

# **ANNUAL REPORT**

**2013/14**



PROVINCIAL CAPITAL COMMISSION



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## MESSAGE FROM THE EXECUTIVE MEMBER RESPONSIBLE TO THE MINISTER RESPONSIBLE

To the Honourable Coralee Oakes  
Minister of Community, Sport and Cultural Development



Dear Minister Oakes:

The Provincial Capital Commission (the Commission) was mandated to connect and celebrate the Capital with all British Columbians through a province-wide delivery of outreach and engagement programs. In 2013/14 the Commission continued to support cultural festivals and vibrant celebrations in the Capital's Inner Harbour. Tens of thousands of people gathered to enjoy diverse performances from *Victoria Symphony Splash*, to the *Victoria Ska Fest*, *First Peoples Festival* and *Swiftsure International Yacht Race* among many others. At the St. Ann's Academy National Historic Site, the Commission produced special celebrations for *Celebrate BC Day in the Capital*, the sixth year of BC Day celebrations under its banner, and the 100<sup>th</sup> anniversary of the historic Casavant Frères pipe organ which featured an afternoon of music and behind-the-scenes photos and tours.

Throughout the year, the Commission's outreach programs continued to inform British Columbians about the unique history and beauty of the Capital Region. The Commission's programs for children and youth have helped more than 38,000 young British Columbians participate in educational field trips to Victoria to learn about government, civic engagement and the democratic process. In 2013/14 children from 56 communities around the province participated in events and activities supported by the Commission.

In 2013/14, the Commission demonstrated sound fiscal management in achieving its annual operating targets. A net surplus, prior to dissolution costs and property disposition proceeds, of \$283,530 (2012/13: surplus of \$103,370) reflects prudent management of revenue and expenses. The excess of revenue over expenses was \$5.5 million (\$0.1 million in 2012/13) which relates primarily to property dispositions. Accumulated surplus increased from \$15.7 million to \$21.1 million as a result.

The year 2013/14 marked the end of the Provincial Capital Commission's nearly 60-years of service to Victoria and British Columbians. The provincial government Core Review process<sup>1</sup> determined that there was an opportunity to increase efficiencies and reduce administrative costs in the longer term by relocating programs delivered by the Commission to core

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<sup>1</sup> <http://www.newsroom.gov.bc.ca/2013/11/first-core-review-decisions-announced.html>

government ministries. Consequently, the government introduced and passed the *Provincial Capital Commission Dissolution Act* in the spring session of 2014.

Effective March 25<sup>th</sup> of this year, the Commission's programs and staff transferred to the Ministry of Community, Sport and Cultural Development. The Arts, Culture, Gaming Grants and Sport Division of the ministry continues to provide financial support to the Commission's various outreach activities that connect the provincial capital to British Columbians, including the Capital for Kids youth travel funding program. Management of the Belleville Street ferry terminal properties was transferred to the Ministry of Transportation and Infrastructure in conjunction with the BC Transportation Financing Authority. The remainder of the former Commission's heritage buildings, public green space and commercial properties are now managed by Shared Services BC.

I would like to take this opportunity to acknowledge and celebrate the impact the Provincial Capital Commission had on both the Capital Region and on British Columbians over the years. I would also like to thank the Commission's staff and Board of Directors for their dedication and contribution towards achieving the Commission's vision of *British Columbians embracing and taking pride in their Capital*. It is with this spirit that the staff will strive to continue delivery of a number of the legacy programs.

**Accountability Statement**

*The Provincial Capital Commission's 2013/14 Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. I am accountable for the contents of the report.*

*The information presented reflects the actual reported performance of Provincial Capital Commission for the 12 months ended March 25, 2014 in relation to the Service Plan published in June 2013.*

*Internal controls were in place to ensure information was measured and reported accurately and in a timely fashion.*

*All significant assumptions, policy decisions, events and identified risks, as of March 25, 2014, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate direction, goals, strategies, measures or targets made since the 2013/14 – 2015/16 Service Plan was released and any significant limitations in the reliability of data are identified in the report.*



*Melanie Stewart*

*Assistant Deputy Minister, Arts, Culture, Gaming Grants and Sport Division, Ministry of Community, Sport and Cultural Development and Executive Member Responsible for post-dissolution reporting of the Provincial Capital Commission*

*June 14, 2014*

## **WHAT IS A CAPITAL?**

*A Capital is a reflection of the history, aspirations and democratic traditions of all citizens of its constituency.*

*A Capital is a place for celebration and ceremony. It is a place to enact rituals that are significant to all its people, however diverse they may be, and that reinforce our way of government and our way of life.*

*A Capital must provide a sense of ownership and belonging, not just to the residents of the Capital city or region, but to every citizen it represents. Because it belongs to all its citizens, a Capital must be welcoming and inclusive.*

*A Capital's setting ought to be splendidly emblematic of the geographic beauty of its entire domain. However, a Capital must transcend its physical location to penetrate the hearts and imaginations of all the people it represents.*

*A Capital is a place to showcase important symbols of our collective past through museums, historic sites, heritage buildings and stories. It is a place to celebrate the present and to envision and pursue the future. It should be the centre of achievement in all areas of its citizens' endeavours, including culture, the arts, learning, justice, technology and athletics.*

*A Capital should express the greatest aspirations of all its stakeholders, in all their diversity.*

## YEAR IN REVIEW

### April 2013

The Provincial Capital Commission (the Commission) celebrated Earth Day 2013 by sponsoring ***Creatively United for the Planet***, an Earth Week festival at St. Ann's Academy National Historic Site (St. Ann's Academy) on April 20 and 21. An estimated 6,000 people enjoyed a variety of entertainment and vendors with colourful displays of earth-friendly information, products and services. Kids of all ages enjoyed making crafts and fishing for tide pool treasures.

