National Capital Act*.

MISSION

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

GUIDING PRINCIPLES

Accountability

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

Clarity

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

Integrity

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

Openness and Transparency

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

Leadership and Innovation

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

ORGANIZATIONAL PILLARS

Putting People First

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

Building a Greener Capital

As a steward of federal lands in Canada's Capital Region, the NCC is committed to help build a greener capital in order that current and future generations may enjoy and appreciate the Capital's many natural assets.

BOARD OF DIRECTORS

Composition, Roles and Responsibilities

The NCC is led by a national board of directors, which brings together people from a wide range of professional backgrounds, from the Capital Region and across Canada. As defined in the *National Capital Act*, the board consists of a chairperson, a CEO and 13 other members, representing the Capital Region and other parts of the country. The minister responsible for the *National Capital Act* appoints board members with the approval of the Governor-in-Council, while the Governor-in-Council appoints the chair and the CEO.

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

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

The CEO is accountable to the board of directors for the management of the NCC's activities and the implementation of the board's strategic directions for the coming year. The CEO reports to the board of directors on corporate performance at the start of each board meeting by presenting a report on activities.

2014–2015 Board Highlights

In 2014–2015, the Board accomplished the following:

- Held five public meetings, five in-camera meetings, seven in-camera conference calls, and two electronic votes, an annual general meeting and a sixth annual strategic planning session.
 - Adopted the first Capital Urban Lands Plan.
 - Approved the City of Ottawa's proposed alignment for the western light rail transit extension.
 - Reviewed 186 federal land use and design applications, including approvals for the design of the National Holocaust Monument and the concept for the Windmill Development Group's Zibi project.
-

NATIONAL CAPITAL COMMISSION BOARD OF DIRECTORS^{1,2,3,4}

Corporate Committees

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

Advisory Committees

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



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



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



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



Norman Hotson
 Vancouver, British Columbia
 January 30, 2014 to
 January 29, 2018
C, 2



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



Aditya Jha
 Mississauga, Ontario
 March 26, 2015 to
 March 25, 2019



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



Michael Pankiw
 Edmonton, Alberta
 December 17, 2013 to
 December 16, 2017
B, 1



Bob Plamondon
 Ottawa, Ontario
 May 14, 2014 to
 May 13, 2018
A, B



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



Denys Rivard
 Montréal, Quebec
 December 17, 2013
 December 16, 2017
B, C



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



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

¹ As of March 31, 2015, there was one vacant position on the Board of Directors.
² Richard Aubrey and Robert Tennant also served on the Board of Directors in 2014–2015.
³ François Paulhus is on a temporary leave of absence from the Board of Directors, effective September 4, 2013.
⁴ An incumbent director will remain in office past the expiration of his or her term until a successor is appointed.



Accountability and Operations

The board of directors operates under a series of by-laws and charters. The NCC by-laws detail the powers of the board under the *National Capital Act*, provide specific information pertaining to board meetings, delegate powers to the CEO and corporate secretary, and contain other operating resolutions, such as banking operations. The NCC charters set forth the duties and responsibilities of the board of directors and corporate committees.

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

The board meets at least four times per year. Each meeting consists of an open public session and an in-camera session. The public is invited to attend and observe the public session. The NCC also holds an annual general meeting. At the annual general meeting, members of the public are able to express their ideas and comments directly to the board. All public board sessions are accessible via live webcast on the NCC's website. Meeting agendas and other documents such as the CEO's report on activities are also posted on the NCC website.

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

Committees

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

Corporate Committees

The Executive Committee is called upon when necessary to deal with specific business or issues. In such cases, the board of directors can delegate certain powers and functions to this committee. Currently, these delegated powers include a limited power to grant approvals pursuant to section 12 of the *National Capital Act*.

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

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

Advisory and Special Committees

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

The Advisory Committee on Planning, Design and Realty provides objective, professional advice on the NCC's long-range plans and policies for the use of public lands in Canada's Capital Region, design proposals affecting such public lands, and other real property issues. Committee members are experts in real estate development; environmental, urban and regional planning; urban design; architecture; and landscape architecture.

The Advisory Committee on the Official Residences of Canada provides objective, professional advice on asset management and matters relating to the six official residences in Canada's Capital Region. The committee also provides advice to Public Works and Government Services Canada, the custodian of the Citadel, the governor general's official residence in Québec City. Committee members are experts in interior design, architecture, heritage and real estate development.

The Canadiana Fund is responsible for soliciting donations of heritage art, artifacts, furniture and funds for the enhancement of staterooms in the

official residences. Pieces are chosen that reflect Canada's heritage, artistic traditions and historical associations, or that complement the architectural style of a particular residence.

The Advisory Committee on Universal Accessibility provides objective, professional advice on how to address universal accessibility requirements for projects undertaken by the NCC.

Remuneration

Remuneration for the board of directors is set by the Governor-in-Council, and follows the Privy Council Office's Remuneration Guidelines for Part-Time Governor-in-Council Appointees in Crown Corporations. The chair of the board of directors receives an annual retainer between \$8,000 and \$9,400 and a per diem of \$375 for attending board and committee meetings, and for certain special executive, analytical or representational responsibilities approved by the board of directors. Other board members who participate in committees and perform other special duties receive an annual retainer of between \$4,000 and \$4,700 and a \$375 per diem. In addition, board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodation and meals, while performing their duties. The chair of the Audit Committee receives an additional retainer of \$2,000 per year.



Board of Directors Remuneration

Earned from April 1, 2014 to March 31, 2015

BOARD MEMBERS	RETAINER ¹	PER DIEMS ^{1,2,4,5}	FOR TRAVEL ^{2,3}	TOTAL	ATTENDANCE					
	\$ (A)	\$ (B)	\$ (C)	\$ (A+B+C)	BOARD MEETINGS 13 DAYS	COMMITTEE MEETINGS (CORPORATE AND ADVISORY)				
						EC	AC	GC	ACPDR	ACORC
						0.5 DAY	1.5 DAYS	2 DAYS	7 DAYS	1 DAY
Richard Aubry*	4,000	4,219	141	8,359	10	–	–	1.5	–	1
Jacquelin Holzman	4,000	8,563	0	12,563	11	–	–	1.5	4.5	–
Norman Hotson	1,000	6,219	1,500	8,719	11	–	–	1.5	–	0
Richard P. Jennings	4,000	5,125	0	9,125	11	–	0.5	2	–	–
Aditya Jha**	0	0	0	0	0	–	–	–	–	–
Eric D. MacKenzie	4,000	5,531	2,141	11,672	11.5	0.5	1	–	–	1
Russell Mills	9,400	30,500	0	39,900	11.5	0.5	1.5	2	2.5	1
Michael Pankiw	2,529	7,344	2,063	11,936	11.5	–	1	–	5.5	–
François Paulhus ^o	0	0	0	0	0	–	–	–	–	–
Michael Poliwoda	4,000	3,688	0	7,688	10	0.5	–	2	–	–
Bob Plamondon****	2,198	8,938	0	11,136	10.5	0.5	1.5	–	–	–
Denys Rivard	3,439	4,344	313	8,096	10	–	0.5	1.5	–	–
Jason M. Sordi	5,669	5,281	0	10,950	9	–	0.5	0.5	–	–
Kay Stanley	4,000	7,281	0	11,281	10	–	0.5	1.5	–	–
Robert Tennant***	1,000	500	0	1,500	1	–	–	0.5	0.5	–
Total	49,235	97,533	6,158	152,925						

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

EC: Executive Committee

AC: Audit Committee

GC: Governance Committee

ACPDR: Advisory Committee on Planning, Design and Realty

ACORC: Advisory Committee on the Official Residences of Canada

* Until March 25, 2015

** From March 26, 2015

*** Until May 13, 2014

**** From May 14, 2014

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

Independent Audit

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

National Capital Commission Ombudsman

Appointed by the board of directors, the NCC ombudsman serves as an independent and confidential resource for the public to resolve complaints when all other internal avenues of redress are exhausted. The ombudsman is required to submit an annual report on his or her activities to the board of directors. The annual report for 2014 is available on the ombudsman's website at www.ombudsman.ncc-ccn.ca.

Organizational Structure

Within the National Capital Commission's organizational structure, the CEO is responsible for setting operational and management objectives, providing direction on implementation strategies, and overseeing day-to-day operations. An executive management team that represents each branch supports the CEO. The branch executive directors are responsible for ensuring that the corporation's policies, programs and activities are implemented and well managed.

Executive Management Committee

Dr. Mark Kristmanson
Chief Executive Officer

Mark Dehler
General Counsel and Commission Secretary

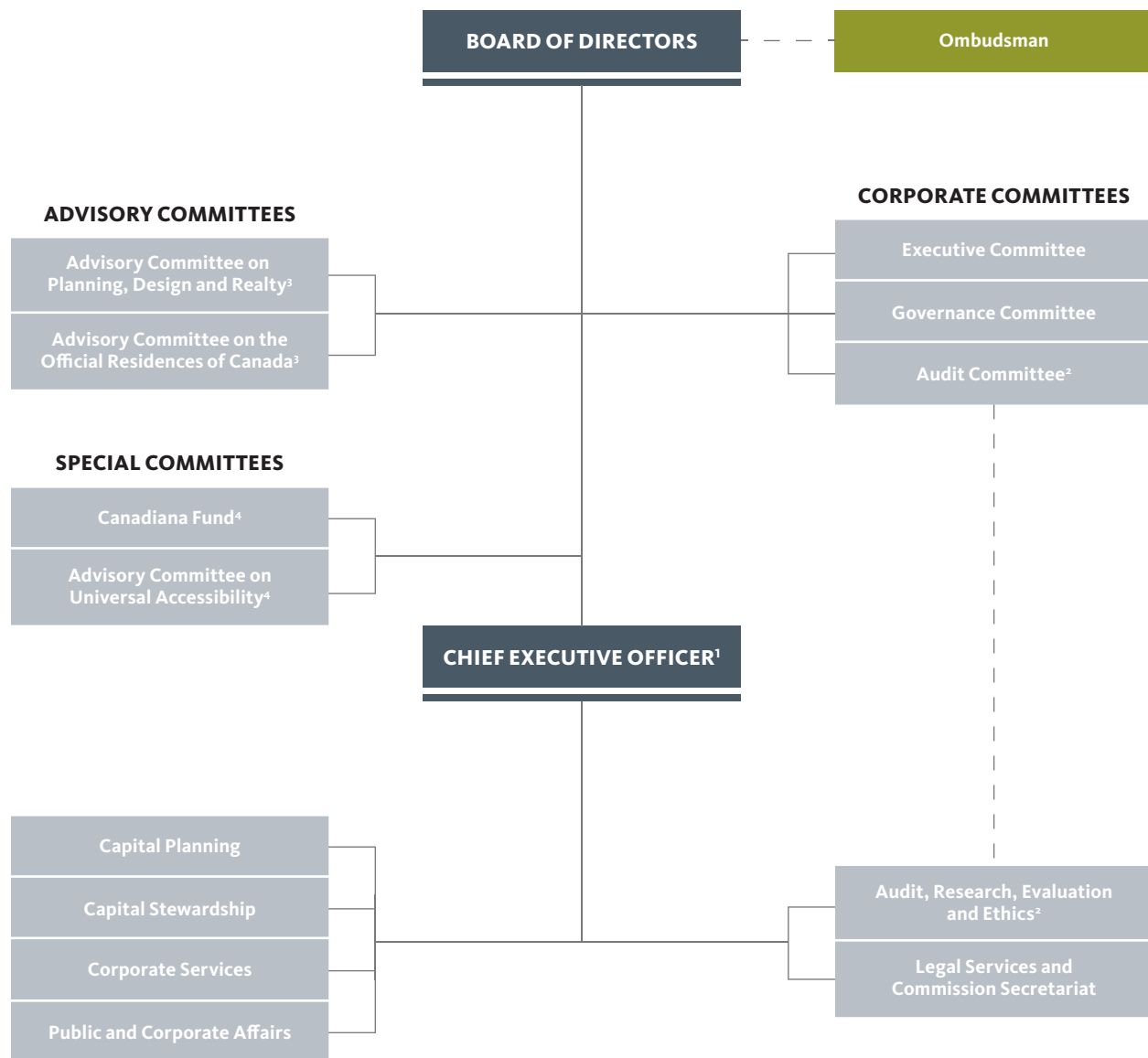
Gary Lacey
Executive Director,
Capital Stewardship

