



PROVINCIAL CAPITAL COMMISSION



SERVICE PLAN

For Fiscal Years 2012/13—2014/15

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LETTER FROM THE CHAIR



February 2, 2012

Honourable Ida Chong
Minister of Community, Sport and Cultural Development

Dear Minister Chong:

This Service Plan sets out the objectives of the Provincial Capital Commission (PCC) for the 2012/13 fiscal year and the two years that follow. It takes into consideration the current business environment and the risks and opportunities we see ahead. It also sets out the metrics we have established to evaluate our performance against the current year's objectives.

The PCC and its predecessor organization have been serving British Columbians for more than 50 years. Since assuming ownership of important heritage buildings, the PCC has celebrated several significant accomplishments related to its property portfolio including the seismic upgrade and rehabilitation of St. Ann's Academy, the Crystal Garden, and, most recently, the CPR Steamship Terminal building. Each of these iconic buildings has a rich history and each plays an important role in showcasing the built heritage of British Columbia.

The PCC's unique self-sustaining model of using income generated from its properties to fund activities will continue through the delivery of innovative programs that connect and celebrate British Columbians with their Capital. This year, more emphasis will be placed on this core mandate through the realignment of the PCC's internal resources. In order to accomplish this, the PCC will outsource the day-to-day management of its properties to Shared Services BC, an organization that brings expertise to the specialized business of property management. This contracted arrangement is intended to allow the PCC to devote more resources to *Connecting and Celebrating the Capital with all British Columbians*.

The PCC will continue to provide stewardship of the important properties that it holds on behalf of all British Columbians.

We are also mindful of the impact related to the current economic climate and of the challenges around successfully transitioning the day-to-day management of our properties to Shared Services BC. Each of these risks may impact the PCC in achieving our stated business objectives and self sustaining plan.

We look forward to consulting with your ministry on new legislation for the PCC that reflects the Corporation's modern mandate, including a governance structure that encompasses all British Columbians.

Yours very truly,



Bill Wellburn, FCA
Chair

Statement of Accountability

The 2012/13 — 2014/15 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 Service 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 2012 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.

ORGANIZATIONAL OVERVIEW

Enabling Legislation

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. Legislated authority was enhanced by direction from the Government in 2003 to a province-wide scope engendering a sense of pride by all British Columbians in their Capital and province.

Mandate

Connecting and celebrating the Capital with all British Columbians.

Vision

British Columbians embrace and take pride in their Capital.

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 youth groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness of 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.

CORPORATE GOVERNANCE

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 Chief Executive Officer (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/about_governance.php

Role of Board of Directors and Board Committees

Board of Directors

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

Chair: Bill Wellburn, FCA

Order in Council appointments:

Jennifer Clarke, Jane Durante, David Everett, Christopher Fairbank, Russell Irvine and William Oppen.

Core municipal appointments:

Pam Copley, Lynda Hundleby, Ben Isitt, Dean Murdock, Nichola Wade and Geoff Young.

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: Jane Durante

Members: Jennifer Clarke, Christopher Fairbank, William Oppen, and Bill Wellburn (ex-officio).

Key Management Resource: Program Manager, Outreach and Engagement

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. (Additional appointments pending).

Chair: David Everett

Members: Bill Wellburn

Key Management Resource: CFO/COO

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: Christopher Fairbank, Lynda Hundleby, and Bill Wellburn (ex-officio).

Key Management Resource: Corporate Secretary

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: Jane Durante, David Everett, and Russell Irvine.