### May 2013

The BC Heritage Fairs Society encourages students throughout the province to delve into British Columbia's past and present by participating in local heritage fairs during May and June each year. The Commission is a proud supporter of the heritage fairs and sponsors the *Provincial Capital Commission Award* for each of the 12 regional fair events. The award recognizes projects that highlight an aspect of history or heritage connected to British's Columbia's provincial capital.

The 70<sup>th</sup> Swiftsure International Yacht Race brought together nearly 1,300 racers supported by 275 volunteers for five races watched by an estimated 25,000 people. This was the 21<sup>st</sup> year that the Commission donated its Ship Point property to host aspects of the race.

The *Hands of Time* sculpture series by BC artist Crystal Przybille is the Capital City's latest installment of public art. Twelve bronze sculptures depicting life-size hands engaged in activities symbolic of Victoria's past were unveiled on May 22 as part of the City of Victoria's 150<sup>th</sup> anniversary of incorporation. The Kelowna-based Przybille was chosen from 80 artists after a nation-wide competition. The pieces were installed at strategic sites throughout the Inner Harbour and Old Town areas, including one statue of hands tying a rope to a mooring ring on the Commission's property at Enterprise Wharf.

An estimated 3,000 people enjoyed their first visit to the Robert Bateman Centre and the Greater Victoria Harbour Authority's open house over the May 25-26 weekend, marking the re-opening of the historic Steamship Terminal Building. The iconic Inner Harbour heritage building recently underwent a \$5 million seismic upgrade and rehabilitation undertaken by the Commission with funding support from the federal and provincial governments and tenant improvements.

### June 2013

This year's ***First Peoples Festival*** celebrating National Aboriginal Day in the Capital showcased an array of First Nations and Métis performances. A major sponsor of this event since 2007, the Commission provided its Ship Point property as venue for this culturally-rich event featuring rhythmic sound of drums and song which filled the Inner Harbour on June 23. In addition to the Victoria-based Unity Drummers and Singers, the day featured the Quw'utsun Tzinquaw Drummers and Dancers from Cowichan, the Le-La-La Dancers performing in the

Kwakwaka'wakw tradition and members of the Nuu-chah-nulth Nation. The Nisga'a from northern British Columbia were well represented with a large multi-generational contingent performing with the Gitlaxdax Dancers from Terrace as well as the Kwhlii Gibaygum Nisga'a group from the Vancouver region.

Through a partnership between the Francophone Affairs Program of the Government of BC, the Commission and the Society of Friends of St. Ann's Academy, guided francophone heritage tours of the Capital were offered in both official languages throughout the summer. Stops of interest included St. Ann's Academy, St. Joseph's Hospital and the original log cabin school of the Sisters of St. Ann now located on the grounds of the Royal BC Museum.

### **July 2013**

An estimated 40,000 people celebrated the 146<sup>th</sup> anniversary of Canada's confederation on July 1 as part of **Victoria Celebrates Canada Day** in the Capital. Highlights of the event included the BC-based trio *Hey Ocean*, Canadian pop legends *The Odds* and Quebec singer *Caracol* leading a lineup of musical performances on two stages. Once again this year, the Commission's Ship Point property was used to showcase emerging artists and cultural groups throughout the day along with an international food village *Flavour of Canada*. A bustling Kids Zone in the area had a wide assortment of fun and activities for the young at heart including the Commission's tent offering Canadiana-themed crafts.

The Commission was one of the lead sponsors of the Provincial Heritage Fair held in Victoria in July. The fair is a gathering of 60 students of Grades 4 to 10 sharing their history research projects with the public. The Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations and the Honourable Coralee Oakes, Minister of Community, Sport and Cultural Development were guest speakers at the opening ceremony in St. Ann's Academy auditorium and later spoke with the students about their projects on display at the Royal BC Museum.

The Commission's Ship Point festival site was hopping to the rhythm of ska, reggae, rock steady and other beats as one of several venues for the 14<sup>th</sup> annual **Victoria International Ska Fest** held July 8 to 13, the largest and longest-running festival of its kind in North America. Promoting multicultural musical talent from across B.C., these local musicians joined bands from around the world to provide the Capital with diverse musical genres and sounds. The festival is well attended by residents and visitors alike.

Street theatre at the 3rd annual **Victoria International Buskers Festival** entertained crowds at numerous outdoor stages throughout the Capital including a main stage at the Commission's Ship Point. Held July 19 to 28, this festival drew performers from Australia, the United Kingdom, United States, South America and across Canada. This free family-orientated event featured more than 600 one-hour performances attracting an estimated audience of 200,000 throughout the nine-day festival.

### **August 2013**

The Commission produced ***Celebrate BC Day in the Capital*** at St. Ann's Academy. Musicians, artists, filmmakers, photographers and chefs representing all regions of the province successfully came together on August 5 to create a family-oriented BC Day event in Victoria. The *Sounds of BC Main Stage* featured performances for all age groups from the high-energy *Bobs & Lolo* for the pre-school set to *Delhi 2 Dublin* during the evening for the more mature revelers. Throughout the day a diverse crowd was entertained by the *Iskwew Singers* (Vancouver/Cache Creek), *The Racket* (Hazelton/Smithers), *Nuuka* (Kelowna), *We are the City* (Kelowna), *Shred Kelly* (Fernie) and *The Archers* (Victoria). *Capture BC* featured an exhibit of photographs while the *BC Eats Program* welcomed some of the Islands best chefs to feature foods from the province's various regions. *Through the BC Lens* showcased documentary films on a variety of B.C.-themed subjects. This is the sixth year of BC Day celebrations in the Capital produced under the Commission's banner.

