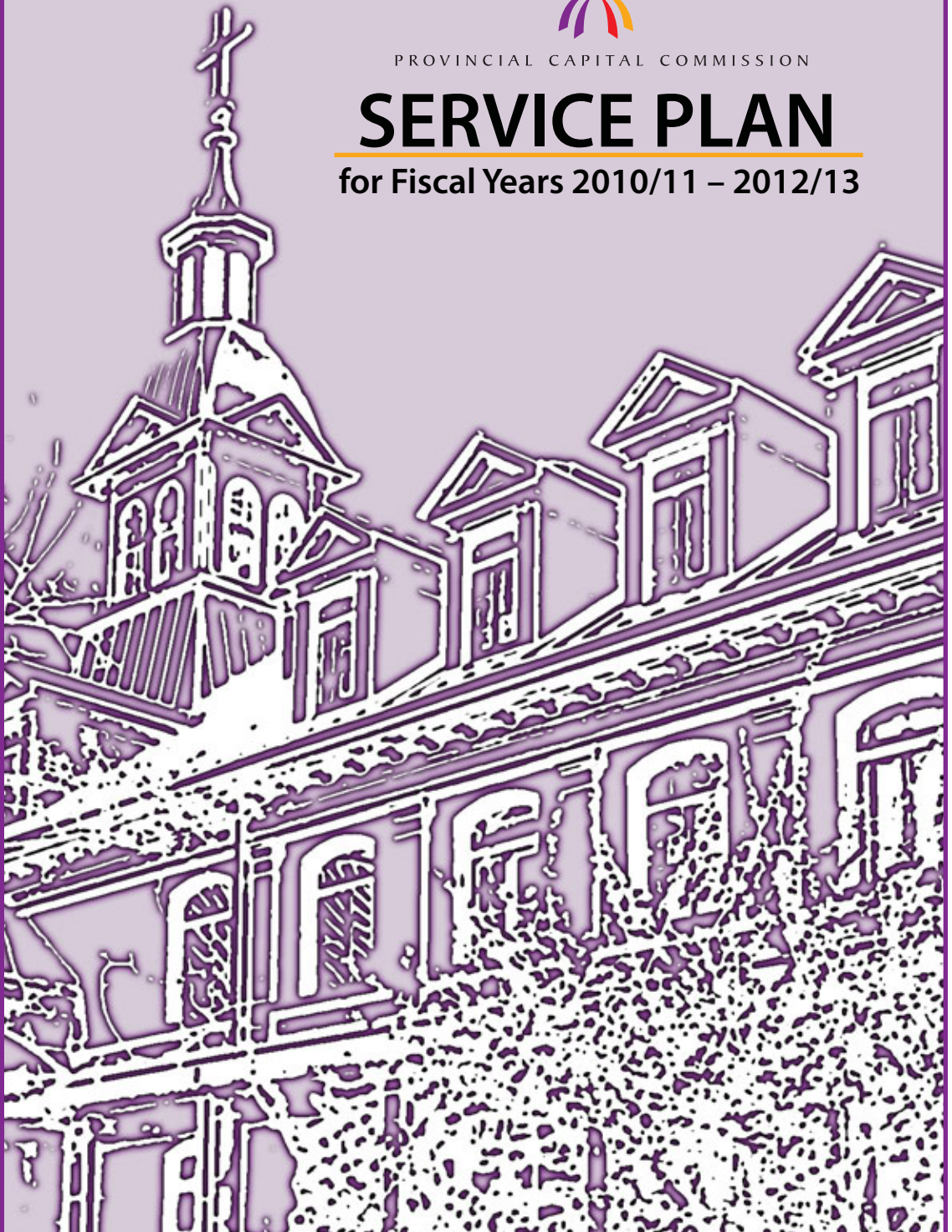




PROVINCIAL CAPITAL COMMISSION

SERVICE PLAN

for Fiscal Years 2010/11 – 2012/13



**BRITISH
COLUMBIA**
The Best Place on Earth

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EXECUTIVE SUMMARY

The PCC's 2010/11 — 2012/13 Service Plan is prepared in accordance with the *Budget Transparency and Accountability Act*.