Key Management Resource: CEO

DIRECTORS AND SENIOR MANAGEMENT

NAME	POSITION	FROM	APPOINTED
Bill Wellburn	Chair	Vancouver Island	Order in Council
Jennifer Clarke	Director	Lower Mainland	Order In Council
Pam Copley	Director	Vancouver Island	Municipal
Jane Durante	Director	Lower Mainland	Order in Council
David Everett	Director	Lower Mainland	Order in Council
Chris Fairbank	Director	Kootenay Rockies	Order In Council
Lynda Hundleby	Director	Vancouver Island	Municipal
Russell Irvine	Director	Vancouver Island	Order in Council
Ben Isitt	Director	Vancouver Island	Municipal
Dean Murdock	Director	Vancouver Island	Municipal
William Oppen	Director	Northern British Columbia	Order In Council
Nichola Wade	Director	Vancouver Island	Municipal
Geoff Young	Director	Vancouver Island	Municipal

SENIOR MANAGEMENT

NAME	POSITION
Ray Parks	Chief Executive Officer*
Richard Crosby, CGA	Chief Financial Officer/Chief Operating Officer
Kris Andersen	Program Manager, Outreach and Engagement
Jan Norman	A/Corporate Secretary

*Contracted until March 31, 2012

STRATEGIC CONTEXT

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 programs and to sustain the ongoing operating and capital maintenance of its properties.

As a key Outreach strategy, the PCC will continue to seek financial partnerships, grants and cost-sharing opportunities to further expand and diversify financial support for PCC programs while increasing the profile of the PCC in connecting and celebrating the Capital with all British Columbians.

A significant portion of property income is derived from tenants dependent on tourism. Optimizing use of property assets and modernizing leases have increased tenant income by approximately 70% since 2003. Seismic upgrade and rehabilitation of the CPR Steamship Terminal (CPT) was completed in 2011, and upon completion of tenant fixturing, is scheduled to reopen in July 2012. Anticipated tenant income for CPT in 2012/13 and future years is included in the financial outlook.

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 Board directors, the CEO, and PCC staff retirements over the next three years 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
Utilize Government capacity for property management and financial services to support PCC core business operations	Shared Services BC to support property management; Ministry of Community, Sport and Cultural Development to support financial services.	Planned transfer of service support functions to be achieved within a balanced PCC financial outlook.
CPR Steamship Terminal building (CPT) re-tenancy	Anticipated tenant income for 2012/13 and out years is reflected in the Financial Outlook.	Goal 2 revenue targets have been adjusted to align with revised self-sustaining financial outlook in support of Goal 3.
Seek financial partnerships from the private sector for Outreach programs	Potential opportunities may be achieved in 2012/13 and future years. Revenue and/or cost recovery will be contingent on Board approval of partner activation agreements.	This initiative links to Goal 1 to help meet the expected annual growth in travel funding requests and thus free up resources for expanded programming targeted at communities not already reached by PCC programs.
Board and staff succession planning	Succession planning for Board, CEO and PCC staff is critical 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 a corresponding set of specific strategies, targets and performance measures support the achievement of these goals. Our goals reflect our core business and as requirements, resources and priorities evolve, our strategies are refined to meet new challenges. Performance measures are used to track our progress and are also enhanced as new comparisons become 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 with Victoria, our provincial Capital.



GOAL ONE: Connect all British Columbians with 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 to encourage British Columbians to participate in programs that connect them to the Capital. The program delivery to achieve this goal will emphasize youth and children, history/heritage, culture, Aboriginal peoples and civic commitment.

STRATEGIES

1. 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
2. Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
3. Continue to implement "signature programs" that will be strongly identified as the corporate mark of the PCC
4. 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
5. Seek continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

PERFORMANCE MEASURES	TARGETS				
	2010/11 Actual	2011/12 Forecast	2012/13	2013/14	2014/15
1. Level of participation in PCC Outreach programs targeted for children and youth.	6968 youth (25% increase) from 154 groups (19% increase)	7087 youth (2% increase) from 163 groups (6% increase) ¹	7087 youth and 163 groups (0% increase) ²	7229 youth and 166 groups (2% increase)	7374 youth and 169 groups (2% increase)
2. Number of communities participating in PCC Outreach events and activities.	99 communities (16% decrease) from all seven travel zones	110 communities (11% increase) from all seven travel zones	112 communities (2% increase) from all seven travel zones	113 communities (1% increase) from all seven travel zones	114 communities (1% increase) from all seven travel zones
3. Participant assessment of the quality and effectiveness of PCC Outreach programs.	Target achieved ³	Target achieved ⁴	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%

NOTES

¹ The decreased rate in growth from 2010/11 to 2011/12 reflects reduced funding due to sensitivities associated with income from the CPR Steamship Terminal building and was further compounded by unanticipated labour issues outside PCC control.