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

Natalie Page
Executive Director,
Public and Corporate Affairs

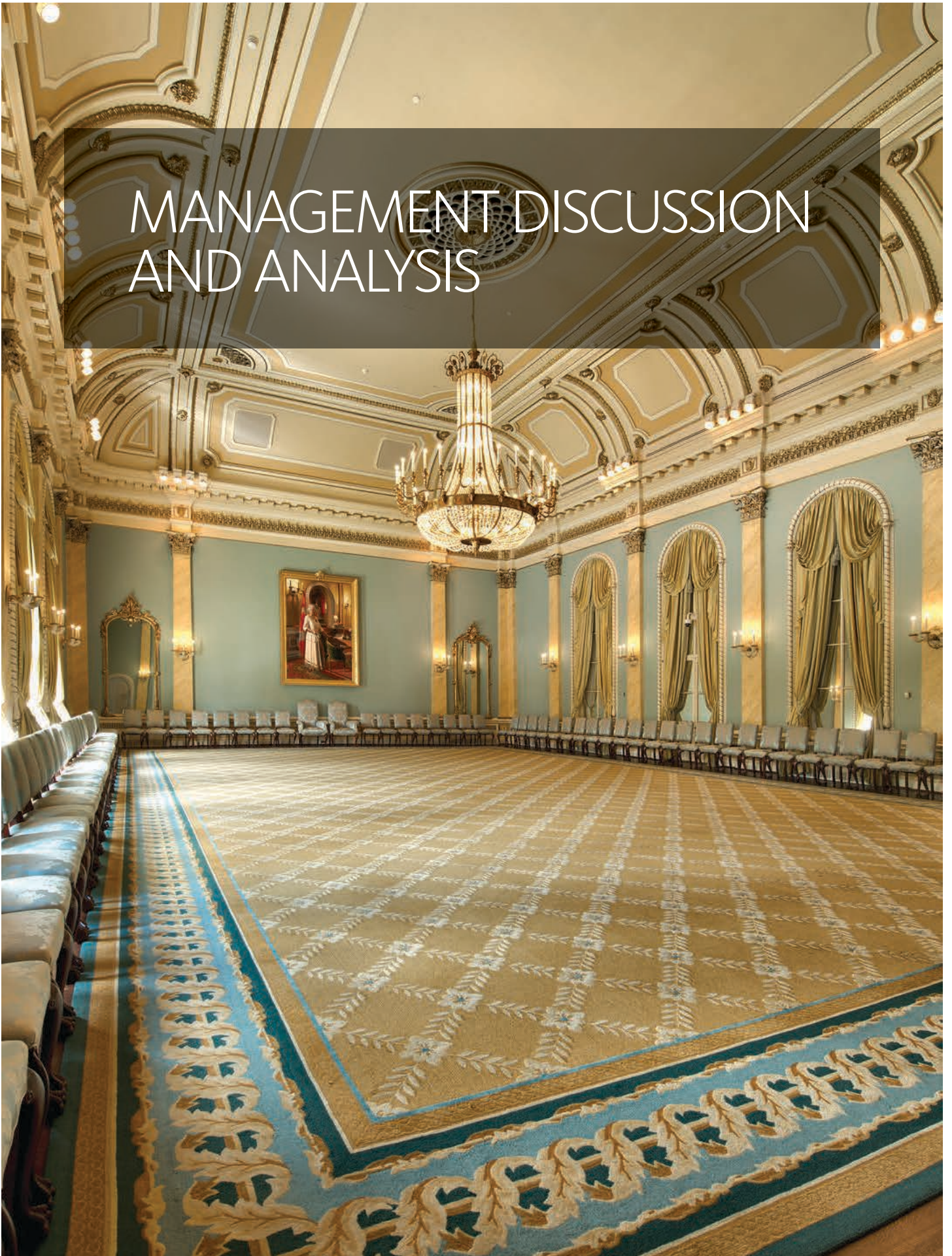
Stephen Willis
Executive Director,
Capital Planning

STRUCTURE OF THE NATIONAL CAPITAL COMMISSION



1. The chief executive officer is also a member of the board of directors.
2. The audit function reports directly to the Audit Committee.
3. Members of the advisory committees are appointed by the board of directors.
4. Members of the special committees are appointed by the chief executive officer.

MANAGEMENT DISCUSSION AND ANALYSIS



FIVE-YEAR KEY FINANCIAL HIGHLIGHTS

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

	2015	2014	2013	2012	2011 (RESTATED)
Operating Funding					
Parliamentary appropriations for operating expenditures	68,781	71,839	81,576	84,290	83,467
Operating revenues	32,804	32,318	38,590	35,876	34,562
	101,585	104,157	120,166	120,166	118,029
Cost of operations	143,020	115,251	143,879	142,603	142,087
Capital Funding					
Parliamentary appropriations for capital expenditures	23,665	27,823	27,258	23,196	74,848
Major Capital Projects					
LeBreton Flats redevelopment	2,077	3,298	3,117	738	44
Official residences	2,744	6,156	7,703	5,451	7,503
Real property acquisitions	822	1,035	305	910	2,449
Capital Assets					
Land	292,614	281,434	282,500	292,006	288,948
Buildings and infrastructure (net of amortization)	300,068	301,672	294,856	286,386	285,961
Investments in capital assets	22,480	29,394	35,608	25,075	65,442
Acquisition and Disposal Fund					
	36,197	36,896	37,616	37,330	38,018

Figures from 2010–2011 to 2012–2013, inclusively, reflect revenues, expenses and parliamentary appropriations associated with activities transferred to Canadian Heritage in September 2013. Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from those transferred activities.

FIVE-YEAR KEY OPERATING HIGHLIGHTS

For the years ended March 31

	2015	2014	2013	2012	2011
Number of employees	401	402	490	487	492

2014–2015 OPERATING ENVIRONMENT

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

External Trends

An aging population, urbanization and immigration are changing Canada's and the Capital Region's demography. Urban intensification in the Capital Region, including a growing population in the core, is an important factor to be considered in the NCC's urban planning, as well as decision making with regard to land use, design, real asset management and stewardship. Transportation infrastructure also remains a priority in the Capital Region, and the NCC will continue to take a pragmatic approach to transportation planning, focusing on its assets and collaborating with partners as required on key transportation files in the Capital Region. Strengthening the economy, responsible financial management and budgetary balance remain important priorities for the federal government, as well as for provincial and municipal governments in the Capital Region. The use of public–private partnerships will also continue to be an increasingly popular method of capital procurement for governments. The key shift in global and national partnering trends also points to opportunities for the NCC to better leverage private sector financing and to innovate in the delivery of its projects.

Internal Trends

Deficit Reduction Action Plan

The NCC had fully absorbed its share of the \$1.8-million cumulative reduction in operating appropriations imposed as part of the Deficit Reduction Action Plan in the 2012 Federal Budget.

Corporate Financial Sustainability Strategy

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

Assets under the National Capital Commission's stewardship include the following:

- Approximately 500 km² of land in Gatineau Park and the Greenbelt;
 - 15 urban parks and green spaces, including Confederation Park, Vincent Massey Park, Major's Hill Park and Jacques-Cartier Park;
 - 106 km of parkways;
 - over 200 km of recreational pathways;
 - 40 bridges, including the Champlain and Portage interprovincial bridges;
 - 1,660 properties, including the six official residences in Canada's Capital Region.
-

Operating Budget Freeze

In the November 2013 economic update, the federal government announced a freeze of the 2014–2015 and 2015–2016 operating budgets of federal organizations. As a result, the NCC has internally funded inflation and economic salary increases in 2014–2015, and will do the same for 2015–2016.

CORE BUSINESS LINES

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

Capital Planning

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

In 2014–2015, the cost of operations for this business line was \$4.0 million, accounting for 3 percent of total operating costs.

Capital Stewardship and Protection

The NCC serves as the steward of a large and diverse land and asset base in Canada's Capital Region. In this role, it develops, improves, preserves, and manages its assets and lands to ensure that the Capital retains its historical and symbolic significance for Canadians. The NCC's main activities in this business line include managing lands and parks in the Capital Region, including

Gatineau Park, the Greenbelt and urban lands; managing physical assets, such as pathways, parkways and real property; and overseeing the six official residences, as well as heritage sites and commemorative monuments.

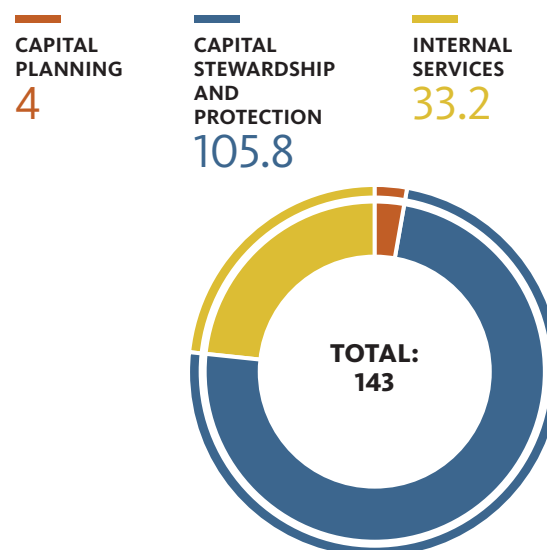
In 2014–2015, the cost of operations for this business line was \$105.8 million, accounting for 74 percent of total operating costs. It also generated \$22.2 million in revenue from rental operations and easements.

Internal Services

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

In 2014–2015, the cost of operations for this business line was \$33.2 million, accounting for 23 percent of total operating costs.

Proportion of Expenses by Program, 2014–2015
(in millions of dollars)



KEY PERFORMANCE DRIVERS

Shared Responsibility and Focus

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

Engagement and Support

To build a signature capital, renowned as a green space and a heritage space, the NCC needs to ensure that it engages Canadians in constructive dialogue. It also strives to be open and transparent. This fosters a climate of trust, which in turn, builds good relationships and supportive partnerships between the corporation and local municipalities, elected officials, partners and sponsors, residents, stakeholders and all Canadians.

Innovation, Adaptability and Responsiveness

The NCC needs to innovate to be able to adapt and respond to a constantly changing environment. This ensures that the corporation's ways of doing business remain efficient, responsive and financially responsible. Central to the NCC's approach to innovation is its commitment to engagement, collaboration and being a value-added partner. By engaging with the academic community, residents, world-renowned professionals, stakeholders, and the private and public sectors, the NCC is able to adopt a broader perspective, and be more open to imaginative and innovative projects befitting a capital city.

CAPABILITY TO DELIVER RESULTS

National Capital Commission Lands and Assets

As the largest landowner in Canada's Capital Region and the steward of a diverse real property portfolio, the NCC is the guardian of many nationally significant lands and public assets. These lands and natural and built assets serve as stages for national events and celebrations, and as places to showcase and celebrate Canadian history, as well as being key destinations that residents and visitors to the Capital Region can enjoy year-round.

In 2014–2015, more than 200 individuals volunteered a total of 5,700 hours of service to the National Capital Commission.

Employees

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

The National Capital Commission owns 473 km² of land, which is over 10 percent of the land in Canada's Capital Region and almost 20 percent of the lands within the core of the Capital.

Partners and Sponsors

The NCC relies on the support of partners and sponsors for the successful delivery of many of its programs, events and activities. The NCC also benefits from sponsors and partners in terms of access to their capabilities and expertise.

Volunteers

Volunteers are an important asset for the NCC, not only to support the successful delivery of its programs and services, but also to contribute to making Canada's Capital Region a source of national pride and significance. Volunteers donate their time to make it possible for residents and visitors to ski and hike in Gatineau Park, discover the Mackenzie King Estate, cycle along car-free parkways during Alcatel-Lucent Sunday Bikedays, skate on the Rideau Canal Skateway, and admire the historic Maplelawn gardens.

ENTERPRISE RISK MANAGEMENT

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

The key corporate risks identified for 2014–2015 were corporate transition, capacity, and reputation and influence.

Corporate Transition

Corporate transition risks relate to the NCC's ability to optimize its resources and operations, as it transitions to a more focused mandate, following the transfer of the mandate for activities and events to Canadian Heritage. To mitigate this risk, the NCC reviewed and streamlined executive management and organizational structures to ensure continued efficiency and long-term sustainability, and undertook a 10-year+ horizon foresight exercise to examine the corporation's long-term direction.

Capacity

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

Reputation and Influence

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

CORPORATE SOCIAL RESPONSIBILITY

The National Capital Commission is dedicated to promoting the principles of corporate social responsibility in all that it does. This means using environmentally sound practices, being a value-added partner, conducting its business in an open and transparent way, protecting the heritage of the Capital, planning a universally accessible capital, fostering a diverse and culturally aware workforce, and promoting ethical behaviour.

2014–2015 PERFORMANCE HIGHLIGHTS

95%

In a poll of 1,500 residents of Canada's Capital Region, **95 percent agreed** that the National Capital Commission has a role to play in making the Capital an inspiring reflection of Canada and Canadians.

15,000

The National Capital Commission responded to over **15,000 requests** from the public.

63,800

The National Capital Commission has **over 63,800 followers** on its social media accounts.

430,000

An estimated **430,000 people** attended **Fall Rhapsody** in Gatineau Park.

300,000

An estimated **300,000 people** participated in the 44th edition of **Sunday Bikedays**.

1,600

Some **1,600 people** participated in the National Capital Commission's public **engagement events**.

8,000

The National Capital Commission sold more than **8,000 cross-country ski and snowshoe passes** for Gatineau Park.

59

The Rideau Canal Skateway had a record-breaking **59 consecutive skating days** between January 10 and March 9, 2015.

400

The National Capital Commission issued over **400 permits for events** taking place on its lands.

186

The National Capital Commission **reviewed 186** federal design and land use **applications**.

\$17.6 MILLION

The National Capital Commission's rental portfolio generated **\$17.6 million in revenues**.

PERFORMANCE BY OBJECTIVE

The following summarizes the NCC's performance against its planned objectives included in the Summary of the 2014–2015 to 2018–2019 Corporate Plan. By year-end, the NCC either met or partially met 83 percent of its 2014–2015 key expected outputs and commitments, while remaining on track for meeting its long-term objectives.

Performance Rating Guide

The NCC's performance rating guide is used to measure the achievement or progress against targets set out in the Summary of the 2014–2015 to 2018–2019 Corporate Plan. Performance evaluation is based on the six categories described below.

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

PERFORMANCE AGAINST THE NCC'S FIVE PRIORITIES FOR THE 2014–2015 TO 2018–2019 PLANNING PERIOD

Priority 1: Make LeBreton Flats a world-class destination.