This plan outlines the business environment in which our organization operates and defines our long-term goals and short-term priorities for the next three years. It also discusses the risks we face today and in the future, and the measures and targets we currently use to evaluate our performance. Specifically:

- **Section 2** of this Service Plan provides an overview of the PCC's vision, mission, values and business operations.
- **Section 3** describes the PCC's corporate governance, including details of the organization's governance structure and disclosure guidelines.
- **Section 4** sets the strategic context in which the PCC operates today and expects to operate in the future. This includes an overview of the shareholder's expectations and risks and opportunities that could affect planning and performance.
- **Section 5** outlines the PCC's strategies, performance measures and targets.
- **Section 6** summarizes the financial outlook and key financial assumptions made for this 2010/11 — 2012/13 Service Plan.
- **Section 7** sets out the Board's Accountability Statement

LETTER FROM THE CHAIR



January 15, 2010

Honourable Kevin Krueger
Minister of Tourism, Culture and the Arts

Dear Minister Krueger:

This Service Plan summarizes the operations of the Provincial Capital Commission (PCC) for our next fiscal year. It provides our assessment of the current business environment, both external and internal, as well as the risks and opportunities we see ahead. It also outlines the methodologies we have put in place us to evaluate our performance, report on our progress and make necessary improvements.

In the PCC's next fiscal year, we will continue to build on our successes as British Columbia is recognized by the World for hosting the 2010 Olympic and Paralympic Games. In a tough period for the global economy, our self-sustaining model will enable us to maintain our course with both the PCC's Outreach programs and the scheduling of required upgrades to properties held by the PCC.

We are planning for continued increased participation throughout the Province in our Youth Connects Student Travel program. This signature PCC Outreach program has grown at about 30% per year since its introduction in 2006 and has supported approximately 13,000 student visits to the Capital. Our Capital Connections historical videos are gaining a much higher profile since moving to YouTube, with over 13,400 viewings since February 2009. We continued to focus on BC Day events in the Capital, unveiling a BC150 Commemorative Sundial at Ogden Point, distributing 10,000 provincial flags at the annual Symphony Splash, and entertaining thousands of citizens with a day of free concerts at St. Ann's Academy. Looking ahead, we are committing new resources to foster concepts of citizenship in BC, exploring web-based communications methods with British Columbians, and helping to create a new public plaza to honour the 2010 centennial of the Canadian Navy.

Our properties will be enhanced by a \$3 million investment of federal/provincial infrastructure funds for seismic and structural upgrades to the heritage CPR Steamship Terminal building. These upgrades, to be completed by March 2011, will improve public safety and preserve the building for future generations. A further \$1 million in federal funds will be invested in the Belleville Port Facility for safety, security and maintenance upgrades by December 2011.

In summary, the PCC Board and management continually seek innovative new ways in how we "connect and celebrate" with British Columbians, how we enhance the Provincial properties over which we have stewardship, and how we can work with partners and other organizations with similar goals.

The 2010/11 — 2012/13 Provincial Capital Commission Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The Plan is consistent with government's strategic priorities and Fiscal Plan. The Board is accountable for the contents of the Plan, including what has been included in the Plan and how it has been reported. All significant assumptions, policy decisions, events and identified risks as of January 15, 2010 have been considered in preparing the Plan. The performance measures presented are consistent with the PCC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this Plan have been determined based on an assessment of the PCC's operating environment, forecast conditions, risk assessment and past performance.

Yours very truly,



Bill Wellburn FCA
Chair

ORGANIZATIONAL OVERVIEW

Enabling Legislation and Mandate

The PCC is a Crown Corporation created in 1956. The PCC operates under the *Capital Commission Act* with authority that focuses primarily on real property and beautification throughout the Capital Improvement District. The legislated mandate was enhanced by direction from the Shareholder in 2003 to a province-wide scope engendering a sense of pride by all British Columbians in their Capital and province.

Vision

Connecting and celebrating the Capital with all British Columbians.