² Due to labour issues outside of PCC control, we do not foresee increased school participation in fiscal 2012/13.

³ 98% of adult leaders travelling in Spring 2010 and 100% of adult leaders travelling in Fall 2010 would recommend the *Capital for Kids* travel funding program to a colleague.

⁴ 100% of adult leaders travelling in Spring 2011 and 100% of adult leaders travelling in Fall 2011 would recommend the *Capital for Kids* travel funding program to a colleague.

Performance Management Systems

For British Columbians to embrace and take pride in the Capital, they need opportunities to connect with the Capital. The PCC has created and supported a broad range of projects in support of this vision. Reaching all parts of the province is a critical component of our Outreach strategies. Participation numbers and survey results for the travel program round out the performance measures for this goal. The quantity and regional array of participating communities helps to demonstrate the impact of the programs the PCC offers. "Community" is defined as the mailing address city for a program participant or group. The number of participating communities is the cumulative total of PCC programs targeted to both students and the general public. With the evolution of PCC programming, this measure will evolve to clearly define the number of communities reached and the number of times different programs touch the same community.

Participation in PCC programs directed at children and youth is reported as the actual number of youth who were funded through the *Capital for Kids* travel funding program. Given our desire to reach youth in all corners of the province, our target is not merely an increase in the number of individual youth participating, but a growing geographic range of groups taking part in this program. Since the *Capital for Kids* program uses seven travel zones across the province for administrative purposes, community representation in each of these zones is used to measure regional reach. While participation by groups and individuals is increasing in the travel program, fewer communities are represented as it is still cost prohibitive for many groups to travel significant distances to visit the capital and participation is affected by the ability to fundraise the portion of travel the subsidy program does not cover. Community participation in PCC programs is expected to increase in coming years as economic indicators improve and the PCC launches new province-wide programs.

To measure the quality and effectiveness of PCC Outreach programs, the PCC launched a survey directed at the adult leaders who utilized the *Capital for Kids* program, the first major PCC Outreach program. The percentage of respondents who agree or strongly agree with the statement "I would recommend the *Capital for Kids* program to a colleague" is used for this measure. The feedback of adult leaders not only assesses the quality and effectiveness of the program but also the relevance of the program.

Benchmarks

There are capital commissions in other jurisdictions, but comparison opportunities are limited. At the provincial level, these include provincial commissions for Quebec and Saskatchewan; at the federal level, Canada's National Capital Commission and Australia's National Capital Authority. The PCC is fully self-sustaining, whereas each of the aforementioned commissions receives substantial government support. In addition, those commissions based in Canberra, Ottawa and Quebec City are a great deal larger than BC's PCC, while the one in Saskatchewan is smaller. PCC staff monitors program offerings of these and other organizations to determine whether some useful comparisons can be derived.

We are aware of two jurisdictions which have provided funding for students to travel to the Capital city. Australia and Fredericton, New Brunswick have had similarly-structured per capita programs with the funding based on distance traveled. The Australian 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. The New Brunswick "Capital Encounters" program, modelled after the BC PCC's program, was launched in 2009 and is currently in transition due to changes implemented by the New Brunswick government. Saskatchewan plans to launch a similar program in 2012.

GOAL TWO: Celebrate the Capital and the Province with all British Columbians

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 celebrate the Capital. The program delivery to achieve this goal will emphasize national, provincial and community celebrations held in the Capital and provincially-significant events celebrated through the Province.