Under the direction of Maestra Tania Miller, the Victoria Symphony Orchestra performed to an estimated crowd of 40,000 around the Inner Harbour on August 4 at the 24<sup>th</sup> annual ***Victoria Symphony Splash***. As part of its community sponsorship of Symphony Splash, Provincial Capital Commission staff were busy in the Kids Zone providing BC Day themed crafts and distributing 10,000 paper B.C. flags to the gathering crowd.

The colourful and ever-popular Eye Doting Ceremony kicked off the 19<sup>th</sup> annual ***Victoria Dragon Boat Festival*** held August 16 to 18 on and around the Inner Harbour. Taoist priests "awakened the dragon" to open the festival while Chinese Lion Dancers wowed the crowd. Throughout the weekend, myriad of performers took to the Cultural Stage housed on the Commission's Ship Point property. On the water, about 1,400 paddlers on seventy teams from British Columbia and the Pacific Northwest vied for top honours.

The 27<sup>th</sup> annual ***Victoria Fringe Theatre Festival*** took place August 22 to September 1 featuring live performers from around the world and an eclectic mix of spoken word, drama, music and comedy. The festival offered 55 shows at numerous venues, including St. Ann's Academy Auditorium, marking the third year the venue has been used for the Festival.

### **September 2013**

Whether it's a colourful sailpast, a rowing regatta, a dory race, a steamboat parade or simply admiring the gleaming wood and brass of classic boats, there was something for all at the 36<sup>th</sup> Annual ***Victoria Classic Boat Festival*** held August 31 to September 1. This long-standing free event in the Inner Harbour features traditional vessels in all shapes and sizes from around the Pacific Northwest. The Provincial Capital Commission donated the use of Ship Point to support the event.

### **October 2013**

Community involvement, milestone anniversary celebrations and ongoing enhancement of historical, environment and beautification projects earned the District of Sooke its second ***BC Communities in Bloom*** Provincial Heritage Award in three years. This Provincial Capital

Commission sponsored award was presented to Sooke in recognition of numerous heritage conservation projects and excellent citizen engagement with 200 volunteers and 40 area businesses taking part in their local Communities in Bloom program.

Over the last two weekends in October, St. Ann's Academy offered *Voices from the Past*. These popular ghostly walking tours illustrate a different side of the 150-year-old institution's history while seeing the property at dusk.

### **November 2013**

A special celebration acknowledging the 100<sup>th</sup> anniversary of the historic Casavant Frères pipe organ at St. Ann's Academy National Historic Site featured an afternoon of music and behind-the-scenes photos and tours on November 23. Built in 1913 by Casavant Frères of St. Hyacinthe, Quebec, this original pipe organ was commissioned specifically for the Sisters of St. Ann chapel. More than 500 handmade metal and wood pipes, ranging from a few inches to eight feet in length, are encased in the three-ton instrument.

### **December 2013**

Announcement was made that the Greater Victoria Harbour Authority (GVHA) will assume the lease of an Inner Harbour water lot owned by the Provincial Capital Commission effective April 2014. The water lot had housed the Pacific Undersea Gardens from 1978 until its owners decided to close the business and removed the structure in early 2014.

The seasonal concert program, "Tidings of Comfort and Joy" returned to St. Ann's Academy with two festive concerts in the Chapel. A sing-a-long celebration drew nearly 90 people for an afternoon of holiday tunes accompanied by the century-old Casavant organ.

The Steamship Grill and Taproom opened at the Steamship Terminal Building along with a Starbucks Coffee shop outlet. The design and development of the restaurant was led by BC Hall of Fame restaurateur Wayne Holm with Jim Romer and Kelly Gordon. The restaurant features west coast seafood and local products.

The 85th annual BC Youth Parliament drew 89 participants from across the province for four days of animated debate in the Legislative Assembly chambers during the Christmas holidays. Since 2006, the Commission has sponsored this event, which fosters democratic process, parliamentary procedure and civic responsibility. In 2013 the Commission established the PMR (Private Members Resolution) Debating Medal for the BC Youth Parliament member who exhibited the best debating skills during a PMR debate. This year's debate focused on lowering the voting age in BC to 16 years of age and the first medal winner was Michael Cooper from Victoria.

### **January 2014**

The Commission sponsored the BC Francophone Youth Parliament, a program of the Conseil Jeunesse Francophone de la Colombie-Britannique, which fosters pride in the province and encourages civic engagement and community involvement. This year, 137 youth participated as

parliamentarians, lobbyists or pages. The Commission presented the *Capital Award – Le Prix de la Capitale* for exceptional leadership and citizenship shown during the current parliamentary session to Victoria resident Vincent Picard.

**February / March 2014**

During the spring 2014 sitting of the BC Legislative Assembly, the *Capital Commission Act* was rescinded dissolving the Commission and transferring its staff and programs to the Ministry of Community, Sport and Cultural Development to continue serving B.C.'s youth and citizens and moving the Commission's property portfolio and heritage buildings to other ministries.