Mission

- Delivery of programs that connect British Columbians to their Capital and foster pride and awareness of the diverse cultures and rich history of their province
- Responsible stewardship of public assets
- A self-sustaining Crown corporation.

Values

- Act with integrity by operating with openness, fairness and transparency
- Be respectful, inclusive and accessible
- Think, plan and act long-term
- Be socially responsible in everything we do by promoting long-term financial and economic sustainability, a healthy environment and the well-being of all citizens
- Balance the needs of the Capital and the province-wide mandate
- Recognize and support the diversity of British Columbia's cultures, landscapes and history
- Manage the balance between our heritage properties and our province-wide mandate.

Location of Operations

The PCC's headquarters is located at 613 Pandora Avenue, Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy located at 835 Humboldt Street in Victoria, BC.

Benefit to British Columbia

The work of the PCC benefits the public by:

- Connecting British Columbians with their Capital through innovative Outreach initiatives
- Taking the Capital to British Columbians and bringing British Columbians to the Capital
- Providing responsible and sensitive stewardship to many provincially-owned properties and heritage buildings that celebrate the Capital.

Products and Services Provided

These include:

- Programming to assist student groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness and visitation to the province's Capital
- Educational and research support for students and teachers.

Core Business Areas

The PCC has two core business functions:

- Delivery of Outreach and Engagement programs that connect British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of our heritage, Inner Harbour and open space properties.

Partners, Clients and Stakeholders

The PCC operates in an environment that includes other parties with mandated responsibilities, visions and interests including: municipalities, other government departments, First Nations, other agencies including the Greater Victoria Harbour Authority, Tourism Victoria, the Royal British Columbia Museum and the private sector.

How Services Are Delivered

The PCC continues to deliver its services in a variety of ways: financial support for events in the Capital and regional events around the province, publications, on-line resources, strategic partnerships, and direct delivery by PCC staff.

The PCC has a 14-member Board of Directors pursuant to the *Capital Commission Act*. Eight members including the Board Chair are appointed by Order in Council to represent the Province at large. The remaining six are appointed by the four core municipalities of Greater Victoria (two from Victoria, two from Saanich, and one each from Oak Bay and Esquimalt). The Board of Directors governs the PCC under the *Capital Commission Act*. Day to day management of the PCC is delegated by the Board to the CEO.

The Board of Directors has adopted principles and policies that guide:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Accountability and performance

Disclosure Guidelines

The PCC complies with the 12 disclosure requirements of the *Best Practice Guidelines on Governance and Disclosure* published by the Board Resourcing and Development Office. The disclosures include terms of reference for the Board and its committees, the Chair and the CEO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at:
<http://www.bcpcc.com/board/governance.htm>.

Role of Board of Directors and Each Board Committee

Board of Directors

Approves the strategic direction and oversees the conduct of PCC business and activities of management.

Chair: Bill Wellburn

Members: Barbara Brink, Allan Cassidy, Chris Coleman, Jane Durante, David Everett, Christopher Fairbank, Lynda Hundleby, Lynn Hunter, Wayne Hunter, Russell Irvine, Susan Marsden, Dean Murdock, and William Oppen.

Program Resource and Communications Committee

Provides advice to management in developing PCC programs, oversees the implementation and effectiveness of programs and makes recommendations to the Board.

Chair: Barbara Brink

Members: Jane Durante, Christopher Fairbank, Susan Marsden, William Oppen, and Bill Wellburn (ex-officio).

Key Management Resource: A/Director of Outreach Operations

Finance & Audit Committee

Oversees the PCC's real estate inventory, financial management and reporting, audit and enterprise risk management, and makes recommendations to the Board.

Chair: David Everett

Members: Allan Cassidy, Dean Murdock, and Bill Wellburn (ex-officio).

Key Management Resource: CFO

Governance Committee

Reviews governance policies and procedures, oversees an annual evaluation of the Board, Board Chair and Board Committees, and makes recommendations to the Board.

Chair: Russell Irvine

Members: Chris Coleman, Lynda Hundleby, Wayne Hunter, and Bill Wellburn (ex-officio).