STRATEGIES

1. Continue to implement a series of Outreach programs and communications strategies that support the celebratory function of the Capital
2. Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
3. Continue to implement "signature programs" that will be strongly identified as the corporate mark of the PCC
4. 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 at Capital events
5. Seek continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

PERFORMANCE MEASURES	TARGETS				
	2010/11 Actual	2011/12 Forecast	2012/13	2013/14	2014/15
1. BC Day celebrations (province-wide)	~5,000 ⁵ attended in one community	~10,000 ⁶ attended in 12 communities	~5000 attended in one community	~10,000 attend in several communities	~15,000 attended in several communities
	\$ 20,000 invested	\$36,575 invested	\$30,000 to be invested	\$40,000 to be invested	\$50,000 to be invested
2. Celebrations of national significance in the Capital	~47,050 ⁷ attended 5 events	~40,030 ⁸ attended 3 events	~40,000 attended 3 events	~40,000 attended 3 events	~40,000 attended 3 events
	\$ 21,801 invested	\$17,365 invested	\$20,000 to be invested	\$20,000 to be invested	\$20,000 to be invested
3. Community festivals on PCC properties	6 events ⁹	7 events ¹⁰	7 events	7 events	7 events
	\$ 15,742 Invested	\$ 33,999 invested	\$35,000 invested	\$35,000	\$35,000
	~76,750 attended	~ 205,000 attended	~ 205,000 attended	~205,000 attended	~205,000 attended

NOTES

⁴ BC Day at St. Ann's, Victoria

⁵ BC Day at St. Ann's, Victoria; and BC Day in BC Parks as part of BC Parks 100th anniversary: Kokanee Creek; Moyie Lake; Rath Trevor; Cultus Lake; Wells Gray; North Thompson; Beatton Park; Purden Lake Park; Paarens Beach; Beaumont; and Charlie Lake

⁶ Canada Day; Two Navy centennial events: Freedom of the City Parade and International Fleet Review; National Aboriginal Day (at Ship Point); and Aboriginal Veterans

⁷ Canada Day; National Aboriginal Day (at Spirit Square); and Aboriginal Veterans

⁸ Swiftsure International Yacht Race; Victoria's 11th Annual Ska Festival; Deuce Days; Victoria Dragon Boat Festival; Victoria Classic Boat Festival; and St. Ann's Lilies Launch

⁹ Swiftsure International Yacht Race; Victoria International Cycling Festival; Victoria's 12th Annual Ska Festival; Victoria International Buskers Festival; Victoria Dragon Boat Festival; 25th Annual Victoria Fringe Theatre Festival; and Victoria Classic Boat Festival

Performance Management Systems

For British Columbians to embrace and take pride in the Capital, they need opportunities to connect with Capital celebrations. The PCC has created and supported a broad range of projects in support of this vision. This year we have introduced a new set of measures to capture the PCC contribution to our mandated vision of Celebrating the Capital. These include the number of events sponsored, the estimated attendance and the amount of PCC dollars invested within three measurement fields. These fields include BC Day celebrations (province-wide), Celebrations of national significance in the Capital, and community festivals on PCC properties. Data for the measures is taken from sponsorship agreements and final reports submitted by applicants.

Reaching all parts of the province is a critical component of our Outreach strategies. With the evolution of PCC programming, these measurements will evolve to clearly define the number of communities reached and the public response to these programs.

Benchmarks

There are capital commissions in other jurisdictions, but comparison opportunities are limited. At the provincial level, these include provincial commissions for Quebec and Saskatchewan; at the federal level, Canada's National Capital Commission and Australia's National Capital Authority. The PCC is fully self-sustaining, whereas each of the aforementioned commissions receives substantial government support. In addition, those commissions based in Canberra, Ottawa and Quebec City are a great deal larger than BC's PCC, while the one in Saskatchewan is smaller. PCC staff monitors program offerings of these and other organizations to determine whether some useful comparisons can be derived.