## ORGANIZATIONAL OVERVIEW

The Provincial Capital Commission was a Crown agency of the Province of British Columbia. The Commission was established in 1956 as the Capital Improvement District Commission with activities focused primarily on real property and beautification throughout the Capital Improvement District. In 2003, the Commission's mandate was broadened to include a diverse range of outreach programs intended to benefit all British Columbians.

### ENABLING LEGISLATION AND MANDATE

The Provincial Capital Commission operated under the *Capital Commission Act*. The legislated mandate was enhanced by direction from government in 2003 to connect and celebrate the Capital with all British Columbians. As a self-sustaining Crown agency, the Commission was the steward of significant heritage sites within the Capital, with a focus on continuing and expanding outreach activities.

### 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.

### CORE BUSINESS AREAS

The Provincial Capital Commission had two core business functions:

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

### BENEFITS TO BRITISH COLUMBIANS

The work of the Commission benefited the public by:

- Connecting British Columbians with their Capital through innovative Outreach initiatives and celebrations.
- Taking the Capital to British Columbia and bringing British Columbians to the Capital.
- Providing responsible and sensitive stewardship to many provincially-owned properties and heritage buildings that celebrate the Capital and generate revenue to support the Commission's mandate.

## **PRODUCTS AND SERVICES PROVIDED**

The Provincial Capital Commission provided a variety of services to the public in support of their Vision. These included:

- *Capital for Kids* youth funding program to help student and community groups from across the province visit the Capital.
- Partnerships with business, not-for-profit agencies and the tourism sector to boost awareness and visitation to the province's Capital.
- Educational resources for students and teachers.
- Sponsorship of community festivals and celebrations to connect the Capital to all regions of the province and foster pride and awareness.
- The Commission's properties provided venues for public events, and enhanced heritage and public greenspace in the Capital.

The Commission provided financial assistance for youth groups who travel to the Capital; developed on-line learning resources based on school curriculum requirements; and produced audio and video materials available through either direct distribution to schools or as downloads from various internet links. The Commission supported community-based initiatives that connected and celebrated the Capital with British Columbians through a variety of partnerships and sponsorships. All of the Commission's outreach activities were funded by optimizing revenues from its properties.

## **PARTNERS, CLIENTS AND STAKEHOLDERS**

The Commission operated in an environment that included other parties with mandated responsibilities, visions, and interests in the Capital: federal, provincial, regional and municipal governments, First Nations, and agencies such as the Greater Victoria Harbour Authority, Tourism Victoria, the Royal British Columbia Museum and the private sector.

## **LOCATION OF OPERATIONS**

The Commission's corporate office was located at 613 Pandora Avenue in Victoria, BC. A number of programs for schools and the general public will continue to be offered at St. Ann's Academy National Historic Site located at 835 Humboldt Street in Victoria, BC.

## CORPORATE GOVERNANCE

### OVERVIEW

The Provincial Capital Commission had a 14-member Board of Directors pursuant to the *Capital Commission Act*. Eight members, including the Board Chair, were appointed by Order in Council to represent the Province at large. The remaining six were 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 governed the Commission under the *Capital Commission Act* and was accountable to the Minister of Community, Sport and Cultural Development. Day-to-day management of the Commission was delegated by the Board to the Chief Executive and Operating Officer (CEO). As of the date of dissolution, the roles and responsibilities of the Board were assumed by the Assistant Deputy Minister, Arts, Culture, Gaming Grants and Sport Division, Ministry of Community, Sport and Cultural Development.

### ROLE OF BOARD OF DIRECTORS

#### Board of Directors

Provided strategic direction and oversaw the conduct of the Commission's business and activities of management.

### ROLE OF BOARD COMMITTEES

#### Program Resource and Communications Committee

Provided advice to management in program development; oversaw the implementation and effectiveness of programs and made recommendations to the Board.

**Committee Co-Chairs:** Linda Annis and Birgit Bennett

**Members:** Ben Isitt, Wayne Lippert, Diana Skoglund and David Everett (ex-officio)

**Key Management Resource:** Program Manager, Outreach and Engagement.

#### Finance & Audit Committee

Oversaw the Commission's real estate inventory, financial management and reporting, and made recommendations to the Board.

**Committee Chair:** William Norton

**Members:** Shellie Gudgeon, Lynda Hundleby and David Everett (ex-officio)

**Key Management Resource:** CEO and CFO

#### Governance Committee

Reviewed governance policies and procedures, oversaw an annual evaluation of the Board, Board Chair and Board Committees, and made recommendations to the Board.

**Committee Chair:** Dennis Murray

**Members:** Linda Annis, Pam Copley, Lynda Hundleby and David Everett (ex-officio)

**Key Management Resource:** Corporate Secretary

#### Executive Committee

Set agendas for Board meetings and planning sessions, provided a forum for initial review of policy proposals and initiatives brought forward by management, provided oversight of human resource planning, led the annual review of the CEO's performance and made recommendations to the Board. The roles and responsibilities of the Program Resource and Communications, Finance and Audit and Governance Committees were assumed by the Executive Committee as of November 2013.

**Committee Chair:** David Everett

**Members:** Linda Annis, Birgit Bennett, Lynda Hundleby, Dennis Murray and William Norton

**Key Management Resource:** CEO

## **GOVERNANCE PRINCIPLES**

### **Renewal**

Board recruitment of the Order in Council directors was determined through a careful review of the skills and expertise required to effectively govern the Provincial Capital Commission in order for it to achieve the goals set out in its Service Plan. The Chair, Vice-Chair and six other Order in Council appointees were chosen according to the government's merit-based appointment process, which targets an open, transparent and consistent appointment process. The municipal representatives were appointed in accordance with the *Capital Commission Act*.