Key Management Resource: CEO

Executive Committee

Sets agendas for Board meetings and planning sessions, provides a forum for initial review of policy proposals and initiatives brought forward by management, provides oversight of human resource planning, leads the annual review of the CEO's performance and makes recommendations to the Board.

Chair: Bill Wellburn

Members: Barbara Brink, David Everett, and Russell Irvine.

Key Management Resource: CEO

DIRECTORS AND SENIOR MANAGEMENT OF THE BC PROVINCIAL CAPITAL COMMISSION

DIRECTOR	POSITION	FROM	APPOINTED
Bill Wellburn, Chair	Chair	Victoria	Order in Council
Barbara Brink	Director	Vancouver	Order in Council
Allan Cassidy	Director	District of Oak Bay	Municipal Rep.
Chris Coleman	Director	City of Victoria	Municipal Rep.
Jane Durante	Director	Vancouver	Order in Council
David Everett	Director	Vancouver	Order in Council
Chris Fairbank	Director	Nelson	Order In Council
Lynda Hundleby	Director	Township of Esquimalt	Municipal Rep.
Lynn Hunter	Director	City of Victoria	Municipal Rep.
Wayne Hunter	Director	District of Saanich	Municipal Rep.
Russell Irvine	Director	Courtenay	Order in Council
Susan Marsden	Director	Prince Rupert	Order In Council
Dean Murdock	Director	District of Saanich	Municipal Rep.
William Oppen	Director	Dawson Creek	Order In Council

SENIOR MANAGEMENT

NAME	POSITION
Ray Parks	Chief Executive Officer
Rick Crosby	Chief Financial Officer and Director of Property Assets
Denis Johnston	Director of Outreach Projects
Kris Andersen	A/Director of Outreach Operations

Operating Environment

As a self-sustaining crown corporation, the PCC achieves its core business goals by optimizing revenues from its property assets to fund the delivery of outreach and engagement programs and to sustain the ongoing operating and capital maintenance of its properties.

A significant portion of property income is derived from tenants dependent on tourism. Optimizing use of property assets and modernizing leases has increased tenant income by approximately 70% since 2003. The seismic and structural upgrade of the CPR Steamship Terminal building, planned in 2010/11, will require the relocation of tenants while work is being completed. The anticipated temporary reduction in tenant income in 2010/11 and 2011/12 is included in the financial outlook.

Key strategies under outreach will include initiating social networking to engage youth with alternative service delivery strategies to meet performance targets, and seeking new revenue opportunities through sponsorship to support program enhancements.

Capacity

The PCC's core businesses are managed and delivered by a dedicated and talented staff. Contracted professional services are utilized for subject expertise and to supplement organizational capacity when required. Seasonal auxiliary staff is also used to support the operation of the St. Ann's Academy Interpretive Centre.

The anticipated transition of several government-appointed PCC directors and the CEO over the next three years coupled with anticipated staff retirements will continue to make succession planning a priority to ensure business continuity is maintained.

RISKS AND OPPORTUNITIES

Key Strategic Issues	Status and Potential Impacts	Plans to Address Linkages to Goals and Measures
CPR Steamship Terminal building (CPT) seismic and structural Upgrade	Project costs, scope and scheduling of work must be managed within federal / provincial funding limit of \$3 million. Temporary reduction in tenant income estimated at up to \$300,000 in 2010/11 and \$150,000 in 2011/12 will impact the financial outlook, in particular funding for Outreach programs.	Goal 2 revenue targets have been adjusted for 2010/11 and 2011/12 to align with revised self sustaining financial outlook in support of Goal 3. CPT upgrades support a strategy of sound risk management practices for enhanced public safety and building preservation.
Integrating social networking into Outreach programs	As a target audience is youth and teachers, protecting participant privacy and ensuring appropriate discussion and engagement will be essential in implementation.	This new initiative links to Goal 1 strategies and the achievement of performance targets. This initiative is being introduced as a pilot project to assess and control potential risks.
Board and staff succession planning	Anticipated Board and CEO transition coupled with anticipated staff retirements through 2012/13 will present challenges in maintaining effective business continuity.	Effective succession planning in governance and operations is essential to achieving all Service Plan goals and performance targets.