Most jurisdictions support celebrations in their Capitals for their National Celebrations as well as key provincial celebrations in the provincial capitals. Many are able to produce these events directly as they have substantial celebration resources. Many offer additionally self-produced programming within the Capital region. New Brunswick has produced New Brunswick Day outside the Capital in a different community each year. As the performance measures are new, work will be undertaken to determine comparable information from similar jurisdictions in Canada.

GOAL THREE: 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

1. 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
2. Rationalize property assets consistent with the PCC property plan and government direction
3. Utilize organizational capacity and expertise of Shared Services BC for property management support.

PERFORMANCE MEASURES	TARGETS				
	2010/11 Actual	2011/12 Forecast	2012/13	2013/14	2014/15
1. Annual revenues from all corporate assets.	\$3.3million	\$2.9 million	\$3.2 million	\$3.4 million	\$3.5 million
2. Climate Action Plan (Note 1)					

Note

- 1 Climate Action Plan performance measures included in prior years have been achieved and have been discontinued from the current Service Plan. The PCC reports annually to Government on its Climate Action Plan performance, and is available publicly on the PCC's website.

Performance Management Systems

Systems for measuring performance targets on properties (Measure 1) are data specific. Revenues are captured through the Commission's corporate accounting system and reported through the annual audited financial statements.

Benchmarks

Tenant income from commercial properties is guided by Board policy, based on industry standards and market rates for comparable spaces (office, retail, 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 FOUR: 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

1. Seek out and implement as appropriate best practices in corporate governance
2. Monitor enterprise-wide risk management
3. Maintain highest standards of management and financial reporting
4. Establish budget targets based on available financial resources
5. Evaluation of the Board, CEO and Board Chair
6. Utilize organizational capacity and expertise of the Ministry of Community, Sport and Cultural Development for financial services support.

PERFORMANCE MEASURES	TARGETS				
	2010/11 Actual	2011/12 Forecast	2012/13	2013/14	2014/15
Qualitative improvements in business processes and governance	Seven ¹ (29 cumulative)	Six ² (35 cumulative)	To be reported annually	To be reported annually	To be reported annually
Corporate support and Governance as a % of operating revenues	13%	14% ³	< 15%	< 15%	< 15%
Self-sustaining operations	Achieve surplus	Achieve savings against plan	Achieve plan	Achieve forecast	Achieve forecast

NOTES

- ¹ Governance initiatives (4) include updates to Board Governance Manual and policies including property rental & licensing, financial partnerships, presentations to the Board, and in camera Board meetings. Other improvements in Business processes (3) include property licensing, realignment of staff resources and a new organization structure.
- ² Actual and planned improvements to March 31, 2012 includes interim realignment of PCC staffing plan to achieve cost efficiencies in 2011/12, website and multi-media enhancements, implementation of Public Sector Accounting Standards, enhancements to risk management reporting, and enhancements to Board orientation binder and planned Board orientation training on selected topics.
- ³ The 2011/12 forecast reflects the temporary reduction in tenant income from the CPR Steamship Terminal during building renovations. Forecast expenses for 2011/12 are reduced compared to 2010/11 actual.

Performance Management Systems

The PCC strives for continuous improvement in its business processes and governance, driven by the PCC's annual operating plan. The cumulative total is against the base year 2006/07. 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 2011/12 are sensitive to a temporary reduction in revenues due to seismic and structural 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

For this goal, benchmark comparisons for similar organizations in other jurisdictions are limited. The expense ratio of overhead costs against revenue is a standard measure for assessing the operational efficiency of an organization. The PCC focus on efficiency ensures that overhead costs are consistently managed to a cap of 15% of annual revenues, thereby optimizing funding for programs.

GOVERNMENT'S LETTER OF EXPECTATIONS

Government Direction

The Government's Letter of Expectations sets out the respective roles and responsibilities of the Government 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/about_docspubs.php.