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
LeBreton Flats Long-Term Redevelopment		
Complete Phase 1: Feasibility and due diligence, to define the project scope to renew the long-term vision and plan for LeBreton Flats, and develop a commercial solicitation proposal.	By end of 2014–2015	TM
Secure board approval of Phase 1.	By end of 2015	TM
Complete project development to determine the optimal project delivery model and preferred proponent.	By end of 2017	N/A
LeBreton Flats Interim Solution		
Begin implementing the project concept, with substantial completion by September 2015.	By end of 2014–2015	TM

The NCC is more than a year ahead of schedule in the redevelopment of LeBreton Flats. A request for qualifications to identify development teams was launched on September 30, 2014. Out of the five proponents' proposals evaluated, the following four proponents prequalified for the second stage of the process: Claridge Homes, Devcore Group, Focus Equities and Rendez Vous LeBreton Group. A request for proposals inviting the prequalified proponents to submit a detailed design and financial proposal was issued in February 2015. Submissions are anticipated to be received in late fall 2015. Public consultation on the four designs will take place in early 2016, with the winning design to be announced by the middle of 2016.

For the LeBreton Flats interim solution, the NCC completed the implementation of the project concept in 2014–2015 and is on track to complete the project by September 2015. During the year, the NCC held a public design charette with interest groups and community associations, followed by meetings with First Nations communities to obtain feedback on the proposed themes, as well as an open house with members of the public.

Board of Director approval for the design and thematic framework for the site was obtained in spring 2015. Construction is set for early 2015–2016, and project design implementation is anticipated by fall 2015. The NCC will continue discussions with First Nations communities in 2015–2016, and will work on developing the interpretive component of the interim solution in collaboration with Canadian Heritage.

Priority 2: Offer public access and new connections for Canadians to discover the shorelines.

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Bronson Pulp Mill Ruins and Richmond Landing Public Access		
Complete the design framework for the Bronson Pulp Mill ruins and the Richmond Landing public access projects.	By end of 2014–2015	TPM
Open the Bronson Pulp Mill ruins and Richmond Landing areas for public use.	By spring 2017	N/A
Shoreline Projects		
Support the final year of private-sector-initiated pilot projects along the Rideau Canal, and assess the results of the three-year project to determine next steps.	By end of 2014–2015	TM
Collaborate with potential private sector partners to identify projects for implementation along the Ottawa River.	By spring 2017	OT

The NCC substantially advanced the design framework for the Bronson Pulp Mill ruins and Richmond Landing public access projects in 2014–2015. A public consultation component was added as part of a series of measures to strengthen civic engagement. In fall 2014, citizens provided useful input regarding project objectives and potential site improvements. Consultations with private, public and Aboriginal stakeholders were also held to discuss the projects and to solicit feedback regarding the projects' possible impact on their priorities and interests. In the interim, Canadian Heritage has begun work on the NCC's behalf for the design and delivery of the interpretation elements of both projects. By 2017, the NCC will improve the universal accessibility of both sites by providing a new cycling and pedestrian

bridge connecting Richmond Landing to the existing pathway network.

In support of private-sector-initiated pilot projects along the Capital shorelines, the NCC completed its last year of implementation of the Rideau Canal Shorelines Initiative. Among the pilot projects implemented, 8 Locks' Flat was well received and successfully renegotiated as a leased property. Further to the launch of the Ottawa Riverfront Placemaking Initiative in 2014–2015, the NCC retained three proposals, which were successfully implemented in summer 2014. Guidelines were also developed for the animation of the Capital Region's shorelines in 2014–2015, which will be integrated into the long-term vision of the program.

Priority 3: Complete the Capital Urban Lands Master Plan and National Interest Land Mass update.

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Capital Urban Lands Plan		
Obtain board of director approval of the Capital Urban Lands Plan, including the three sector plans and the Parkways Policy.	By end of 2014–2015	TM
Complete the commissioning plan for the Capital Urban Lands Plan.	By 2015–2016	OT
National Interest Land Mass (NILM) Review and Non-NILM Land Optimization		
Complete the NILM update and implement an action plan.	By end of 2014–2015	N/A
Implement asset management plans for non-NILM lands.	By end of 2014–2015	TM

The NCC continued to advance the long-term planning of the Capital Region in 2014–2015. To this end, the Capital Urban Lands Plan was finalized and approved in 2014–2015, marking a significant milestone, as it is the first plan that applies to all urban lands in the Capital Region. Concurrently, the NCC undertook the review of its planning framework in 2014–2015 to better outline the relationships among various planning documents and ensure that the NCC's tools remain current, in order to achieve the long-term vision for the Capital Region. In addition, the NCC built on previous years' consultations and obtained Board of Director endorsement at the end of 2014–2015 for the revised Plan for Canada's Capital.

The Plan for Canada's Capital will be subject to additional consultations in summer 2015, prior to seeking final Board of Director approval in fall 2015.

Since the identification of NILM lands is an outcome of the NCC's planning framework, a formal NILM review was deferred to next year. With the completion of important planning milestones in 2014–2015, the NCC is well positioned to finalize its NILM roadmap in 2015–2016. The NCC completed its asset management plans for non-NILM lands in 2014–2015. The Board of Directors approved an overall non-NILM divestiture strategy and a new Regional Interest Land Mass (RILM) concept in fall 2014.

Priority 4: Support the final design and construction of national commemorations.

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
War of 1812 Monument		
Complete the monument installation and all site work.	By end of 2014–2015	TM
National Holocaust Monument		
Complete decontamination work at the future site of the National Holocaust Monument.	By end of 2014–2015	TM
Complete the development phase for the National Holocaust Monument.	By end of 2014–2015	TM
Substantially complete the installation of the National Holocaust Monument.	By fall 2015	N/A
Memorial to the Victims of Communism		
Complete any necessary work for the Memorial to the Victims of Communism, as set out in the memorandum of understanding with Canadian Heritage.	By end of 2014–2015	N/A
Substantially complete the installation of the Memorial to the Victims of Communism.	By fall 2015	N/A

In support of Canadian Heritage-led commemoration initiatives, the NCC provided required land use and design approvals for the War of 1812 Monument, and oversaw its design development and construction in 2014–2015. After four years of work, the monument was unveiled in fall 2014.

Similarly, in 2014–2015, the NCC completed the early remediation of the site for the National Holocaust Monument. Further to Board of Director approval

of the federal design, the construction was put out to tender in spring 2015. Canadian Heritage continued its planning of the Memorial to the Victims of Communism in 2014–2015. A design proposal was presented to the NCC's ACPDR in spring 2015. The NCC provided Canadian Heritage with substantive design guidance received from the ACPDR, and it is expected that the memorial will be presented to the NCC's Board of Directors for federal design approval early in the coming fiscal year.

Priority 5: Be a value-added partner in Canada's Capital Region.

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Value-Added Partnership Action Plan		
Finalize an action plan to integrate the value-added partner notion as a central element for the organization.	By end of 2014–2015	TM
Pursue implementation of the value-added partnership action plan.	Beginning of 2015–2016	N/A

In 2014–2015, substantial focus was placed on aligning organizational objectives with the NCC's priority of being a value-added partner. Key achievements in supporting stakeholders and significant projects in Canada's Capital Region include the following:

- Initiating regular tripartite meetings with the mayors of Ottawa and Gatineau and their municipalities to maintain open lines of communications;
- Discussions held with the mayors of Chelsea, La Pêche and Pontiac, regarding issues related to Gatineau Park and its boundaries with the three municipalities, which are anticipated to continue in 2015–2016;
- Establishing liaison with counterparts in renowned capital cities, including Washington, D.C., and Canberra;
- Initiating an illumination plan for the core of the Capital Region in collaboration with partners for Canada's sesquicentennial celebrations in 2017;
- Implementing a mixed-planting pilot project in parklands to promote sustainable agriculture, and the donation of over 127 kilograms of crops to the Ottawa Food Bank and Moisson Outaouais;
- Providing ongoing support for the Lansdowne redevelopment project, including the operation of buses on the Queen Elizabeth Driveway during the 2014 Canadian football season; and
- Negotiating an agreement with the City of Ottawa on the proposed alignment for the western expansion of the Ottawa light rail transit along the Sir John A. Macdonald Parkway.

PERFORMANCE AGAINST THE NCC'S OPERATIONAL COMMITMENTS FOR THE 2014–2015 TO 2018–2019 PLANNING PERIOD

Cycling Initiatives

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Sunday Bikedays		
Identify corporate sponsors and volunteer partnerships to ensure the continued successful delivery of the Sunday Bikedays program.	By end of 2014–2015	TM
Bike Share Program		
Complete all steps to offer the bike share program to the private sector or public partners.	By end of 2014–2015	TM
Transfer the bike share program to the private sector or to public partners.	Following the 2015 bike share season	TM

The NCC closed its 44th Sunday Bikedays season successfully, with an estimated 300,000 individuals making approximately 900,000 visits in 2014–2015.

In support of the cycling agenda, the NCC completed its Sunday Bikedays 10-year Strategic Plan, with the aim of improving the overall experience of the program. In 2014–2015, the NCC also secured a three-year agreement

with Alcatel-Lucent as the title sponsor for Sunday Bikedays with an additional two-year option.

As part of its efforts to offer the bike share program to the private sector, the NCC successfully transferred BIXI bike share to Cycle Hop LLC in early 2014–2015—including 25 BIXI stations and 250 bikes—more than one year ahead of the planned schedule.

Stewardship of Land and Properties

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Nepean Point Rehabilitation		
Initiate the rehabilitation of Nepean Point.	By end of 2014–2015	N/A
Complete the rehabilitation of Nepean Point.	By spring 2017	N/A
Confederation Boulevard		
Contribute to the City of Ottawa's Confederation Boulevard project on Sussex Drive between King Edward Avenue and St. Patrick Street.	By end of 2014–2015	TM
Sustainable Agriculture		
Finalize a planning framework to realize sustainable agriculture objectives for the Greenbelt.	By end of 2014–2015	N/A

In spring–summer 2014, the NCC paused the Nepean Point project to obtain public feedback on the plans for the renewal of this site. Subsequently, the design and project scope were revised, once it was determined that a national design competition to be held in 2015–2016 would better meet the high expectations for this important Capital landmark. Construction is slated to begin immediately following the celebrations for the 150th anniversary of Confederation in 2017.

The NCC continued to collaborate with the City of Ottawa on the Confederation Boulevard project in 2014–2015, with construction scheduled to be completed in August 2015, including building renovations and landscaping.

The initial target to finalize the framework for sustainable agriculture in the Greenbelt by the end of 2014–2015 has since been redefined, as the NCC aligns its resources and priorities with its refocused mandate.

Environmental Protection and Conservation

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Decontamination of NCC Lands		
Complete site assessments and remediation projects on NCC lands.	By end of 2014–2015	TM
Management of Invasive Species		
Initiate a multi-year management plan for dead and dying trees that pose a risk to public safety and that are located in urban forests affected by the emerald ash borer.	Beginning of 2015–2016	OT

As part of its land decontamination efforts, the NCC initiated 77 environmental assessments in 2014–2015, 37 more than what had been planned for the fiscal year. In addition, the Federal Contaminated Sites Action Plan was also renewed in 2014–2015. This plan funds 85 percent of remediation costs for the NCC’s decontamination projects until 2020.

In 2014–2015, the NCC made 89 project decisions under section 67 of the *Canadian Environmental Assessment Act, 2012* (CEAA 2012). None of these projects required any determination from the Governor-in Council in 2014–2015, since none of the projects was assessed as likely to cause significant adverse environmental effects,

once relevant mitigation measures were integrated into the project design, construction or operation. Also in 2014–2015, the NCC adopted its new environmental assessment policy to reflect the changes brought by CEAA 2012. This policy reflects the orientation given by the Canadian Environmental Assessment Agency through its operational policy statement and technical guidance.

As part of its efforts in the management of invasive species in 2014–2015, the NCC continued to remove trees infected by the emerald ash borer. By the beginning of 2015–2016, the NCC will have removed up to 5,000 trees, and will initiate the replanting of approximately 750 trees.

Outdoor Experiences

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Revenue Generation		
Identify opportunities to define targets and an action plan to enhance revenue generation.	By end of 2014–2015	TPM
Maximize third-party revenue-generating events on NCC lands.	By end of 2018–2019	N/A
Greenbelt Recreation Offer		
Maintain the visitor experience in the Greenbelt by addressing end-of-life-cycle issues for visitor facilities.	By end of 2014–2015	TPM
Gatineau Park Recreation Offer		
Rehabilitate visitor amenities in Gatineau Park's Philippe Lake and Pontiac sectors to increase site visitation and use.	By 2016–2017	N/A
Leverage the potential to generate revenue in Gatineau Park by maintaining/enhancing the recreation offer for hiking, biking and snowshoeing.	By 2016–2017	N/A

The NCC continues to identify opportunities to enhance revenue generation. In 2014–2015, the NCC issued more than 400 land use and event permits, and initiated discussions with potential stakeholders for the Rideau Canal Skateway, as well as Canadian Heritage for the next edition of the regional cycling map.

The NCC continued to improve its visitor experience and facilities in the Greenbelt, through the advancement of a number of projects. The replacement of the Mer Bleue boardwalk and the preparation for new rest facilities were completed in 2014–2015, while the visitor services plan was partially completed and is on track for completion in 2015–2016.

In 2014–2015, the NCC improved the Luskville access road to Gatineau Park parking, and installed the pedestrian bridge over Chartrand Creek. The NCC also completed its revision and assessment of the Philippe Lake facility, and successfully renewed its contract for maintenance and recreation in Gatineau Park.

Total gross revenues for Gatineau Park reached \$2.4 million in 2014–2015, representing an increase of more than \$300,000 over the previous year. The NCC successfully implemented its snowshoeing program, and sold 875 new season passes.