### **Orientation**

The Board Chair and Governance Committee Chair provided new directors with an orientation session on the Commission's enabling legislation, history, governance processes, Service Plan, and current issues. Senior management also provided incoming directors with an understanding of the Commission's day-to-day operations.

### **Continuous Governance Improvement**

Performance was evaluated annually to ensure that the Board of Directors, Board Chair and Board Committees were performing satisfactorily and to determine opportunities for improving effectiveness.

### **Independence**

Members of the Commission were required to act with honesty, integrity, confidentiality and in good faith. The Commission required that each new director reviewed and formally acknowledged his or her understanding of the principles expressed in the Board's Standards of Ethical Conduct.

### **Management Relationship**

Directors engaged with management in strategic planning sessions and approved the Commission's Service Plan that set out its strategy and goals. The Annual Operating Plan was presented by management and approved by the Board. Management was accountable to the Board for implementation and achievement of plans. The Board reviewed corporate performance quarterly against metrics outlined in the Service Plan.

## **GOVERNANCE BEST PRACTICES DISCLOSURE**

Best Practice Guidelines on Governance and Disclosure were issued by government in February 2005. The Commission has complied with all 12 disclosure requirements. The disclosure includes 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 were also disclosed.

**MEMBERSHIP OF THE BOARD OF DIRECTORS OF THE BC PROVINCIAL CAPITAL COMMISSION  
AT MARCH 25, 2014**

David Everett, Chair

Vancouver, BC

Appointed By: Order in Council

First Appointed: December 2008

Ben Isitt, Director

Victoria, BC

Appointed By: City of Victoria

First Appointed: December 2011

Linda Annis, Director

Surrey, BC

Appointed By: Order in Council

First Appointed: June 2012

K. Wayne Lippert

Vernon, BC

Appointed By: Order in Council

First Appointed: June 2012

Birgit Bennett, Director

Kelowna, BC

Appointed By: Order in Council

First Appointed: June 2012

Dennis T.R. Murray

Victoria, BC

Appointed By: Order in Council

First Appointed: June 2012

Pam Copley, Director

Victoria, BC

Appointed By: District of Oak Bay

First Appointed: December 2011

William E. Norton

Prince George, BC

Appointed By: Order in Council

First Appointed: June 2012

Shellie Gudgeon, Director

Victoria, BC

Appointed By: City of Victoria

First Appointed: January 2013

Diana Skoglund, Director

Kamloops, BC

Appointed By: Order in Council

First Appointed: June 2012

Lynda Hundleby, Director

Victoria, BC

Appointed By: Township of Esquimalt

First Appointed: December 2008

As at March 2014 there are three Board vacancies;

1 Order in Council

2 District of Saanich

**SENIOR MANAGEMENT TEAM AT March 25, 2014**

Rick Crosby, CGA

Chief Executive and Operating Officer

Jan Norman

Corporate Secretary and Manager, Corporate Services

Kris Andersen

Program Manager, Outreach and Engagement

## REPORT ON PERFORMANCE

The Commission operated under the *Capital Commission Act* with authority that focused principally on real property and beautification throughout the Capital Improvement District. The Commission's mandate was expanded in 2003 by direction from the Government to bring pride of their Capital to all British Columbians and a representation of all regions of British Columbia to the Capital. The Commission originally set out three goals around outreach, property stewardship and corporate best practices. In 2012/13, an additional outreach goal was added to embrace the celebratory aspect of the mandate.

The key goals of the organization were to engage British Columbians in their Capital. The first goal focused on connecting all British Columbians with their Capital. The strategies involved targeted programs that reached out to British Columbians. The measures chosen looked at the overall range of programming initiatives, the specifics of the *Capital for Kids: Travel Funding for Youth Groups* (signature program targeting youth), a measure of the geographic reach of the programs and a sample of public responses to program initiatives.

The second goal, new in 2012/13, was about celebrating the Capital and the Province with all British Columbians. The strategies involved programs and communications that supported the celebratory function of the Capital. The measures chosen looked at the numbers of people who attended events supported by the Commission, the Commission investment in these events arranged by the type and number of events which were of national, provincial or local significance.

The strategies of the Commission's third goal involved optimizing opportunities from the Commission's property portfolio to support its outreach activities. Since revenue generation from the property portfolio supported the continued good stewardship of these properties as well as the programs of the Commission, meeting revenue targets was essential.

Goal four focused on activities of an effective public sector agency. By demonstrating strong governance and corporate operations, the resources the Commission managed on behalf of the public were directed toward the key goals.

The performance measures contained in this report were chosen to highlight the key aspects of the Commission's performance. The targets and subsequent results provide insight into assessing the Commission's achievement of its stated vision, delivery on its mission and living of its values.

## GOAL ONE: Connect all British Columbians with their Capital

### STRATEGIES:

- Continuing to implement a series of Outreach programs and information strategies with particular focus on connecting children and youth to their Capital and engaging them in activities that manifest this connection.
- Continuing to implement “signature programs” that will be strongly identified as the corporate mark of the Commission.
- Connecting with communities and regions province wide to promote British Columbians embracing and taking pride in their Capital.
- Seeking continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

<b>Measure 1: Level of participation in Provincial Capital Commission Outreach programs targeted for children and youth</b>						
Past Performance		2013/14 Performance		Future Performance <sup>2</sup>		
2011/12 Actual <sup>1</sup>	2012/13 Actual <sup>1</sup>	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
2% increase in youth and 6% increase in groups from previous year	40% decrease in youth and 37% decrease in groups from previous year	77% increase in youth and 61% increase in groups from previous year	69% increase in youth and 49% increase in groups from previous year	N/A	N/A	N/A
7,087 youth from 163 groups	4,241 youth from 103 groups	7,500 youth from 166 groups	7,163 youth from 153 groups			

<sup>1</sup> The decrease in rate of growth in 2011/12 and 2012/13 reflects a higher than normal cancellation rate given unanticipated labour issues outside Provincial Capital Commission’s control.