GOVERNMENT'S LETTER	PCC ALIGNMENT
PCC Outreach	
<ul style="list-style-type: none"> • Provide the Ministry with an annual communication and media strategy for approval. • 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 and honour First Nations' heritage, while showcasing the Capital. • Explore options for the use of interactive electronic media and other innovative forms of communication to connect citizens throughout BC with the provincial capital. 	<ul style="list-style-type: none"> • In addition to an annual plan, PCC will continue to consult with Ministry staff on key communications initiatives. • The PCC continues to work in collaboration with various partners. Examples include the Office of Public Education and Outreach at the BC Legislature, the BC Youth Parliament and the City of Victoria. • The PCC will explore additional options to develop online educational resources to engage British Columbians on the role and history of the Capital, and/or other innovative initiatives within available mandate.
PCC Properties	
<ul style="list-style-type: none"> • Use Shared Services BC as the delivery agent for PCC property management and lease arrangements. • Work with Accommodation and Real Estate Services (within the Ministry of Labour, Citizens' Services and Open Government) on highest and best use decisions related to the divestiture of non-core property assets (including consideration of the Government's commitment to the New Relationship with First Nations, housing and transportation) and 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"> • Builds organizational capacity and supports PCC primary focus on delivery of Outreach programs. • Supports PCC Property Plan objectives by rationalizing property inventory in order to increase focus and resources on delivery of Outreach programs. • Forecast for short-term capital maintenance priorities is included in the financial outlook. Strategies to address medium- to long- term capital plan requirements are sensitive to third-party funding opportunities and available PCC retained earnings.
PCC Governance	
<ul style="list-style-type: none"> • Consult Ministry executive at Community, Sport and Cultural Development on key decisions. • 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"> • The PCC will continue providing Ministry executive with Board agenda packages in advance of scheduled meetings; in accordance with government guidelines. • 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
- Service Plan goals are to be achieved within available resource capacity
- Revenue projections take into consideration existing lease agreements, current capacity and permitted uses for PCC property assets
- Program funding for 2012/13 and future years is based on available revenue from commercial activities within a balanced financial outlook by fiscal year
- Transition of property management and financial services support functions to government are to be achieved at no net cost to the Commission
- Forecast allowances for capital maintenance are based on available retained earnings capacity.

Recognition of proceeds from property dispositions are subject to Order in Council approval.

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

Financial Summary (\$ thousands)	(1)	2010/11 Actual	2011/12 Forecast	2012/13 Budget	2013/14 Budget	2014/15 Budget
Revenue						
Commercial Activities:						
Tenant income		2,141	1,815	2,050	2,175	2,225
Parking lots		696	685	700	725	740
St. Ann's Academy		129	125	125	125	125
Contributions:						
Operating - Port Facility		95	40	50	50	-
Capital - contributed assets		199	210	300	325	325
Investment Income		29	25	25	25	35
Total Revenue		3,289	2,900	3,250	3,425	3,450
Expenses						
Programs:						
Outreach expenses and administration		862	825	775	855	880
St. Ann's Interpretive Centre:						
Operating expenses and administration		246	280	260	260	260
Amortization		15	15	15	15	15
		1,123	1,120	1,050	1,130	1,155
Properties:						
Operating expenses		761	750	800	825	825
Property management and administration		498	495	450	460	460
Amortization		413	430	550	600	600
		1,672	1,675	1,800	1,885	1,885
Corporate Support and Governance:						
Corporate administration		345	330	315	320	320
Board and committee expenses		39	45	50	55	55
Amortization		35	30	35	35	35
		419	405	400	410	410
Total Operating Expenses		3,214	3,200	3,250	3,425	3,450
Excess (deficiency) of revenue over expenses from operations		75	(300)	-	-	-
Property - land dispositions, net of expenses	(2)	58	-	-	-	-
Total excess (deficiency) of revenue over expenses		133	(300)	-	-	-
Investment in Capital Assets funded from retained earnings	(3)	(7)	(450)	(450)	(175)	(150)
Retained Earnings (end of year)	(4)	1,337	800	600	700	850
Debt	(5)	-	-	-	-	-