PERFORMANCE AGAINST THE NCC'S CORPORATE COMMITMENTS FOR THE 2014–2015 TO 2018–2019 PLANNING PERIOD

Corporate Governance, Management and Oversight, and Resource Management

KEY EXPECTED OUTPUT	2014–2015 TARGET	2014–2015 ACTUAL
Strategic Communications		
Review internal and external communications strategies.	By end of 2014–2015	TM
Corporate Financial Sustainability Strategy		
Implement cost-saving measures identified for the second year of the Corporate Financial Sustainability Strategy.	By end of 2014–2015	TM
Business Optimization Exercise		
Finalize the review of key financial business processes, and secure the approval of new solutions.	By end of 2014–2015	TM
Accommodation Strategy		
Determine options to optimize the NCC's long-term accommodation needs for its headquarters.	By 2016–2017	TM
Review options to rationalize NCC satellite offices.	By end of 2014–2015	TM

The NCC developed a multi-tiered communications strategy in 2014–2015, addressing four main categories: engagement, branding, web and social media, and traditional media. Through its multi-tiered approach, the NCC will continue to communicate its value proposition, key assets and service offer to key stakeholders, the media community and the general public.

Corporate Financial Sustainability Strategy reductions amounting to \$6.3 million were completed in 2014–2015, representing a 96 percent target completion. A reduction of \$0.3 million was also achieved through other operational means in 2014–2015.

The Board of Directors approved the revised scope for the business optimization exercise in winter 2014–2015. Intended improvements to financial processes and systems, including budget, financial reporting and procurement, will be carried out in 2015–2016.

The NCC completed the assessment and analysis of its headquarters consolidation initiative in 2014–2015. Options and an action plan to mitigate financial risks and to optimize the NCC's long-term headquarters needs through the implementation of an office consolidation plan and the development of a subleasing plan for unused spaces were identified in 2014–2015. Implementation is on track for 2015–2016.

FINANCIAL PERFORMANCE

In accordance with Bill C-60, which amended the mandate of the National Capital Commission, responsibility for the organization, sponsorship and promotion of public activities and events in the National Capital Region were transferred to Canadian Heritage, effective September 30, 2013. As demonstrated in the various charts and tables presented, this transfer impacted the NCC's financial reporting with regard to the Capital Experience program, parliamentary appropriations, sponsorship revenues and recoveries, beginning in the 2013–2014 financial year. For comparison purposes, financial information presented and discussed in this management discussion and analysis for the 2013–2014 fiscal year excludes amounts related to the transferred activities for the period April 1, 2013, to September 30, 2013.

Parliamentary Appropriations

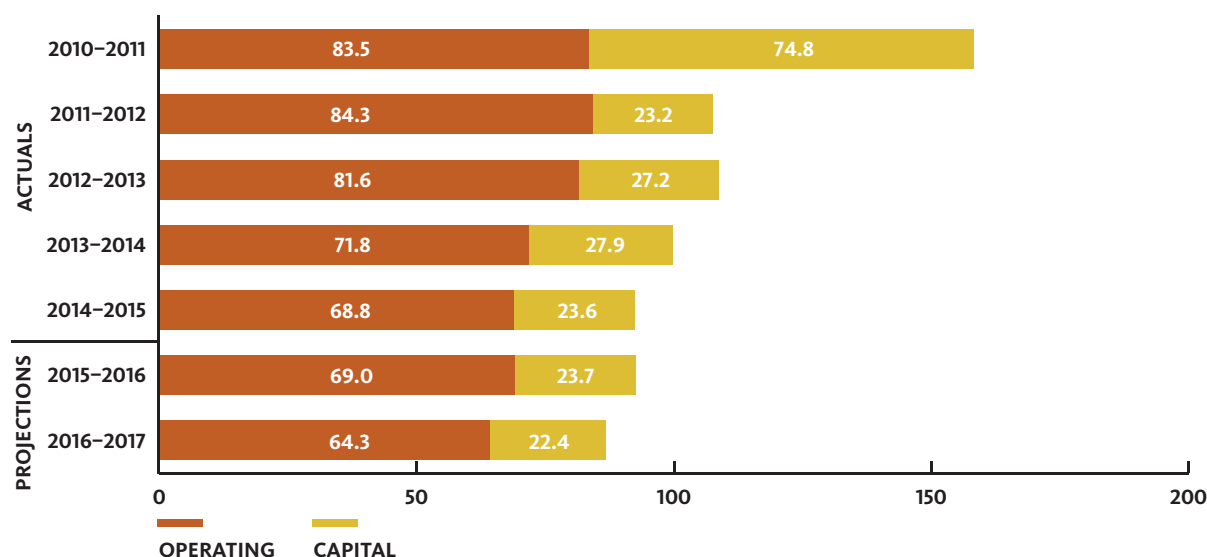
In 2014–2015, the NCC was granted a total of \$92.4 million in parliamentary appropriations for both operating and capital expenditures. This represented a \$7.3-million decrease from 2013–2014 appropriations (\$99.7 million) (*see Table 1 and Chart 1*). The year-over-year decrease was primarily due to the increased one-time funding provided in 2013–2014 for the following: severance payments resulting from the signing of a new collective agreement (\$5.1 million), an increase for the Official Residences Program (\$2.4 million) and the Federal Contaminated Sites Action Plan (\$1.1 million). Funds for the National Holocaust Monument (\$0.8 million) and reimbursement of the accommodation appropriation lost as a result of the relocation of Canadian Heritage activities out of 40 Elgin Street (\$0.9 million) in 2014–2015 helped to partially offset the overall reduction.

Table 1: Parliamentary Appropriations, 2013–2014 to 2016–2017 (in thousands of dollars)

	ACTUALS			PROJECTIONS	
	2013–2014	2014–2015	VARIANCE	2015–2016	2016–2017
Operating	72,160	64,737	(7,423)	69,056	64,327
Supplementary operating	(321)	4,044	4,365	–	–
Subtotal	71,839	68,781	(3,058)	69,056	64,327
Capital	37,799	23,630	(14,169)	23,665	22,380
Supplementary capital	(9,976)	35	10,011	–	–
Subtotal	27,823	23,665	(4,158)	23,665	22,380
Total appropriations	99,662	92,446	(7,216)	92,721	86,707

Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from activities transferred to Canadian Heritage in September 2013.

Chart 1: Parliamentary Appropriations, 2010–2011 to 2016–2017 (in millions of dollars)



Figures from 2010–2011 to 2012–2013, inclusively, reflect revenues, expenses and parliamentary appropriations associated with activities transferred to Canadian Heritage in September 2013. Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from activities transferred to Canadian Heritage in September 2013.

Total appropriations are expected to remain relatively stable in 2015–2016, increasing by only \$0.3 million to \$92.7 million. Notable changes include funding for the Memorial to the Victims of Communism (\$0.9 million) and the fourth tranche of the contribution for the National Holocaust Monument (\$1.6 million). Reductions in the reimbursement of accommodation appropriation for Canadian Heritage (\$0.9 million 2014–2015), reimbursement of specific employee benefits (\$0.9 million), and funding for the site rehabilitation of the Garden of the Provinces and Territories (\$0.4 million) partially offset the reduction.

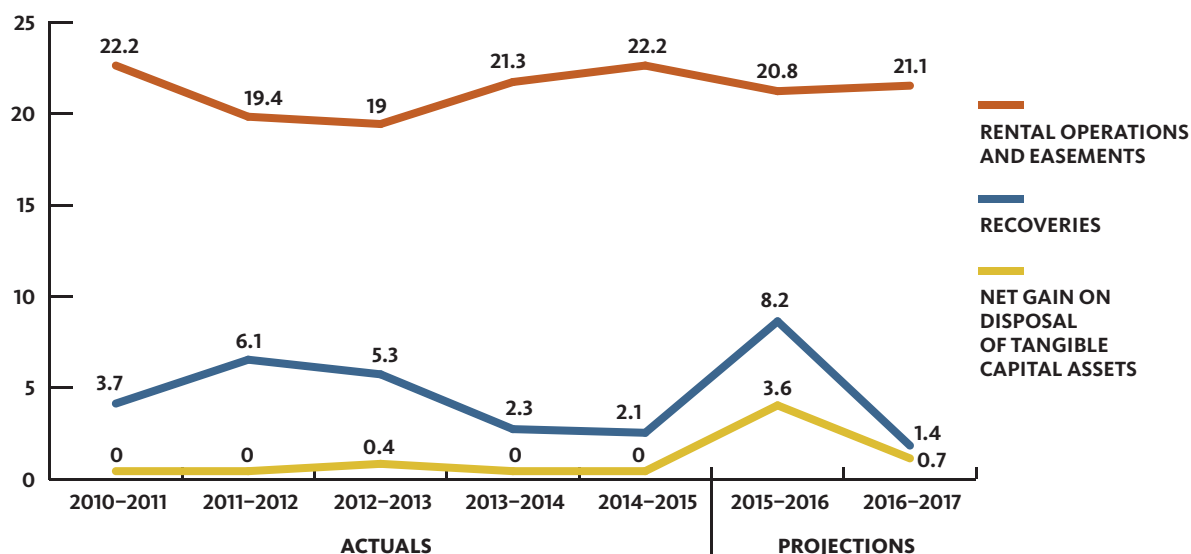
Operating Revenues

The NCC generated \$32.8 million in operating revenues in 2014–2015, a \$0.5-million increase from 2013–2014 (\$32.3 million). The variation is attributable mainly to an increase in rental revenues (\$0.9 million), offset by decreases in both interest revenues and recoveries (\$0.3 million).

Rental operations and easements provided the largest source of operating revenues in 2014–2015, representing 68 percent (66 percent in 2013–2014) of total operating revenues, excluding the net gain on the disposal of tangible capital assets (*see Chart 2*). All sources of operating revenues are expected to remain relatively stable in future years; with the exception of recoveries, which are contingent upon partnerships and donations, and other revenues, usually forthcoming in the form of net gains on the disposal of tangible capital assets, which vary based on the level of activity and prevailing market conditions.

In summary, funding for operations (appropriations plus operating revenues) for 2014–2015 was lower than in 2013–2014 (*see Chart 3*), primarily as a result of reduced parliamentary appropriations.

Chart 2: Main Source of Operating Revenues, 2010–2011 to 2016–2017 (in millions of dollars)



Figures from 2010–2011 to 2012–2013, inclusively, reflect revenues, expenses and parliamentary appropriations associated with activities transferred to Canadian Heritage in September 2013. Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from activities transferred to Canadian Heritage in September 2013.

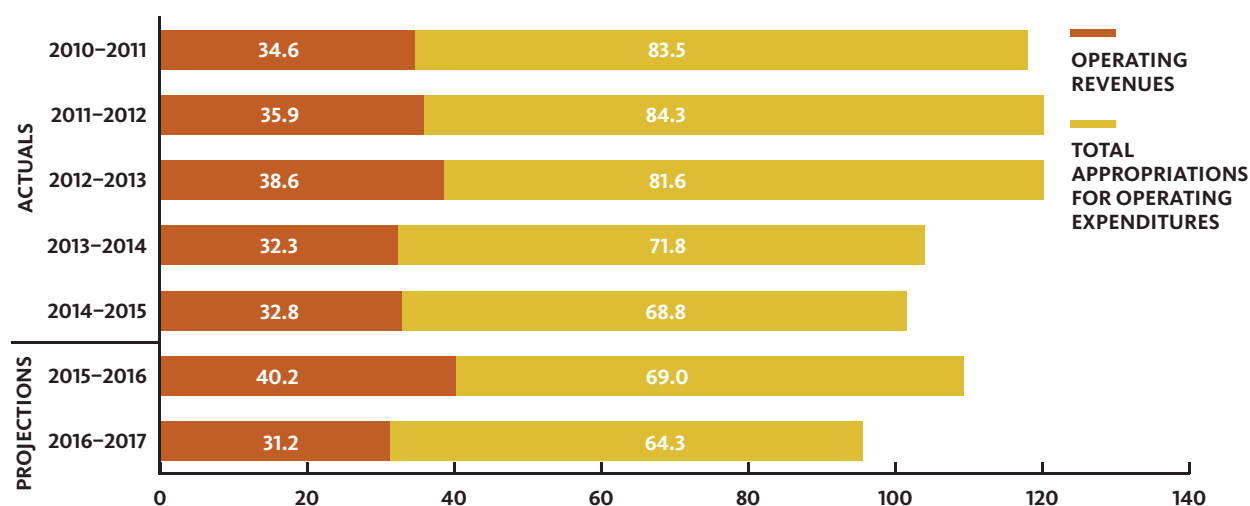
Cost of Operations

The total cost of the NCC's operations, detailed by object in Note 11 to the financial statements (*see Chart 4*), increased by 24 percent to \$143.0 million (\$115.3 million in 2013–2014). For ease of comparability, the presentation of the actual results has been modified to account separately for activities transferred to Canadian Heritage during the 2013–2014 fiscal year. The \$27.7-million increase was due primarily to the NCC's contribution to the Ville de Gatineau for the Jacques-Cartier Street refurbishment initiative (\$10.0 million) and to the increase in the provision for environmental cleanup (\$10.8 million). Other significant increases resulted from costs related to the National Holocaust Monument project (\$1.1 million), higher fees and expenses related

to property management services (\$1.0 million) and a net loss on the disposal of fixed assets, primarily the LeBreton Flats infrastructure (\$3.6 million).

Going forward, the NCC will face increasing cost pressures, not only for its headquarters accommodation and renewals of property maintenance contracts, but also for any long-term agreements that include escalating inflation clauses. Property management and life cycle management costs, including materials and labour, are also forecasted to increase. An internal study will be undertaken over the course of the 2015–2016 fiscal year to determine the NCC's base funding requirements necessary to adequately maintain its approximately \$600 million (net book value) in non-financial assets, and ensure long-term organizational sustainability.