GOALS, STRATEGIES, MEASURES AND TARGETS

This section presents the PCC's goals and outlines how specific strategies and performance measures are helping to achieve these goals. The PCC's goals focus on the long-term outcomes relating to the Commission's core businesses. One of the ways that progress toward goals is tracked is through monitoring and reporting on performance measures. For each performance measure, annual performance targets for the next three years are provided.

Service Plan goals, strategies and performance measures will continue to develop over time as the PCC's needs, resources and priorities change and as improved performance information becomes available. The PCC evaluates its performance measures to ensure they are meaningful, reflect PCC priorities and focus on the desired outcomes. The PCC continues to collect additional statistics on trends associated with awareness of the PCC and its roles and responsibilities, as well as familiarity of Victoria, our provincial Capital.

Goal One: *British Columbians embrace and take pride in their Capital*

This goal is to be achieved by creating a concept of the Capital as a historic and cultural centre of the province through strategies and programs that extend to all citizens of the province. During the period covered by this plan, the focus will be on outreach and engagement to encourage British Columbians to develop a sense of pride in their Capital and whenever possible to participate in programs that connect the province to the Capital. The program delivery to achieve this goal will emphasize youth and children, history / heritage, culture, Aboriginal peoples and civic commitment.

Strategies

- Continue to implement a series of Outreach programs and communications strategies to connect children and youth to their Capital and engage them in activities that manifest this connection
- Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
- Continue to implement "signature programs" that will be strongly identified as the corporate mark of the PCC
- Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital
- Seek continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

Goal 1: British Columbians embrace and take pride in the Capital

Performance Measures	2008/09 Actual	2009/10 Forecast	Targets		
			2010/11	2011/12	2012/13
Level of participation in PCC Outreach programs targeted for children and youth	4253 students participated in student travel from 92 schools	5676 students from 130 schools	9% increase in students (6160) and a 15% increase in schools (150)	5% increase in students (6468) and a 10% increase in schools (165)	2 % increase in students (6595) and a 5% increase in schools (173)
Number of communities participating in PCC Outreach events and activities	82 communities	94 communities	6% increase (100)	5% increase (105)	5 % increase (110)
Participant assessment of the quality and effectiveness of PCC Outreach programs	Achieved high degree of client satisfaction; new survey established	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%

Performance Management Systems

Participation in PCC programs targeted to children and youth is reported as the actual number of students who were funded through the Youth Connects Student Travel Subsidy program launched in 2006/07. The number of participating communities is the combination of the number of communities targeted for PCC programs to the general public and the community of origin of each funded group using the Youth Connects Student Travel Subsidy program. To measure the quality and effectiveness of PCC Outreach programs, the PCC launched a survey directed at the teachers who utilized the first major program: the Youth Connects Student Travel Subsidy program. The percentage of respondents who agree or strongly agree with the statement “I would recommend the Youth Connects Student Travel Subsidy Program to a colleague” is used for this measure. Launched in the middle of the fiscal 2008/09, the first full year of survey reporting will occur for fiscal 2009/10.

Benchmarks

There are capital commissions in other jurisdictions that could be used for comparison purposes. At the provincial level, these include provincial commissions for Quebec and New Brunswick; at the federal level, Canada's National Capital Commission and Australia's National Capital Authority. However, all of them receive significant government support, while the PCC is fully self-sustaining. In addition, those commissions based in Canberra, Ottawa and Quebec City are a great deal larger than BC's PCC, while the one in Fredericton is much smaller and has no property stewardship component. PCC staff are currently researching program offerings of these and other organizations to determine whether some useful comparisons can be derived.

The only other jurisdiction we are aware of to provide subsidies for students to travel to the Capital city is Australia which has a similarly-structured per capita program with the subsidy based on distance traveled. The program is called the Parliament and Civics Education Rebate (PACER). It currently supports 30,000 students a year to travel to the national capital at Canberra, Australia.

Goal Two: Effective management of property assets to optimize revenues and opportunities on a self-sustaining basis

In order to achieve the goal of a financially viable, self-sustaining service delivery crown corporation, it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship.