NOTES

- (1) The Financial Summary to March 31, 2011 was prepared based on Canadian Generally Accepted Accounting Principles (GAAP). Effective 2011/12, financial information is prepared in accordance with Public Sector Accounting Board (PSAB) standards.
- (2) Property dispositions are authorized by Orders in Council.
- (3) In addition to Investment in Capital Assets funded from retained earnings, a further \$3 million was committed by the Province of BC, and \$1.5 million by the federal government for seismic upgrade and rehabilitation of the CPR Steamship Terminal building which was completed in October 2011. In addition, a balance of \$0.5 million remaining from the \$1.5 million received from Transport Canada in 2001 for Belleville Port Facility operating and capital maintenance must be used by March 31, 2014.
- (4) Changes in retained earnings are reported through the Statement of Changes in Net Assets in the Commission's annual financial statements.
- (5) The Capital Commission Act does not provide for borrowing authority.

FORECAST: RISK AND SENSITIVITIES		
Area of Risk	Sensitivities	Financial Implications
Outreach Programs	Funding levels are currently linked to available property revenues from commercial activities, and a balanced financial outlook by fiscal year.	Funding remains sensitive to unanticipated risks to revenue and expenses. Developing new revenue streams and cost savings will provide opportunities to expand funding for Outreach.
Operating Revenue	The CPR Steamship Terminal (CPT) building renovations have temporarily impacted tenant income.	Cost savings have been implemented to offset temporary loss of income. Financial outlook for 2012/13 and out years include conservative forecasts of tenant income for CPT.
	Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable.	The financial outlook reflects PCC plan to fully optimize rentable space in commercial buildings. Revenue from percentage of sales is recorded as received.
Operating Expenses	Planned transition of property management and financial services support functions to government.	Implementation to be managed at no net cost to PCC.
	Unanticipated emergency repairs or cost inflation on property expenses including utilities, insurance, repairs and maintenance.	The forecast for property operating expenses includes an allowance for contingencies.
	Current wage freeze under BCGEU contract expires March 31, 2012.	Salaries and benefits will be sensitive to a Government-negotiated contract settlement. Each 1% increase approximates \$9,000, to be offset by identified efficiencies.
Investment in Capital Assets	Capital maintenance is sensitive to property risks, PCC retained earnings capacity, third-party funding availability and eligibility conditions.	All occupied heritage buildings have been seismically upgraded. Minor capital maintenance is focused on essential risk management based on available funding sources. Balance of federal funding held for the Belleville Port Facility must be utilized by March 2014.
Property Dispositions	Board-authorized dispositions of non-core properties are subject to Order in Council (OIC) approval.	Proceeds are recognized on OIC approval and completion of a sale transfer agreement.

CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

The PCC's property assets are located within the Capital region and have a current assessed value of \$118 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. Detailed information on our property holdings is available on the PCC website at <http://www.bcpcc.com/properties.php>. Building remediation and capital maintenance is financed from the Commission's retained earnings, contributions from the federal and provincial governments, tenants and other third-party agreements.

Capital projects over \$200,000 require authorization by Order in Council. From 2006 to 2012, the PCC has invested approximately \$10 million in capital asset maintenance, including seismic and structural upgrades to the Crystal Garden, 812 Wharf Street and the CPR Steamship Terminal building. From 2012/13 through 2014/15, the PCC is forecasting an additional \$0.8 million investment in capital assets from PCC retained earnings and an additional \$0.4 million in capital maintenance at the Belleville Port Facility funded from the balance of the federal contribution received in 2001 that must be used by March 2014 under the terms of the Transport Canada Contribution Agreement.

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. Within the current financial outlook, ongoing repairs and maintenance to existing infrastructure will be funded from PCC retained earnings and third-party contributions based on available resource capacity, external funding restrictions and eligibility conditions.

INFORMATION ON SUBSIDIARIES AND OPERATING SEGMENTS

The Provincial Capital Commission does not have any subsidiaries or operating segments.

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