Chart 3: Total Operating Funding, 2010–2011 to 2016–2017 (in millions of dollars)



Figures from 2010–2011 to 2012–2013, inclusively, reflect revenues, expenses and parliamentary appropriations associated with activities transferred to Canadian Heritage in September 2013. Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from activities transferred to Canadian Heritage in September 2013.

Expense Management and Cost Containment

The NCC continues its efforts in the implementation of measures to meet the full extent of reductions resulting from various Government of Canada initiatives.

At April 1, 2015, the NCC had fully absorbed its share of the \$1.8-million cumulative reduction in operating appropriation imposed as part of the Deficit Reduction Action Plan in the 2012 Budget.

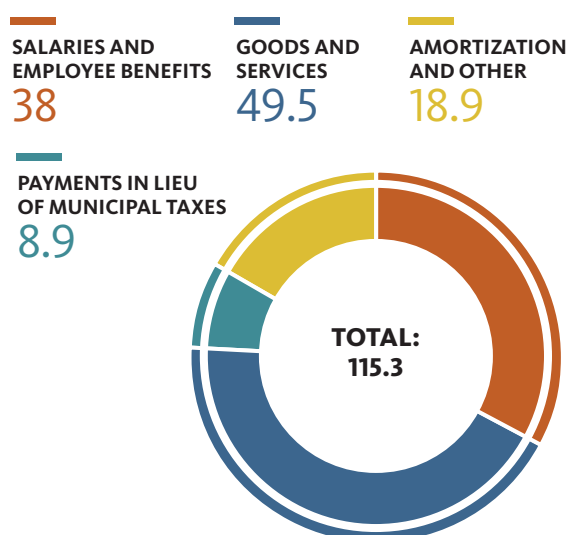
To ensure sound financial management, the NCC implemented the Corporate Financial Sustainability Strategy for 2013–2014 and future fiscal years. The goal

of this exercise is to find cost efficiencies, and optimize processes and the management of assets, in order to offset financial challenges, such as funding pressures resulting from inflation and the renewal of property management and maintenance contracts, as well as reinvestment needs in the leasing portfolio over the planning horizon. The NCC continues to review options to address financial pressures related to increasing accommodation costs.

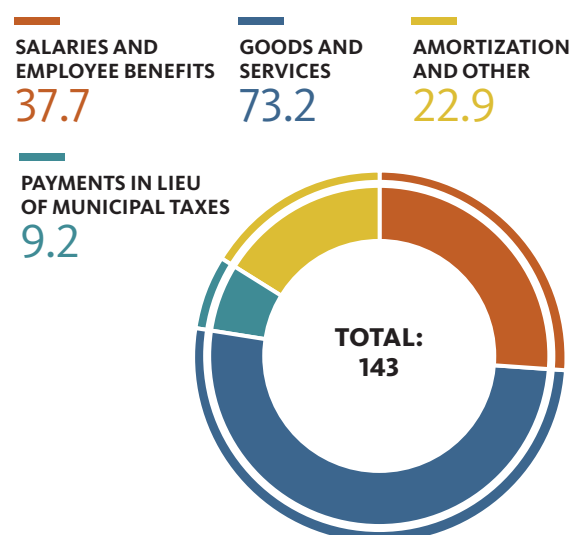
The corporation will continue its efforts to achieve internal efficiencies in response to the budget freeze announced in the November 2013 government economic update, in order to fund any salary impacts arising from the signing of a new collective agreement expected sometime over the course of the 2015–2016 fiscal year.

Chart 4: Expenses by Object (in millions of dollars)

2013–2014



2014–2015



Figures for 2013–2014, 2014–2015 and future years are net of any financial impact from activities transferred to Canadian Heritage in September 2013.

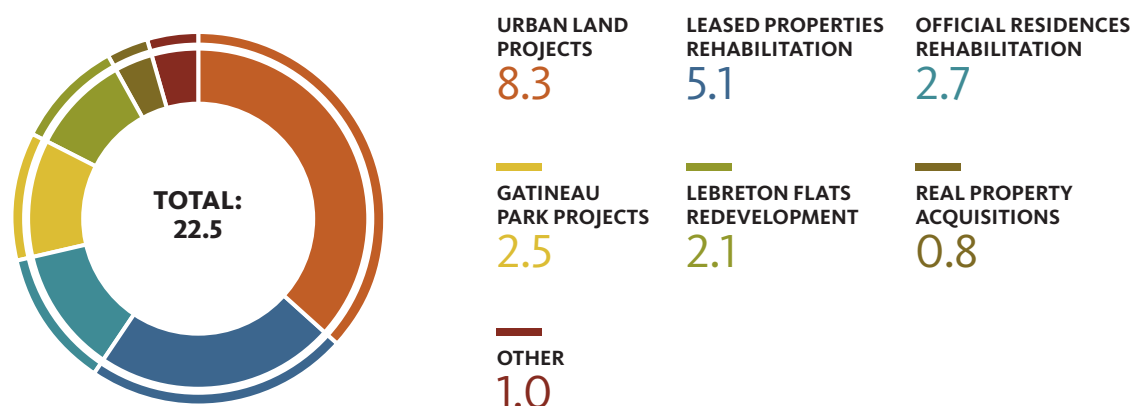
Capital Expenditures

In 2014–2015, the NCC undertook \$22.5 million in capital expenditures (\$29.4 million in 2013–2014), which was proportional to the reduction in available appropriation funding year over year. The 2014–2015 investments include the urban lands portfolio (\$8.3 million) for projects such as upgrading Confederation Boulevard. Investments were also made in leased properties (\$5.1 million), including work on the 7 Clarence redevelopment, the 161 Middle Street rehabilitation and the 529 Richmond Road upgrade. Other major investments include official residences (\$2.7 million), Gatineau Park (\$2.5 million), and decontamination and landscaping work at LeBreton Flats (\$2.1 million). Notable decreases compared with last year include capital investments related to the rehabilitation of the official residences (\$3.4 million), Gatineau Park projects (\$1.8 million) and LeBreton Flats redevelopment (\$1.2 million). The sole

class of capital expenditures experiencing an increase was the rehabilitation of rental properties (\$0.2-million increase), which is consistent with the NCC's objective to improve the condition of its rental portfolio (*see Chart 5 on page 56*).

The NCC has experienced delays in the implementation of a number of its investment projects, due to the late approval of the corporate plan, as well as a change in organizational priorities. However, progress has been made in advancing these projects, which will be demonstrated by their implementation in the near future. These projects include the 7 Clarence redevelopment, upgrades to the Bronson Pulp Mill ruins and Richmond Landing sites, and landscaping at LeBreton Flats and Nepean Point, to name a few. Forward planning for 2015–2016 has taken into consideration the delays encountered in undertaking all of the components of the NCC's 2014–2015 Multi-Year Capital Program.

Chart 5: NCC Capital Expenditures 2014–2015 (in millions of dollars)



Budgetary Analysis

Table 2 (*on page 57*) provides a detailed analysis of operating results against the 2014–2015 to 2018–2019 Summary of the Corporate Plan and a similar comparison for 2013–2014, based on the 2013–2014 to 2017–2018 Summary of the Corporate Plan. For ease of comparability, the presentation of budgets and actual results has been modified to account separately for activities transferred to Canadian Heritage during the 2013–2014 fiscal year. The table also provides operational budgets for 2015–2016, as presented in the 2015–2016 to 2019–2020 Summary of the Corporate Plan.

The revenue shortfall against budget in 2014–2015 was due primarily to an anticipated asset disposal, which was not finalized by year-end. This was partially offset by higher-than-budgeted proceeds from rental operations and revenues from easements (\$2.8 million).

The actual cost of operations was \$17.9 million higher than budget, primarily as a result of increasing the environmental remediation provision (*see Note 5 of financial statements*), the loss on the disposal of fixed assets, mostly related to LeBreton Flats infrastructure (\$3.6 million), a capital asset impairment loss (\$1.2 million) and the increase in operating costs related to the facilities lease for 40 Elgin Street (\$1.0 million).

Table 2: Statement of operations and accumulated surplus for the years ending March 31
(in thousands of dollars)

	2015–2016	2014–2015			2013–2014		
	BUDGET	BUDGET	ACTUAL	VARIANCE	BUDGET (RESTATED)	ACTUAL	VARIANCE
Revenues							
Rental operations and easements	20,840	19,427	22,187	2,760	19,427	21,281	1,854
Recoveries	8,242	2,918	2,130	(788)	1,918	2,291	373
Net gain on disposal of property and equipment	3,570	4,620	–	(4,620)	700	–	(700)
User access fees	2,544	1,900	2,707	807	1,900	2,728	828
Headquarters sublease	2,216	2,022	2,333	311	2,022	2,338	316
Interest	2,144	2,717	2,236	(481)	2,665	2,371	(294)
Other revenues	596	1,086	1,143	57	415	1,073	658
Sponsorship							
Monetary	–	–	68	68	15	236	221
Goods and services	–	–	–	–	–	–	–
	40,152	34,690	32,804	(1,886)	29,062	32,318	3,256
Expenses							
Capital Planning	2,584	3,530	3,980	(450)	4,799	4,335	464
Capital Stewardship and Protection	92,124	90,781	105,788	(15,007)	88,313	79,019	9,294
Internal services	33,744	30,797	33,252	(2,455)	31,334	31,897	(563)
	128,452	125,108	143,020	(17,912)	124,446	115,251	9,195
Deficit before funding from the Government of Canada	(88,300)	(90,418)	(110,216)	(19,798)	(95,384)	(82,933)	12,451
Funding from the Government of Canada							
Parliamentary appropriations for operating expenditures	69,056	64,737	68,781	4,044	65,795	71,839	6,044
Parliamentary appropriations for tangible capital assets	23,665	23,630	23,665	35	37,184	27,823	(9,361)
	92,721	88,367	92,446	4,079	102,979	99,662	(3,317)
(Deficit) Surplus for the year before transferred activities	4,421	(2,051)	(17,770)	(15,719)	7,595	16,729	9,134
Transferred activities							
Deficit due to Canadian Heritage transfer	–	–	–	–	(156)	(1,146)	(990)
(Deficit) Surplus for the year	4,421	(2,051)	(17,770)	(15,719)	7,439	15,583	8,144
Accumulated surplus at beginning of the year	645,779		663,549			647,966	
Accumulated surplus at end of the year	650,200		645,779			663,549	

Figures for 2013–2014 and 2014–2015 are net of any financial impact from activities transferred to Canadian Heritage in September 2013.



FINANCIAL STATEMENTS

for the year ended March 31, 2015

STATEMENT OF MANAGEMENT RESPONSIBILITY

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

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

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

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



Dr. Mark Kristmanson
Chief Executive Officer



Pierre Lanctôt, CPA, CA
Executive Director, Corporate Services,
and Chief Financial Officer

Ottawa, Canada
June 26, 2015



INDEPENDENT AUDITOR'S REPORT

To the Minister of Employment and Social Development

Report on the Financial Statements

I have audited the accompanying financial statements of the National Capital Commission, which comprise the statement of financial position as at 31 March 2015, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Capital Commission as at 31 March 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

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

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



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

26 June 2015
Ottawa, Canada

NATIONAL CAPITAL COMMISSION

STATEMENT OF FINANCIAL POSITION

As at March 31

(in thousands of dollars)

	2015	2014
Financial Assets		
Cash and cash equivalents (Note 3)	97,556	95,445
Restricted cash and cash equivalents—light rail transit (Note 4)	68,108	74,679
Accounts receivable		
Federal government departments and agencies	3,605	5,632
Others	3,685	2,098
Investments (Note 3)	18,831	27,944
	191,785	205,798
Liabilities		
Accounts payable and accrued liabilities		
Federal government departments and agencies	671	1,008
Others	16,260	16,709
Light rail transit (Note 4)	66,669	73,628
Provision for environmental cleanup (Note 5)	43,850	24,224
Deferred revenue (Note 6)	12,061	10,583
Employee future benefits (Note 7)	3,674	4,243
Other liabilities (Note 8)	2,036	2,216
	145,221	132,611
Net Financial Assets	46,564	73,187
Non-Financial Assets		
Tangible capital assets (Note 9)	594,908	586,542
Prepaid expenses	2,558	2,445
Other non-financial assets (Note 10)	1,749	1,375
	599,215	590,362
Accumulated Surplus	645,779	663,549

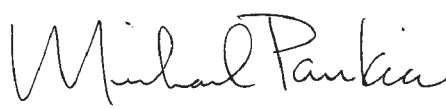
Contractual obligations and contingent liabilities (Notes 13 and 14)

The notes are an integral part of the financial statements.