Strategies

- Follow sound property management practices by implementing plans to optimize revenue and manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications and available resources.
- Rationalize property assets consistent with the PCC property plan and government direction.
- Develop plans and initiatives that support the government's Climate Action Strategy.

Goal 2: Effective management of property assets to optimize revenues and opportunities on a self-sustaining basis					
Performance Measures	2008/09 Actual	2009/10 Forecast	Targets		
			2010/11	2011/12	2012/13
Annual revenues from all corporate assets	\$3.543 million	\$3.560 million	\$3.175 million	\$3.400 million	\$3.575 million
Climate Action Plan					
a) Achieve carbon neutrality for greenhouse gas emissions (GHGs)	Established baseline for GHG emissions	Develop plan	Report progress	Carbon neutral; report progress	Carbon neutral; report progress
b) Reduce electrical consumption by 5% by December, 2011	Established baseline for consumption	Develop plan	Report progress	Achieve target	Achieve target

Performance Management Systems

Systems for measuring performance targets on properties are data specific. Revenues are captured through the Commission's corporate accounting system and reported through the annual audited financial statements. Data in measuring PCC performance in achieving Climate Action targets is being captured through the Shareholder's SMARTTool reporting system.

Benchmarks

Rents are based on industry standards and market rates for comparable spaces (office, storage, waterfront, etc). Management of parking lot assets is contracted to firms with appropriate expertise and resources with knowledge of local market rates and benchmark standards.

Goal Three: Sound governance and results-oriented management of the Provincial Capital Commission

This goal is to be achieved through the efficient use of the PCC's resources, the accountability for the stewardship of those resources and by effectively fulfilling the PCC's mandate.

Strategies

- Seek out and implement as appropriate best practices in corporate governance
- Monitor enterprise-wide risk management
- Maintain highest standards of management and financial reporting
- Establish budget targets based on available financial resources
- Evaluation of the Board, CEO and Board Chair.

Goal 3: Sound Governance and results-oriented management of the Provincial Capital Commission					
Goal Three Performance Measures	2008/09 Actual	2009/10 Forecast	Targets		
			2010/11	2011/12	2012/13
Qualitative improvements in business processes and governance	5 new improvements implemented ¹	7 new improvements implemented ²	To be reported annually	To be reported annually	To be reported annually
Corporate support and Governance as a % of operating revenues	14%	13%	<14%	<14%	<13%
Self-sustaining operations	Achieved surplus	Achieve budget	Achieve budget	Achieve budget	Achieve budget

¹ Initiated the Advisory Design Panel, additional Board-approved policy initiatives, staff succession plan, telecommunications equipment upgrades and other capital maintenance (15 cumulative since 2006/07).

² Records management enhancements, lease administration accounting enhancements, meetings scheduled to create travel efficiencies, electronic meeting materials initiated, investment policy, board governance manual and business continuity plan (BCP) updated (22 cumulative since 2006/07).

Performance Management Systems

The PCC strives for continuous improvement in its business processes and governance, driven by the PCC's annual operating plan. Corporate support and governance as a percentage of operating revenues is reflected in the annual financial statements. The updated targets reflect efficiencies achieved compared to a baseline of 15%. Forecast percentages for 2010/11 and 2011/12 are sensitive to a temporary reduction in revenues from planned upgrades to the CPR Steamship Terminal building. The achievement of self-sustaining operations is publicly reported through quarterly reports to the Board, the Service Plan Financial Outlook and the Annual Report containing the audited financial statements.

Benchmarks

The expense ratio of overhead costs against revenue is a general standard industry measure for assessing the operational efficiency of an organization. Public sector standards in Canada range from 15 - 40% depending on the nature of the service delivery.

SHAREHOLDER'S LETTER OF EXPECTATIONS

Government Direction

A Shareholder's Letter of Expectations sets out the respective roles and responsibilities of the Shareholder and the PCC and serves as the basis of agreement between the parties including high-level performance expectations, public policy issues and strategic priorities. The letter is posted on our website at: <http://www.bcpcc.com>.