<sup>2</sup> Effective March 25, 2014 these programs were transferred to the Ministry of Community, Sport and Cultural Development.

### Importance of the Measure

For British Columbians to embrace and take pride in the Capital, a key strategy has been to develop and support opportunities that allow citizens, communities and regions to connect with their Capital. To make these connections between British Columbians and their Capital, the Board directed staff to emphasize programs for children and youth. In 2006/07, the Commission launched a funding program to support youth travel for educational field trips to the Capital. Youth leaders apply for funding prior to travel based on two application deadlines per year. After the travel is completed, groups are reimbursed for actual travel costs up to a

maximum amount per youth based on distance travelled from the Capital. To March 25, 2014, more than 38,000 youth have participated in the program since its inception.

### **Data Source / Reporting Period**

This measure is based on the final reported number of youth who travelled to Victoria under the *Capital for Kids* program. Due to factors outside the control of the Commission, some groups that apply may not actually travel. The Commission approved applications for travel funding with the expectation of an average attrition rate of 15%. In fiscal year 2013/14, 11% of youth approved did not travel. This rate reflects the return to historic levels after the unusually high attrition rate in 2012/13 due to the public sector job action taken by teachers (our top subscriber to the program) throughout that year. This data is reliable and verifiable by direct inspection and the use of database management software.

### **Benchmark Comparison**

The Commission was aware of two other jurisdictions, Australia and New Brunswick, which have offered programs for funding youth travel to a Capital city. The Australian program is called the Parliament and Civics Education Rebate (PACER). It currently supports 30,000 students a year to travel to their national capital. While the taxpayer-funded New Brunswick Capital Commission has been discontinued, its *Capital Encounters* program implemented in 2009 was modeled on the BC Provincial Capital Commission's *Capital for Kids* travel program. Recently, Saskatchewan launched a youth mentorship program to bring their northern students to the Capital but it is not a comparable benchmark.

<b>Measure 2: Number of communities participating in Provincial Capital Commission Outreach events and activities<sup>1</sup></b>							
	Past Performance		2013/14 Performance		Future Performance <sup>2</sup>		
	2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Change from previous year	9% decrease	25% decrease	30% increase	2% decrease	N/A	N/A	N/A
Total communities participating	108	N/A <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Communities represented by participants in the <i>Capital for Kids</i> program		49	58	48	N/A	N/A	N/A
Communities reached by other Provincial Capital Commission supported activities		34	50	56	N/A	N/A	N/A

<sup>1</sup> As introduced in the 2012/13-2014/15 Service Plan, this measure has evolved to more clearly and accurately define the number of communities reached.

<sup>2</sup> Effective March 25, 2014 Outreach programs were transferred to the Ministry of Community, Sport and Cultural Development.

### **Importance of the Measure**

To achieve the vision of the Provincial Capital Commission, the effect of Outreach programs must have demonstrated that they reached far beyond the Capital region into all parts of the province and demonstrated province-wide participation. In addition, since different people “connect” in different ways, it was desirable that a broad range of programs be offered or supported.

### **Data Source / Reporting Period**

Participating communities were defined as the number of communities touched by the Commission-sponsored events or programs. This included communities of origin of each group travelling under the *Capital for Kids* travel funding program. Community identification was provided by the program/event participant. As reported in the 2012/13 - 2013/14 Provincial Capital Commission Service Plan, the Commission modified this measure to be more precise. The measure counted unique communities touched by direct Commission-funded programs

(such as the *Capital for Kids* program) and unique communities touched by Commission-sponsored events (such as the BC Youth Parliament).

### Benchmark Comparison

Provincial and/or national commissions in other jurisdictions implement outreach initiatives as part of their mandate. However, no information is available regarding the geographic range of those programs. Consequently, no comparisons are possible at this time.

<b>Measure 3: Participant assessment of the quality and effectiveness of Provincial Capital Commission Outreach programs</b>						
Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
100%	98.9%	> 98%	99%	N/A	N/A	N/A

<sup>1</sup> Effective March 25, 2014 Outreach programs were transferred to the Ministry of Community, Sport and Cultural Development.

### Importance of the Measure

Feedback from communities around the province is essential to improving Outreach programs to meet public and educators expectations. Feedback is systematically collected from the youth travel program and is collected wherever possible for other programs as well.

### Data Source / Reporting Period

To measure the quality and effectiveness of the *Capital for Kids* Travel Funding Program, the Commission surveyed group leaders who utilize the program. The percentage of respondents who agreed or strongly agreed with the statement “I would recommend the *Capital for Kids*: Travel Funding Program to a colleague” was used for this measure. Launched in the middle of fiscal 2008/09, this is the fifth full year of survey results. In 2011/12, 100% of 163 group leaders responded that they would recommend the *Capital for Kids* Funding Program to a colleague. In 2012/13, 94 of 95 leaders would recommend the program while in 2013/14, 152 of 153 respondents would recommend it.