Approved by the Board of Directors



Russell Mills
Chair, Board of Directors



Michael Pankiw
Chair, Audit Committee

NATIONAL CAPITAL COMMISSION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

(in thousands of dollars)	2015 BUDGET (NOTE 2)	2015 ACTUAL	2014 ACTUAL
Revenues			
Rental operations and easements	19,427	22,187	21,281
Interest	2,717	2,236	2,371
Monetary sponsorship	–	68	236
Headquarters sublease	2,022	2,333	2,338
User access fees	1,900	2,707	2,728
Recoveries	2,918	2,130	2,291
Other revenues	5,706	1,143	1,073
	34,690	32,804	32,318
Expenses (Notes 1 and 11)			
Capital planning	3,530	3,980	4,335
Capital Stewardship and Protection	90,781	105,788	79,019
Internal Services	30,797	33,252	31,897
	125,108	143,020	115,251
Deficit before funding from the Government of Canada	(90,418)	(110,216)	(82,933)
Funding from the Government of Canada			
Parliamentary appropriations for operating expenditures (Note 12)	64,737	68,781	71,839
Parliamentary appropriations for tangible capital assets (Note 12)	23,630	23,665	27,823
	88,367	92,446	99,662
Transferred activities			
Deficit due to Canadian Heritage transfer (Note 17)	–	–	(1,146)
(Deficit) Surplus for the year	(2,051)	(17,770)	15,583
Accumulated surplus at beginning of the year	661,931	663,549	647,966
Accumulated surplus at end of the year	659,880	645,779	663,549

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31

(in thousands of dollars)	2015 BUDGET (NOTE 2)	2015 ACTUAL	2014 ACTUAL
(Deficit) Surplus for the year	(2,051)	(17,770)	15,583
Acquisition and improvements of tangible capital assets (Note 9)	(29,224)	(31,283)	(25,962)
Amortization of tangible capital assets (Note 9)	17,564	17,462	17,443
Net loss/(gain) on disposal of tangible capital assets	(4,620)	4,224	902
Proceeds from disposal of tangible capital assets	6,600	–	1,773
Writedowns of tangible capital assets	–	1,231	808
Loss on transfer of tangible capital assets to Canadian Heritage (Note 17)	–	–	1,671
	(9,680)	(8,366)	(3,365)
Change in prepaid expenses	–	(113)	327
Change in other non-financial assets	177	(374)	178
	177	(487)	505
(Decrease) increase in net financial assets	(11,554)	(26,623)	12,723
Net financial assets at beginning of the year	61,556	73,187	60,464
Net financial assets at end of the year	50,002	46,564	73,187

The notes are an integral part of the financial statements.

NATIONAL CAPITAL COMMISSION

STATEMENT OF CASH FLOWS

For the year ended March 31

(in thousands of dollars)

	2015	2014
Operating Activities		
Cash receipts from parliamentary appropriations for operating expenditures	68,255	78,505
Cash receipts from rental operations and easements	20,707	23,614
Cash receipts from other operations	10,759	9,686
Cash paid to suppliers	(68,862)	(61,878)
Cash paid to employees	(38,221)	(48,760)
Interest received	2,618	2,858
Disbursements for contaminated sites	(990)	(684)
Cash flows provided (used) by operating activities	(5,734)	3,341
Capital Activities		
Cash receipts from light rail transit project	–	15
Disbursements for light rail transit project	(7,350)	–
Cash receipts from parliamentary appropriations for tangible capital assets	23,665	27,971
Acquisition and improvements of tangible capital assets	(23,288)	(28,775)
Proceeds from disposal of tangible capital assets	–	147
Disbursements for environmental cleanup	(1,293)	(3,287)
Exchange settlement land	–	(1,626)
Cash flows used by capital activities	(8,266)	(5,555)
Investing Activities		
Cash receipts for light rail transit project	962	1,001
Disbursements for light rail transit project	(183)	–
Disbursements for investments purchased	(948)	(2,335)
Cash receipts from investments sold	9,709	18,969
Cash flows provided by investing activities	9,540	17,635
(Decrease) Increase in cash and cash equivalents	(4,460)	15,421
Cash and cash equivalents at beginning of the year	170,124	154,703
Cash and cash equivalents at end of the year	165,664	170,124
Represented by:		
Cash and cash equivalents	97,556	95,445
Restricted cash and cash equivalents—light rail transit	68,108	74,679
	165,664	170,124

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

1. AUTHORITY AND OBJECTIVES

The National Capital Commission (NCC) was established in 1959 by the *National Capital Act* (1958). The NCC is an agent Crown corporation without share capital, named in Part I of Schedule III to the *Financial Administration Act*, and is not subject to the requirements of the *Income Tax Act*. The objects and purposes of the NCC, as stated in the *National Capital Act* as amended in 2013, are to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance.

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

Program Definitions and Objectives

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

Capital Planning

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

Capital Stewardship and Protection

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

Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of the NCC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES

A. Adoption of New Accounting Standards

As of April 1, 2014, the NCC adopted the Public Sector Accounting Handbook Section PS 3260, “Liability for contaminated sites.” This new standard provides the requirements governing recognition, measurement and disclosure of liabilities related to the remediation of contaminated sites. The impacts of adopting the standard were the need to define the recognition criteria in establishing a liability for contaminated sites and to define the disclosure requirements in the financial statements. The adoption of the new standard has had minimal impact on the financial statements, as the NCC was already recognizing a liability for contaminated sites under “Provision for environmental cleanup” in the Statement of Financial Position, and the criteria used for the recognition of this liability were similar to those stipulated in the new standard. The adoption of this standard did not have an impact on the accounting of the Provision for environmental cleanup for the NCC. Notes 2F and 5 have been modified to conform to the disclosure requirements of handbook section PS 3260. The new standard has been adopted prospectively.

B. Basis of Accounting

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

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

No intangibles are recognized in the financial statements.

Measurement uncertainty

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

Budget figures

The 2014–2015 budget is reflected in the Statement of Operations and Accumulated Surplus, and the Statement of Change in Net Financial Assets. Budget data presented in these financial statements is based upon the 2014–2015 projections and estimates used to establish the financial tables presented in the *2014–2015 to 2018–2019 Corporate Plan*.

C. Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

D. Investments

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

E. Assets Held for Sale

The NCC recognizes an asset held for sale when all of the following criteria are met prior to the date of the financial statements:

- i. the sale of the asset is approved;
- ii. the asset is in a condition to be sold;
- iii. the asset is publicly seen to be for sale;
- iv. there is an active market for the asset;
- v. there is a plan in place for selling the asset; and
- vi. it is reasonably anticipated that the sale to a purchaser external to the NCC reporting entity will be completed within one year of the financial statement date.

The asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell.

F. Provision for Environmental Cleanup

The NCC recognizes a provision for environmental cleanup when all of the following conditions are prevalent: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; the NCC is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time. A liability is recognized and the costs associated with the cleanup are expensed during the year.

The NCC expects that future economic benefits will be given up when there is a risk to public safety and security, or where public documents and Treasury Board decisions indicate that the NCC has a responsibility to the public that leaves it little or no discretion in relieving itself from the obligation. In the event that it is not possible to determine if a future economic benefit will be given up, but an amount can be reasonably estimated, a contingent liability will be disclosed in the notes to the financial statements. However, where the criteria for recognizing a liability are met and the contamination occurred prior to the NCC's acquisition of the land, the remediation costs form an integral part of the acquisition costs, and are capitalized to "Land" in Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

G. Employee Future Benefits

i. Pension Benefits

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

ii. Other Benefit Plans

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

Severance Benefits: In February 2013, a new collective agreement was signed, and the accumulation of severance benefits has ceased. Based on this collective agreement, all indeterminate employees are entitled to a severance payment equal to one week’s pay for each complete year of continuous employment and, in cases of a partial year of continuous employment, one week’s pay multiplied by the number of days of continuous employment divided by 365, to a maximum of 30 weeks. All term employees are entitled to a severance payment equal to one week’s pay for each complete year of continuous employment, to a maximum of 30 weeks. Employees affected by these changes had the option of collecting, during the 2013–2014 fiscal year, the full or partial amount of the severance benefit accrued up to the collective agreement signing date, or of collecting, at the time of termination of employment at the NCC, the full or remaining amount of the accumulated weeks of severance. As at March 31, 2015, the NCC recorded a liability for employees who decided to delay the payment of their severance benefit until the time of termination. Management uses the employee’s salary in effect at March 31, 2015, to calculate the value of the remaining obligation for the severance benefits.

Workers’ Compensation Benefits: Workers’ compensation benefits represent for the NCC an obligation that entails settlement by future payment. The NCC is subject to the *Government Employees Compensation Act* and, therefore, is not mandatorily covered under any provincial workers’ compensation acts. As a self-insured employer, the NCC is accountable for the obligation assumed since its establishment. The NCC’s obligations, for workers’ compensation benefits and post-employment benefits for employees in receipt of long-term disability benefits, are based on known awarded disability and survivor pensions and other potential future awards with respect to accidents that occurred up to the measurement date. The obligation is determined using management’s best estimates and actuarial data obtained from the Workplace Safety and Insurance Board of Ontario.

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

H. Deferred Rent Inducement

The NCC currently leases its headquarters office space. Moving expenses and major leasehold improvements incurred by the lessor under the lease and to accommodate NCC needs have been recorded as deferred rent inducement as at the effective date of the lease, and are amortized over the term of the lease. The amortization of the rent inducement is recorded under the “Goods and services” expense in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

I. Tangible Capital Assets

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

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

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

Antiques and works of art of the NCC are not recorded as tangible capital assets in the financial statements, but instead as an expense, and are disclosed in Note 11. Antiques and works of art consist mainly of monuments, paintings, furniture and sculptures.

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

Tangible Capital Assets

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

J. Non-Monetary Transactions

In the normal course of business, the NCC regularly signs non-monetary agreements. The NCC carries out non-monetary exchanges, which are exchanges of non-monetary assets, goods or services for other non-monetary assets, goods or services with little or no monetary consideration involved. It also carries out or receives non-monetary non-reciprocal transfers, which are transfers of non-monetary assets, goods or services without consideration. When a non-monetary transaction has a commercial substance for the NCC, the transaction is recorded at the fair value of the asset, good or service given up, unless the fair value of the asset, good or service received is more reliable. If the transaction lacks commercial substance, it is recorded at the carrying amount of the asset, good or service given up. Gains resulting from non-monetary non-reciprocal transfers are recognized in the Statement of Operations and Accumulated Surplus as other revenues.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

A non-monetary transaction has commercial substance for the NCC when its future cash flows are expected to change significantly as a result of the transaction. It is significant when the configuration of the future cash flows of the asset, good or service received differs significantly from the configuration of the cash flows of the asset, good or service given up. It is also significant when the NCC specific value of the asset, good or service received differs from the NCC specific value of the asset, good or service given up, and the difference is significant relative to the fair value of the assets, goods or services exchanged.

Finally, the NCC may receive without charge services provided by some government agencies. These services are not recognized in the NCC's Statement of Operations and Accumulated Surplus.

K. Revenue Recognition

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

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

L. Parliamentary Appropriations

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

M. Contingent Liabilities

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

N. Financial Instruments

The NCC identifies, assesses and manages financial risks in order to minimize their impact on the NCC's results and financial position. The NCC manages its financial risks in accordance with specific criteria, as disclosed in Note 15, and does not engage in speculative transactions or use derivative financial instruments.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

A. Cash and Cash Equivalents

As at March 31, 2015, the cash and cash equivalents include \$97.6 million (\$95.4 million in 2014) in cash at a weighted average interest rate of 1.4 percent (1.4 percent in 2014).

B. Investments

As at March 31, 2015, long-term portfolio investments include bonds of the Government of Canada and of provincial governments, which amounted to \$18.8 million (\$27.9 million in 2014) at a weighted average interest rate of 3.8 percent (3.7 percent in 2014).

(in thousands of dollars)	2015		2014	
	COST	QUOTED MARKET VALUE	COST	QUOTED MARKET VALUE
Federal government	254	254	260	261
Provincial governments	18,577	20,555	27,684	28,887
	18,831	20,809	27,944	29,148

C. Designated Funds

As at March 31, 2015, included in the cash and cash equivalents mentioned above, \$51.6 million (\$62.2 million in 2014) are designated. These investments include funds whose use is designated or limited to the sole purpose for which they have been segregated. The following funds are segregated.

(in thousands of dollars)	2015	2014
Revitalization of Sparks Street in Ottawa	592	643
Revitalization of the official residences	668	312
Redevelopment of LeBreton Flats	9,775	10,172
Federal Contaminated Sites Action Plan (FCSAP)	1,843	1,708
Redevelopment of industrial lands on the north shore of the Ottawa River	2,530	2,496
Improvements to shoreline area of Jacques-Cartier Street	–	10,000
Acquisition of real property ¹	36,197	36,896
	51,605	62,227

1. These funds are used to acquire and dispose of real properties. During the period, proceeds on disposal and interest revenues amounted to \$0.5 million (\$0.6 million in 2014), with associated expenses totalling \$1.2 million (\$1.3 million in 2014).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

4. LIGHT RAIL TRANSIT

The City of Ottawa is proposing to convert the existing bus rapid transit system to a light rail transit system. This system will affect several NCC properties, which are subject to change according to the finalization of the land requirements. Thus, on October 9, 2012, the NCC and the City of Ottawa (the City) signed a memorandum of understanding (MOU) through which the NCC granted the City a temporary construction easement over the affected NCC properties in order to access them. As well, the NCC and the City have committed to sign, on or before June 30, 2015, a transfer agreement that outlines for each party the property rights in perpetuity required to support the completion of the project on or before December 31, 2019. Included in the transfer agreement will be the final resolution with respect to various historically transferred land conventions dated 1984, 1996 and 2006, known as “the Legacy Agreements.”

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

During 2014, an additional security deposit of \$15,000 was received from the City due to an adjustment to the MOU. This amount is also held in a separate interest-bearing account.

On September 30, 2014, as per the MOU, the NCC received confirmation from the City regarding the land and real property right requirements. This included the fee simple, as well as permanent easement and temporary construction easement requirements. The receipt of these documents fulfilled certain performance deposit requirements and, as a result, the NCC returned \$7.4 million plus accrued interest to the City. The transfer agreement between the NCC and the City, which will be signed by June 30, 2015, will confirm the final market value for each land site required by the City, which will be the difference between the market values agreed upon by both parties, net of any adjustments regarding the properties related to the light rail transit project.

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

The following table indicates the amounts that have been received and returned, as well as the net interest earned to date. During the year, net interest of \$0.7 million has been recorded and is included in the financial assets under “Restricted cash and cash equivalents—light rail transit” and under the “Light rail transit” liability as at March 31, 2015. The accumulated interest recorded as at March 31, 2014, was \$1.2 million.

The “Restricted cash and cash equivalents—light rail transit” under financial assets is as follows.