SHAREHOLDER'S LETTER	PCC ALIGNMENT
Climate Change	
<ul style="list-style-type: none"> comply with the Shareholder's requirements to make the public sector carbon neutral by 2010, including accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations; 	<p>On March 31, 2009 the PCC submitted a Carbon Neutral Action Plan to the Climate Action Secretariat. Specific actions are to:</p> <ul style="list-style-type: none"> Identify and measure GHG emissions from stationary, mobile, fugitive and indirect sources. Develop specific plans to reduce GHG emissions, such as implementing energy reduction initiatives to the PCC's property portfolio.
PCC Outreach	
<ul style="list-style-type: none"> continue to work collaboratively with provincial, municipal and non-profit agencies on Outreach activities that create awareness of the Capital as a special place for all British Columbians, that honour First Nations' heritage and showcase the Capital; continue to expand Outreach Programs and continue to develop an Outreach Plan for new initiatives, including determining financial and staffing requirements for approval by the Minister of Tourism, Culture and the Arts in excess of the approved budget and FTE complement; 	<ul style="list-style-type: none"> The PCC continues to work in collaboration with various partners such as the Office of Public Education and Outreach at the BC Legislature, the BC Youth Parliament and the City of Victoria to name a few. New partnerships are being sought to leverage private funds to expand Outreach Programs.
PCC Properties	
<ul style="list-style-type: none"> work with the Ministry of Labour and Citizens' Service on highest and best use decisions related to the divestiture of non-core property assets (including consideration of the Shareholder's commitment to the New Relationship with First Nations, housing and transportation) and continue to divest non-core properties; continue to determine required capital maintenance to core PCC properties and identify funding strategies to address medium to long-term requirements; 	<ul style="list-style-type: none"> PCC is working with the Ministry of Labour and Citizens' Services as well as representatives of the Ministry of Aboriginal Relations and Reconciliation (MARR) on issues related to the PCC property inventory. The PCC currently is working to address capital maintenance requirements at the CPR Steamship Terminal building, ferry terminal wharves and Enterprise Wharf parking lot.
PCC Governance	
<ul style="list-style-type: none"> ensure that annual expenditures do not exceed annual revenues; in support of good communication, the Board will provide opportunities to engage the Minister of Tourism, Culture and the Arts in dialogue throughout the year; and work with the Ministry to draft new legislation that reflects the Corporation's goal of developing programs that encompass all British Columbians. 	<ul style="list-style-type: none"> Business model and financial outlook is self-sustaining. Meetings with the Minister occur several times a year and opportunities for participation in outreach activities will continue to be forwarded to the Minister for consideration. The PCC has draft documentation for new legislation in development and will work with the Ministry regarding appropriate timelines for implementation.

SUMMARY FINANCIAL OUTLOOK

Financial Performance and Key Assumptions

The PCC Summary Financial Outlook aligns available financial and staff resources to achieve the PCC's Service Plan vision and goals. The key assumptions are as follows:

- The outlook for revenues, expenses and investment in capital assets is based on self-sustainability
- Revenue projections are based on current capacity and use of property assets
- Funding for Outreach is based on available revenue from all corporate assets
- Service Plan goals are to be achieved within current staff capacity
- Allowance for capital maintenance uses available retained earnings capacity.

The objective of the financial outlook is to fully utilize revenue from optimization of property assets to expand the delivery of Outreach programs, finance essential capital maintenance on PCC-owned heritage buildings, and build retained earnings capacity.

Financial Summary (\$ thousands) ¹	2008/09 actual	2009/10 (forecast)	2010/11 (budget)	2011/12 (budget)	2012/13 (budget)
Revenue	3,543	3,560	3,275	3,400	3,575
Expenses					
Programs	(1,250)	(1,300)	(1,175)	(1,230)	(1,285)
Properties	(1,677)	(1,670)	(1,660)	(1,710)	(1,775)
Corporate Support and Governance	(509)	(465)	(440)	(460)	(465)
Total Operating Expenses	(3,436)	(3,435)	(3,275)	(3,400)	(3,525)
Excess of revenue over expenses from operations	107	125	—	—	50
Property - dispositions, net of expenses²	282	50	—	—	—
Funded from restrictions of retained earnings					
BC150 Celebrations - Festival 150 ³	(604)	—	—	—	—
Investment in Capital Assets⁴ (net of third party contributions)	(371)	(300)	(300)	(150)	(150)
Retained Earnings (end of year)⁵	912	1000	925	1,025	1,175
Debt⁶	—	—	—	—	—

(1) The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP).