### Benchmark Comparison

While the Commission was aware of one jurisdiction that currently provides funding for youth to travel to their Capital city, the staff did not have access to client satisfaction results from Australia. The New Brunswick program *Capital Encounters* reported in 2010 that 100% of teachers would recommend the program to a colleague and more than half of the participating

schools indicated that they could not have made the trip without *Capital Encounters* funding. 79% of groups receiving funding under the *Capital for Kids* program in both Spring and Fall 2013 agree or strongly agree with the statement that: “My group would probably not have made this trip without receiving the Provincial Capital Commission funding”.

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

**STRATEGIES:**

- Continue to implement a series of family-oriented outreach programs and information strategies that support the celebratory function of the Capital.
- Continue to implement “signature programs” that will be strongly identified with the corporate brand of the Provincial Capital Commission.
- Connect British Columbians to the Capital by providing opportunities for meaningful representation of B.C. communities and regions at Capital events, and by promoting the concept of the Capital in the regions and communities of the province.
- Pursue innovation to grow, refresh, and maintain the vitality of new and/or existing programs.

<b>Measure 1: BC Day Celebrations</b>							
	Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
	2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Attendees	~10,000	~8,000	~10,000	~8,000	N/A	N/A	N/A
Amount Disbursed	\$36,575	\$32,997 from the Commission plus \$80,000 from partners  Total: \$115,997	\$83,000 from the Commission plus \$40,000 from partners  Total: \$123,000	\$82,708 from the Commission plus \$66,625 from partners  Total: \$149,333	N/A	N/A	N/A

<sup>1</sup> Effective March 25, 2014 Outreach programs were transferred to the Ministry of Community, Sport and Cultural Development

**Importance of the Measure**

A key strategy to encourage British Columbians to embrace and take pride in their Capital is to develop and support opportunities that allow citizens, communities, and regions to participate in celebrations. The Commission has taken the lead in celebrating BC Day in the Capital since 2008 and considers this initiative as a “signature program”. This performance measure captures

the attendance at the Commission-supported BC Day events and the investment of the Commission and its partners in these celebrations.

### Data Source / Reporting Period

Attendance data for the measurement has been taken from the final reports of the event contractors. The Commission’s event funding levels are reported to demonstrate the connection between the Commission’s financial support and attendance at the event and also to take into account the ability of the Commission to leverage support from partners to grow the event.

In 2011, the Commission funded a BC Day event at St. Ann’s Academy. Through the celebration of BC Parks 100<sup>th</sup> anniversary, the Commission also supported BC Day celebrations in 12 communities across the province. In 2012, the Commission partnered with the City of Victoria to celebrate the 150<sup>th</sup> Anniversary of the Incorporation of the City of Victoria at St. Ann’s Academy and Beacon Hill Park. This partnership leveraged a significantly higher investment in the celebration than originally planned and helped to set a new benchmark of partnership going forward. In 2013, the model was revised to further increase support.

### Benchmark Comparison

Within Canada, all provincial capitals and the national capital in Ottawa celebrate provincial and national events to a varying degree, funded through a variety of sources. Event celebrations are highly sensitive to funding availability from both the public and private sectors. Networking opportunities with groups such as the Canadian Capital Cities Organization will continue to be pursued to identify benchmarks and best practices to enhance the development and support for events and celebrations of significance hosted in the Capital.

<b>Measure 2: Celebrations of National Significance in the Capital</b>							
	Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
	201/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Attendees	~40,030	~54,630	~55,000	~48,900	N/A	N/A	N/A
Number of events	3	2	2	2	N/A	N/A	N/A
Provincial Capital Commission Investment	\$17,365	\$16,100	\$18,300	\$16,875	N/A	N/A	N/A

<sup>1</sup> Effective March 25, 2014 Outreach programs were transferred to the Ministry of Community, Sport and Cultural Development

### **Importance of the Measure**

As part of the strategy to encourage British Columbians to embrace and take pride in their Capital, the Commission support opportunities that allowed citizens, communities and regions to participate in celebrations. As Capital cities are locations for celebrations of national significance, this measure looks at the Commission's support of national celebrations hosted in the Capital and the attendance at these events.

### **Data Source / Reporting Period**

Attendance data for the measurement is taken from sponsorship agreement final reports which became mandatory in 2011. For 2013/14, the Commission supported Canada Day and a National Aboriginal Day celebration on its Ship Point property. The Commission's event funding levels are reported to demonstrate the connection between the Commission's financial contribution and attendance at events that support the Commission's mandate and Goal Two performance targets. Actual funding levels will vary due to the number, length, location and type of event planned by event organizers who apply to the Commission for support. For instance, Canada Day celebrations have varied significantly in duration from year to year and National Aboriginal Day has moved locations within the Capital. The Commission's funding targets are established based on precedent requests from event organizers. Actual Provincial Capital Commission investment in these celebrations during 2013/14 is \$1,425 below forecast which reflects reduced funding requests by event organizers.

### **Benchmark Comparison**

Within Canada, all provincial capitals and the national capital in Ottawa celebrate national events to a varying degree, funded through a variety of sources. Event celebrations are highly sensitive to funding availability from both the public and private sectors. For example, the largest Canada Day celebration takes place in Ottawa and is organized by the National Capital Commission with a multi-million dollar budget. The Commission staff monitored program offerings of these other organizations to determine whether suitable comparisons could be derived.

<b>Measure 3: Community Festivals on Provincial Capital Commission Properties</b>							
	Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
	2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Events	7	8	7	8	N/A	N/A	N/A
Invested	\$33,999	\$47,119	\$41,700	\$36,490	N/A	N/A	N/A
Attendees	~205,000	~373,500	~295,000	~393,657	N/A	N/A	N/A

<sup>1</sup> Effective March 25, 2014 property stewardship responsibilities were transferred to the Ministry of Technology, Innovation and Citizens' Services (Shared Services BC) and the Ministry of Transportation and Infrastructure.