(in thousands of dollars)	AMOUNT RECEIVED	AMOUNT RETURNED	INTEREST	2015 TOTAL	2014 TOTAL
Security deposit	49,015	–	1,439	50,454	49,791
Performance deposit	24,500	(7,350)	504	17,654	24,888
Total	73,515	(7,350)	1,943	68,108	74,679

As at March 31, 2015, the NCC has recognized revenues totalling \$0.4 million (\$1.1 million in 2014) as it provides the City access to the light rail transit properties for a limited time. The “Light rail transit” liability has been reduced accordingly, and totals \$66.7 million (\$73.6 million in 2014).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

5. PROVISION FOR ENVIRONMENTAL CLEANUP

As part of the Environmental Management Framework, the NCC developed a risk-based approach for the management of contaminated sites. This proactive approach is a management tool to ensure that the necessary steps are taken to identify, assess, classify and prioritize contaminated sites and thus ensure public safety and security. To classify the sites in order of priority, all 1,490 property assets owned by the NCC were the object of preliminary environmental assessments, which involved researching the historical use of the land and its current use and, for those sites posing the greatest risks, an initial or detailed assessment was performed to confirm the degree of contamination.

The following table outlines the sites owned by the NCC, as at March 31, 2015.

Contaminated sites exceeding the environmental standard	
Sites included in the liability or contingent liability	36
Other contaminated sites	232
Total contaminated sites exceeding the environmental standard	268
Sites lacking environmental information for classification	373
Sites not exceeding the environmental standard	849
Total sites owned by the NCC	1,490

The NCC has identified 268 sites that contain levels of contaminants above acceptable environmental standards. The NCC land portfolio was primarily contaminated by former commercial and industrial operations. Multiple sources of contamination are associated with former industrial and commercial sites, with the principal contaminants of these sites being the presence of metals, polycyclic aromatic hydrocarbons (PAHs), petroleum hydrocarbons, volatiles (e.g. methane) and organic compounds (e.g. trichloroethene). A liability of \$43.9 million (\$24.2 million in 2014) has been recognized for the contaminated sites where it is likely that future economic benefits will be given up. This liability represents management's best estimate of the funds required to complete the environmental cleanup, and is based on information available as at the date of the financial statements. Of the liability, \$26.0 million (\$17.2 million in 2014) was capitalized to the cost of the land.

Further, the NCC estimates an unrecorded contingent liability of \$466.7 million (\$477.8 million in 2014). This amount is based on remediation activities where an environmental assessment was sufficient to enable a reasonable estimate for the liability. However, it is impossible to determine if future economic benefits will be given up. The remaining 232 sites that have levels of contaminants above the environmental standard have been assessed by management as low corporate priority for the following reasons: either they pose no public health or safety issues, are not slated for development, and it is unlikely that the NCC will give up future economic benefits, or the NCC does not have sufficient information to assess a liability.

The valuation of the liability is based on the estimated value of the remediation activities required. This figure is indexed for the time value of money, every year, using the Bank of Canada rate. The indexation rate used in 2015 is 2.4 percent (1.3 percent in 2014).

In line with the NCC's Environmental Management Framework, 373 sites are not a priority, as they do not pose a public health or safety risk. These sites, therefore, have not been the subject of an environmental assessment to establish if the suspected contaminate is present and exceeding environmental standards or the contamination has not yet been determined. Aside from the preliminary assessment regarding the historical use, no further evaluation has been performed.

The preliminary environmental assessments found 849 sites either were not contaminated or were found to meet the environmental standards.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

6. DEFERRED REVENUES

Deferred revenues comprise the following.

(in thousands of dollars)	2015	2014
Deferred rent revenues	8,408	8,305
Deferred easement and licence of occupation revenues	2,863	1,500
Other deferred revenues	790	778
	12,061	10,583

The deferred rental revenue represents mainly the present value of the minimum future lease payments that the NCC has collected under land lease agreements. The present value for the current agreements was established using discount rates of 4.27 percent, 6.01 percent and 6.5 percent. This deferred rental revenue will be recognized in income over the term of the lease agreements, which have different termination dates, with the latest ending in 2068. During the year, \$0.4 million (\$0.2 million in 2014) of deferred rental revenue was recognized in income.

7. EMPLOYEE FUTURE BENEFITS

A. Pension Benefits

Substantially all of the employees of the NCC are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employee and the NCC. The President of the Treasury Board of Canada sets the required employer contributions, based on a multiple of the employee's required contribution. The required employer contribution rate for 2014 and 2015 was dependent on the employee's employment start date. For employment start dates before January 1, 2013, the NCC's contribution rate effective at year-end was 1.28 times (1.45 times in 2014) the employee's contribution. For employment start dates after December 31, 2012, the NCC's contribution rate effective at year-end was 1.28 times (1.43 times in 2014) the employee's contribution. NCC and employee contributions to the Plan for the year were as follows.

(in thousands of dollars)	2015	2014
NCC's contributions	3,943	4,795
Employee contributions	2,931	2,932

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

B. Severance, Workers' Compensation, and Maternity or Parental Benefits

The severance benefits ceased to accumulate when the new collective agreement was signed in February 2013. As at March 31, 2015, the severance benefit is the obligation for employees who decided to delay the payment until the time of termination.

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

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

The accrued benefit obligation for these plans amounts to \$3.7 million (\$4.2 million in 2014) and is disclosed in the table below. These other benefit plans are not pre-funded, and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from the NCC's future appropriations and other sources of revenue. Information about the plan, measured as at the Statement of Financial Position date, is as follows.

(in thousands of dollars)	2015	2014
Accrued benefit obligation, beginning of year	4,243	10,124
Cost for the year	(21)	100
Adjustment due to Canadian Heritage transfer	–	(472)
Benefits paid during the year	(548)	(5,509)
Accrued benefit obligation, end of year	3,674	4,243

8. OTHER LIABILITIES

Other liabilities comprise the following.

(in thousands of dollars)	2015	2014
Deferred rent inducement	852	1,035
Unsettled land exchange ¹	1,000	1,000
Unsettled expropriation ²	184	181
	2,036	2,216

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2015

9. TANGIBLE CAPITAL ASSETS

		COST			ACCUMULATED AMORTIZATION				NET BOOK VALUE		
		OPENING BALANCE	ACQUISITIONS	DISPOSALS/ ADJUSTMENTS ³	CLOSING BALANCE	OPENING BALANCE	AMORTIZATION EXPENSE	DISPOSALS/ ADJUSTMENTS ³	CLOSING BALANCE	MARCH 31, 2015	MARCH 31, 2014
(in thousands of dollars)											
Land ¹	281,434	11,180	-	292,614	-	-	-	-	-	292,614	281,434
Buildings and infrastructure ²											
Parkways, bridges and roadways	246,279	5,614	189	251,704	146,959	5,071	80	151,950		99,754	99,320
Historical properties	111,016	2,612	4	113,624	58,039	2,387	11	60,415		53,209	52,977
Rental properties	111,415	4,456	-	115,871	60,800	2,132	1	62,931		52,940	50,615
Parks ³	96,071	2,163	1,255	96,979	51,146	2,590	29	53,707		43,272	44,925
Administrative and service buildings	27,388	1,042	4	28,426	14,600	781	-	15,381		13,045	12,788
Recreational properties	31,455	300	-	31,755	21,427	653	-	22,080		9,675	10,028
Gatineau Park	24,668	1,011	-	25,679	16,087	569	-	16,656		9,023	8,581
Development properties	23,297	1,243	6,143	18,397	11,890	843	2,655	10,078		8,319	11,407
Greenbelt	35,289	1,140	177	36,252	28,063	722	171	28,614		7,638	7,226
Leasehold improvements	11,937	-	-	11,937	8,132	612	-	8,744		3,193	3,805
Equipment											
Office equipment, machinery and equipment	7,388	164	846	6,706	5,358	298	216	5,440		1,266	2,030
Computers and software	5,658	223	601	5,280	4,606	666	601	4,671		609	1,052
Vehicles	1,333	135	58	1,410	979	138	58	1,059		351	354
	1,014,628	31,283	9,277	1,036,634	428,086	17,462	3,822	441,726		594,908	586,542

1. The land cost includes \$0.2 million (\$0.2 million in 2014) of unsettled expropriation and land exchanges.

2. The total cost of land, buildings and infrastructure include \$18.9 million (\$15.1 million in 2014) of construction in progress. When completed, the cost of these projects will be amortized on the basis of their estimated useful life.

3. The disposals and adjustments column include an impairment loss with a cost of \$1.3 million and accumulated amortization of \$28,752 which are recognized in Parks.

4. As at March 31, 2015, no asset held for sale was disclosed separately.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

10. OTHER NON-FINANCIAL ASSETS

As part of a non-monetary transaction carried out during 2001–2002, the NCC gave up properties, and is committed to render services to the former City of Hull. In exchange, the City also gave up properties and is committed until 2022 to maintain parks and roads that belong to the NCC. As of March 31, 2015, the unamortized present value of these maintenance services, discounted at the interest rate of 6.5 percent, amounts to \$1.2 million (\$1.4 million in 2014). This non-financial asset is recognized on a straight line basis, and the expense of \$177,000 is included under “Goods and services” in Note 11.

During the year, the NCC entered into a new agreement with the City of Ottawa. The City of Ottawa renounced its previous rights to easement revenues with respect to a construction restriction, which will be settled at the time of the land transfer from the City to the NCC by December 31, 2019. This other non-financial asset totals \$0.6 million.

11. EXPENSES BY OBJECT

The following provides a summary of expenses by object.

(in thousands of dollars)	2015 BUDGET	2015 ACTUAL	2014 ACTUAL
Goods and services	61,426	73,231	54,405
Salaries and employee benefits	36,858	37,700	42,426
Amortization	17,564	17,462	17,443
Payments in lieu of municipal taxes	9,260	9,172	8,942
Net loss on disposal of tangible capital assets	–	4,224	902
Writedowns of tangible capital assets	–	1,231	808
Net loss on transfer to Canadian Heritage	–	–	964
	125,108	143,020	125,890
Less: Transferred activities	–	–	(10,639)
	125,108	143,020	115,251

Antiques, works of art and monuments acquired or built by the NCC and those donated to the Canadiana Fund or the NCC are not recorded as tangible capital assets, but are recorded as expenses, and are included under “Goods and services.” For the period ended March 31, 2015, antiques, works of art and monuments amounted to \$1.7 million (\$0.6 million in 2014).

For the period ended March 31, 2015, goods and services in-kind represent \$0.2 million (\$44,000 in 2014) and are included in “Goods and services.”

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

12. PARLIAMENTARY APPROPRIATIONS

(in thousands of dollars)	2015	2014
Parliamentary appropriations for operating expenditures		
Amount received during the year	67,860	77,795
Amount receivable at the end of the year	921	395
	68,781	78,190
Less: Transferred activities	–	(6,351)
	68,781	71,839
Parliamentary appropriations received during the year for tangible capital assets	23,665	27,971
Less: Transferred activities	–	(148)
	23,665	27,823
Parliamentary appropriations approved and recorded during the year	92,446	99,662

13. CONTRACTUAL OBLIGATIONS

- i. The NCC has entered into agreements for services that amount to \$55.6 million (\$48.3 million in 2014) and office accommodation leases that amount to \$49.3 million (\$61.5 million in 2014). These agreements, which total \$104.9 million (\$109.8 million in 2014), have differing termination dates, with the latest ending in 2047. All service agreements are contracts related to the management and maintenance of the NCC's lands and properties.

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

(in thousands of dollars)	LEASES	SERVICES	TOTAL
2015–2016	10,146	13,867	24,013
2016–2017	10,268	12,153	22,421
2017–2018	10,394	8,674	19,068
2018–2019	10,523	7,192	17,715
2019–2020	7,992	4,750	12,742
2020 and thereafter	–	8,977	8,977

- ii. The NCC has entered into contracts for capital expenditures of approximately \$5.1 million (\$7.9 million in 2014). Payments under these contracts are expected to be made within the next fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

14. CONTINGENT LIABILITIES

A. Claims

In the normal course of business and due to the nature of the NCC's ownership of the National Capital Region's lands, claims have been made against the NCC, totalling a net amount of \$8.0 million (\$6.7 million in 2014), excluding interest and other costs. These claims result primarily from alleged damages regarding personal injuries sustained on NCC lands. Often, the NCC is one of several parties named in a litigation, as a result of its land ownership. To manage this legal risk, the NCC files counterclaims, cross-claims and third-party claims, as appropriate. Due to the complex and lengthy legal process, outcomes are often undeterminable until the claim is settled in one way or another. However, it is the opinion of management that certain of these claims will result in settlements approximating \$0.3 million (0 in 2014). As such, a liability has been recorded during the year. Settlements resulting from claims where it is not possible to estimate an amount or the potential settlement, if any, will be accounted for in the year in which the liability becomes likely.

B. Environmental Protection

The NCC also has a contingent liability of \$466.7 million (\$477.8 million in 2014) with respect to the provision for environmental cleanup, which is presented in more detail in Note 5.

15. FINANCIAL INSTRUMENTS

A. Credit Risk

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

The maximum exposure of the NCC to credit risk at March 31, 2015, is as follows.

(in thousands of dollars)	2015	2014
Cash and cash equivalents	97,556	95,445
Restricted cash and cash equivalents—light rail transit	68,108	74,679
Accounts receivable		
Federal departments and agencies	3,605	5,632
Others	3,685	2,098
Investments	18,831	27,944
	191,785	205,798

The credit risk associated with cash and cash equivalents and restricted cash and cash equivalents—light rail transit is minimized substantially by ensuring that cash surpluses are invested in high quality investments. The NCC's policy is to invest cash surpluses with well-established financial institutions in the following types of investments: guaranteed investment certificates, bankers' acceptances, guaranteed notes, term deposits, and securities of federal and provincial governments. Management believes the risk of loss is remote.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

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

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

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

Management believes concentrations of credit risk with respect to accounts receivable are limited due to the credit quality of the parties' extended credit, as well as the large number of federal, provincial, municipal and smaller customers. At March 31, 2015, accounts receivable from federal, provincial or municipal entities comprised 66 percent (76 percent in 2014) of the total amounts due.