(2) Property dispositions are authorized by Order in Council.

(3) Board approved restriction. Total PCC contribution including 2007/08 was \$ 0.83 million.

(4) In addition to Investment in Capital Assets funded from retained earnings, a further \$3 million has been committed by the federal and provincial governments to finance the seismic and structural upgrade of the CPR Steamship Terminal building by March 2011. In addition, a balance of approximately \$1.0 million received from Transport Canada in 2001 for Belleville Port Facility operating requirements must be used by December, 2011.

(5) Changes in retained earnings are reported through the Statement of Changes in Net Assets included in the Commission's annual financial statements.

(6) The Capital Commission Act does not provide for borrowing authority.

FORECAST RISKS AND SENSITIVITIES

Area of Risk	Sensitivities	Financial Implications
Outreach Programs	Funding is linked to forecasts of revenue from all corporate assets.	Funding will be impacted by temporary reduction in tenant income during the CPR Steamship Terminal building upgrades.
Operating Revenue	<p>The CPR Steamship Terminal building upgrade will temporarily impact tenant income.</p> <p>Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable.</p>	<p>Financial outlook has been adjusted for 2010/11 and 2011/12.</p> <p>PCC is developing plans to ensure commercial space in PCC buildings remains fully utilized.</p>
Operating Expenses	<p>Unanticipated cost inflation on property expenses including utilities, insurance, repairs and maintenance.</p> <p>The current BCGEU Collective Agreement expires in March 2010.</p>	<p>Tenant income includes payments of additional rent for property expenses based on actual costs.</p> <p>Future wage settlements, if approved by the Shareholder, to be managed within budget.</p>
Investment in Capital Assets	Capital maintenance is sensitive to property risks, retained earnings capacity, and eligibility conditions on federal / provincial contributions.	All occupied heritage buildings have been seismically upgraded, with CPR Steamship Terminal building upgrade to complete by March 2011. Minor capital maintenance is focused on essential risk management based on available retained earnings. Balance of federal funding held for the Belleville Port Facility must be utilized by December 2011.
Property Dispositions	Board-authorized dispositions of non-core properties are subject to Order in Council approval.	Proceeds of disposition are recognized based on Order in Council approval.

CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

The PCC's property assets are located within the Capital region and have an assessed value of \$115 million. The inventory includes heritage buildings, Inner Harbour ferry terminals, and development sites currently generating revenue as parking lots. The inventory also includes parks located in several municipalities, and greenspace along the Trans Canada Highway view corridor to the Capital. Building remediation and capital maintenance is financed from the Commission's retained earnings, contributions from the federal and provincial governments, and tenants.

Capital projects over \$200,000 require the authorization of the provincial government through Order in Council. Since 2003, the PCC has invested over \$5 million in capital asset maintenance, including seismic and structural upgrades to the Crystal Garden and Visitors Information Centre. Over the next three years, the PCC will invest an additional \$0.6 million of its retained earnings in capital maintenance, and a further \$4 million in contributions from the federal and provincial governments as follows:

- \$3 million in federal/provincial funding to complete seismic and structural upgrades to the CPR Steamship Terminal building by March 2011
- \$1 million in federal contributions by December 2011 on eligible expenses to maintain operation of the Belleville Port Facility, per the terms of the Transport Canada Contribution Agreement
- \$0.6 million from retained earnings over three years for minor capital maintenance.

In the long term, the PCC is facing significant infrastructure requirements regarding its Inner Harbour property holdings. Within ten to fifteen years, it is estimated that up to \$20 million will be required to replace the aging timber wharves at Black Ball Ferry, Belleville Port Facility and Ship Point.



PROVINCIAL CAPITAL COMMISSION

For more information, please contact:

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