The following table presents an analysis of the age of accounts receivable not impaired for as at March 31, 2015.

(in thousands of dollars)	2015	2014
Accounts receivable net of allowance for doubtful accounts:		
Less than 30 days past billing date	2,180	1,269
30–60 days past billing date	61	1,381
61–90 days past billing date	34	1,169
Greater than 90 days past billing date	1,396	1,827
	3,671	5,646
Allowance for doubtful accounts	(206)	(346)
Other receivables	3,825	2,430
	7,290	7,730

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

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

(in thousands of dollars)	2015	2014
Allowance for doubtful accounts		
Balance at beginning of year	346	311
Bad debt expense	13	201
Amounts written off and recoveries	(153)	(166)
Balance at end of year	206	346

The NCC believes that this allowance for doubtful accounts is sufficient to cover the risk of default. There are no other financial assets past due or impaired as at March 31, 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

B. Liquidity Risk

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

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

The following table presents an analysis of the estimated maturities of the financial liabilities as at March 31, 2015.

(in thousands of dollars)	2015	2014
Accounts payable and accrued liabilities		
Less than 90 days	11,980	13,668
90–365 days	4,951	4,049
	16,931	17,717
Unsettled expropriation		
More than 365 days	184	181
	17,115	17,898

C. Market Risk

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

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

Here is an overview of the NCC's interest rate exposure as at March 31, 2015.

(in thousands of dollars)	2015	2014
Cash and Cash Equivalents and Portfolio Investments		
Cash and cash equivalents—Market interest rate	97,556	95,445
Restricted cash and cash equivalents—light rail transit—Market interest rate	68,108	74,679
Investments more than 365 days—Fixed interest rate	18,831	27,944
	184,495	198,068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

The interest rate exposure of the NCC arises from its interest-bearing financial assets. Cash and cash equivalents earn interest at market rate. The objective of the NCC is to manage its exposure to the interest rate risk of its cash and cash equivalents by maximizing the interest income earned on excess of funds, while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market interest rate could have an effect on the NCC's interest revenue derived from cash and cash equivalents. If interest rates for the year ended March 31, 2015, had been 50 basis points lower or higher, with all other variables held constant, interest revenue for the same period would have been \$454,676 (\$490,369 in 2014) higher or lower.

Restricted cash and cash equivalents—light rail transit earns interest at market rate. The NCC's objective is to manage its exposure to the interest rate risk of its restricted cash and cash equivalents—light rail transit by maximizing the interest income earned and allocated to this restricted fund, while maintaining the minimum liquidity necessary to meet its obligations. Fluctuations in market interest rate could have an effect on the interest earned and allocated to this restricted fund. If interest rates for the year ended March 31, 2015, had been 50 basis points lower or higher, with all other variables held constant, interest earned and allocated to the restricted cash and cash equivalents—light rail transit for the same period would have been \$363,539 (\$371,052 in 2014) higher or lower.

Investments also include bonds of the Government of Canada and the provincial governments at a fixed interest rate with an average term to maturity of 5.0 years (4.3 years in 2014). These investments are indirectly affected by fluctuations of fair value due to fluctuations of the market interest rate. However, fluctuations of the market interest rate would have no impact on the interest revenue that the NCC derives from long-term investments.

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

16. RELATED PARTY TRANSACTIONS

The NCC is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations, and is financed primarily by the Parliament of Canada. In addition to the related party transactions described below, and those disclosed elsewhere in these financial statements, the NCC also enters into transactions with Crown entities. In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the NCC incurred expenses totalling \$7.5 million (\$9.8 million in 2014) for utilities, rental of space, tangible capital assets and services purchased from other government departments and agencies, and earned revenues totalling \$6.3 million (\$7.3 million in 2014) from services rendered, rental operations and sales of tangible capital assets.

During the year, the NCC received audit services, which were obtained without charge from the Office of the Auditor General of Canada. These services were not recorded in the NCC's Statements of Operations and Accumulated Surplus.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

17. TRANSFER TO CANADIAN HERITAGE

The Government of Canada announced on March 21, 2013, that the mandate to promote Canada's Capital Region would be transferred from the NCC to Canadian Heritage. Bill C-60, to implement certain provisions of the budget, states that the organization, sponsorship and promotion of public activities and events that will enrich the cultural and social fabric of Canada would be transferred from the NCC to Canadian Heritage. These dispositions came into force on September 30, 2013, and were presented as transferred activities in 2014.

As at March 31, 2014, revenues, Government funding and expenses related to the transferred activities totalled \$3.0 million, \$6.5 million and \$10.6 million, respectively.

As at September 30, 2013, the tangible capital assets transferred included machinery and equipment, software and vehicles, which had a total net book value of \$1.7 million. The employee future benefits transferred included severance benefits, which had a book value of \$0.5 million, and liabilities for accrued vacation, which had a book value of \$0.2 million. The transfer of all the assets and liabilities has led to a net loss of \$1.0 million, and was included in the expenses for the 2014 period.

The deficit of the comparative year corresponding to the activities transferred to Canadian Heritage as presented in the Statement of Operations and Accumulated Surplus totals \$1.1 million at March 31, 2014.

18. COMPARATIVE FIGURES

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

APPENDICES



APPENDIX I

Committees of the Board, Advisory Committees and Special Committees as at March 31, 2015

Executive Committee

Chairperson

Russell Mills

Members

Dr. Mark Kristmanson
Eric D. Mackenzie
Michael Poliwoda
Bob Plamondon

Audit Committee

Chairperson

Michael Pankiw

Members

Denys Rivard
Eric D. MacKenzie
Jason M. Sordi
Bob Plamondon

Ex-Officio Members

Russell Mills
Dr. Mark Kristmanson

Governance Committee

Chairperson

Kay Stanley

Members

Norman Hotson
Richard P. Jennings
Michael Poliwoda
Denys Rivard

Ex-Officio Members

Russell Mills
Dr. Mark Kristmanson

Advisory Committee on Planning, Design and Realty

Chairperson

Larry Beasley, Vancouver, B.C.

Vice-Chairperson

Eha Naylor, Toronto, Ont.

Members

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

Ex-Officio Members

Russell Mills
Dr. Mark Kristmanson

Board Members

Jacquelin Holzman
Michael Pankiw

Advisory Committee on the Official Residences of Canada

Chairperson

Christina Cameron, Montréal, Que.

Vice-Chairperson

Richard Alway, Toronto, Ont.

Members

Richard Lindo, Ottawa, Ont.
Germain Matthieu, Ottawa, Ont.
Gerry McGeough, Vancouver, B.C.
Cynthia Street, Halifax, N.S.
Dorothy Stern, Ottawa, Ont.

Ex-Officio Members

Russell Mills
Dr. Mark Kristmanson

Board Members

Norman Hotson

Canadiana Fund

Chairperson

Cynthia Price, Montréal, Que.

Vice-Chairperson

Grant Jameson, Ottawa, Ont.

Members

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

Advisory Committee on Universal Accessibility

Chairperson

Gary Lacey, National Capital Commission

Vice-Chairperson

Bob Brown, Ottawa, Ont.

Members

André Sanche, Gatineau, Que.
Barry McMahon, Ottawa, Ont.
David Scarlett, National Capital Commission
Stephen Willis, National Capital Commission

APPENDIX II

Partners and Sponsors

The success of the National Capital Commission's programming and activities depends on the support and contributions of many partners. The NCC has benefited from a strong network of collaborators, and would like to take this opportunity to acknowledge and thank the following organizations, which contributed to NCC programming and activities in 2014–2015.

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

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Algonquin College

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Association des stations de ski du Québec

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Bell Media (Astral: Rouge 94.9 FM
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Biodiversity Conservancy International

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Bytown Museum

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Cabaret La Basoche (Ville de Gatineau)

Canada Agriculture and Food Museum

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Canadian Capital Cities Organization

Canadian Fallen Firefighters Foundation

Canadian Film Institute

Canadian Food Inspection Agency

Canadian Football League

Canadian Forces

Canadian Garden Council

Canadian Heritage

Canadian Museum of History

Canadian Museum of Nature

Canadian Red Cross

Canadian Ski Marathon

Canadian Space Agency

Canadian Tulip Festival

Canadian War Museum

Canadian Wildlife Federation

Canadian Wildlife Service

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CBC Radio 1

Cégep de l'Outaouais

Centrepointe Theatres (City of Ottawa)

Chelsea Pub

Chelsea Trails

Child and Youth Friendly Ottawa

Chorale Gospel Outaouais

Citizens for Safe Cycling

Citizenship and Immigration Canada

City of Ottawa

City of Ottawa Event Central

Club des Débrouillards

Club optimiste de Hammond

Commonwealth Games Canada

Communities in Bloom

Coopérative des paramédics de l'Outaouais

Cracking-Up the Capital

Cross Country Canada

Cube Gallery

Currency Museum of the Bank of Canada

Downtown Rideau BIA

Eastern Chapter of the Society of Ontario
Nut Growers

École secondaire Mont-Bleu

Embassy of Mexico in Canada

Embassy of Spain in Canada

Embassy of the Republic of Turkey

Employment and Social
Development Canada

Environment Canada

Espace René-Provost (Ville de Gatineau)

Exposure Gallery

Festival de montgolfières de Gatineau

Festival franco-ontarien

Fisheries and Oceans Canada

FloraQuebeca	Laurier House	Orchestre symphonique de Gatineau
Foreign Affairs, Trade and Development Canada	Le réseau d'étude et de surveillance des écosystèmes forestiers québécois	Orchid Specialist Group (North America Regional Group)
Forêt Québec	Leave No Trace Canada	Orienteering Ottawa
French Embassy in Ottawa	<i>LeDroit</i>	Orléans Nordic Ski Club
Friends of Gatineau Park	Les Grands feux du Casino du Lac-Leamy	Ottawa Art Gallery
Friends of Maplelawn Garden	Library and Archives Canada	<i>Ottawa Citizen</i>
Friends of Mer Bleue	Library of Parliament	Ottawa Cameron Highlanders
Fritzi Gallery	Macoun Field Club	Ottawa Chamber Music Society
Funatorium Explorium	Maison de la culture de Gatineau	Ottawa Fashion Week
Gallery 3	McGill University	Ottawa Fire Services
Gatineau Loppet	Mental Health Commission of Canada	Ottawa–Gatineau Geoheritage Project
Gatineau Police Service	Ministère de l'Énergie et des Ressources naturelles du Québec	Ottawa International Airport
Gatineau Valley Historical Society	Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques du Québec	Ottawa International Children's Festival
George Weston Limited	Mississippi Valley Conservation Authority	Ottawa Junior Youth Orchestra
Girl Guides of Canada	Montcalm Gallery (Ville de Gatineau)	Ottawa Little Theatre
Glebe BIA	Montréal Biodôme	Ottawa Paramedic Service
Gordon Harrison Gallery	Mont-Sainte-Anne	Ottawa Police Service
Government of Ontario	MRC des Collines-de-l'Outaouais	Ottawa Public Health
Government of the Northwest Territories	Municipality of Chelsea	Ottawa Sports and Entertainment Group
Government of Yukon	Municipality of La Pêche	Ottawa Tourism and Convention Authority (OTCA)
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Guid'Amies franco-canadiennes	National Film Board of Canada	Para Transpo
Hardwood Ski and Bike	National Gallery of Canada	Parks Canada
Haunted Walks of Ottawa	Natural Resources Canada	Pecco's
Health Canada	Nature Conservancy of Canada	Pizza de Luigi
Heart of Orléans BIA	Nordik Spa-Nature	Pontiac Equestrian Association
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Hydro One Inc.	OC Transpo	Public Works and Government Services Canada
Institut national de la recherche scientifique	Office of the Secretary to the Governor General	Queen's University
Kanata Nordic Ski Club	Ontario Hydro	Ramsayville Equestrian Club
Katökh Synthetic Ice	Ontario Ministry of Natural Resources and Forestry	RBC Ottawa Bluesfest
Kettle Boys	Ontario Ministry of Transportation	Relais plein air du parc de la Gatineau
Kitigan Zibi Anishinabeg	Orange Art Gallery	Rideau Valley Conservation Authority
Kiwanis Club of Ottawa		Rogers Media (Y101.1 FM and 105.3 KISS FM)
KPMG LLP		Rotary Club of Ottawa

Royal Canadian Legion
 Royal Canadian Mint
 Royal Canadian Mounted Police
 Royal Canadian Navy
 Royal Norwegian Embassy
 Salle Jean-Després (Ville de Gatineau)
 SAR Global 1
 SAW Video Media Art Centre
 Scouts Canada
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 Services de prévention des incendies
 de Gatineau
 Shenkman Arts Centre (City of Ottawa)
 Shepherds of Good Hope Foundation
 Sheraton Ottawa Hotel
 Société de transport de l'Outaouais
 Société des établissements de plein
 air du Québec
 Société Radio-Canada
 Somerset Street Chinatown BIA
 South Nation Conservation Authority

Sparks Street Mall
 Sparks Street Mall Business
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 Tamarack Ottawa Race Weekend
 TD Ottawa Jazz Festival
 Telefilm Canada
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APPENDIX III

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The National Capital Commission would like to thank all its employees for their commitment, dedication and hard work in making 2014–2015 a successful year.

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