### **Importance of the Measure**

As part of the strategy to encourage British Columbians to embrace and take pride in their Capital, the Commission developed and supported opportunities that allowed citizens, communities, and regions to participate in celebrations. The Commission supported community events and festivals hosted on its properties that aligned with its mandate by providing in-kind use of the property. This measure captures that in-kind sponsorship support and demonstrates the impact of that support by the aggregate attendance to those events.

### **Data Source / Reporting Period**

Attendance data for the measurement is taken from sponsorship agreement final reports which were formalized and made mandatory for the summer of 2011 thus increasing the accuracy of the information and allowing for more accurate and comprehensive reporting. The Commission's event funding levels are reported to demonstrate the connection between its financial contribution and attendance at events that support its mandate and Goal Two performance targets. Actual funding levels vary due to the number, length, location and type of events planned by event organizers who apply to the Commission for support.

For 2013/14, there were both new and returning festivals: Creatively United for the Planet (new); Swiftsure International Yacht Race, Victoria's 14<sup>th</sup> Annual Ska Fest, Victoria International Buskers Festival, Victoria Symphony Splash, Victoria Dragon Boat Festival, 27<sup>th</sup> Annual Victoria Fringe Theatre Festival, and the Victoria Classic Boat Festival.

### **Benchmark Comparison**

As this Goal and related performance measures for celebration were introduced for 2012/13, work was underway to identify benchmarks.

**GOAL THREE: Effective management of property assets to optimize revenues and opportunities on a self-sustaining basis**

**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 Commission through setting priorities for mitigation strategies considering cost/benefit implications and available resources.
- Rationalize property assets consistent with the Commission’s property plan and government direction.
- Utilize organizational capacity and expertise of Shared Services BC for property management support.

<b>Measure 1: Annual Revenues from all corporate assets (\$ Millions)</b>						
Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
\$2.89	\$3.28	\$3.40	\$3.46	N/A	N/A	N/A

<sup>1</sup> The Provincial Capital Commission Dissolution Act took effect March 25, 2014, and thus no future performance targets are applicable.

**Importance of the Measure**

Achieving targets is a measure of performance in optimizing revenues and maximizing occupancy on rentable commercial space. Property revenues were essential for funding the province-wide delivery of Outreach programs. Revenue performance in prior years was sensitive to the temporary reduction in tenant income during the seismic upgrade and rehabilitation of the Steamship Terminal which commenced in November 2010 and was completed in October 2011. Revenue from the Steamship Terminal resumed in September 2012 as planned, and the annual revenue target for 2012/13 and 2013/14 was achieved.

**Benchmark Comparison**

Rents for commercially tenanted properties are based on industry standards and market rates for comparable locations and permitted uses (e.g. restaurant, retail, marine transportation, attractions, office, storage, etc.). Management of parking lot revenues is contracted to a firm with appropriate expertise and resources with knowledge of local market rates and benchmark standards. The Commission’s revenue performance was also guided by the Board’s policy on Property Rental and Licensing.

**Data Source / Reporting Period**

Reported data is included in the Commission’s audited financial statements, thus ensuring a high level of accuracy and reliability for the data.

## GOAL FOUR: Sound governance and results-oriented management of the Provincial Capital Commission

### STRATEGIES

- Continue with best practices in corporate governance.
- Monitor implementation of enterprise-wide risk management.
- Maintain highest standards of management and financial reporting.
- Establish budget targets based on available financial resources.
- Perform annual evaluations of the Board, Board Chair, and CEO.

<b>Measure 1: Qualitative Improvements in business processes and governance</b>						
Past Performance <sup>1</sup>		2013/14 Performance		Future Performance <sup>3</sup>		
2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
6	3	To be reported annually	N/A <sup>2</sup>	N/A	N/A	N/A
35 cumulative	38 cumulative					

<sup>1</sup> Initiatives itemized in prior year annual reports.

<sup>2</sup> Improvements to business processes and governance were suspended following announcement of dissolution.

<sup>3</sup> The Provincial Capital Commission Dissolution Act took effect March 25, 2014, and thus no future performance targets are applicable.

In November 2013, the provincial government announced that the Commission's services would be transferred to government departments delivering similar programs and the Commission would be dissolved. Qualitative improvements in business processes and governance are not a meaningful measure in the final year of operation.

<b>Measure 2: Board governance and corporate costs as a percentage of budgeted revenues</b>						
Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
14%	<12%	<15%	<9%	N/A	N/A	N/A

<sup>1</sup> The Provincial Capital Commission Dissolution Act took effect March 25, 2014, and thus no future performance targets are applicable.

### Importance of the Measure

This measure is intended to demonstrate efficiency in corporate operations and governance. The target is to manage these expenses within 15% of annual operating revenues.

### Benchmark Comparison

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 Commission’s focus on efficiency ensured that overhead costs were consistently managed to a cap of 15% of annual revenues, thereby optimizing funding for programs.

**Data Source/Reporting Period**

Results are reported annually by fiscal year based on the audited financial statements.

<b>Measure 3: Self-sustaining operations</b>						
Past Performance		2013/14 Performance		Future Performance <sup>1</sup>		
2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target	2016/17 Target
Deficit (\$338,637)	Surplus \$103,370	Achieve plan	Surplus \$283,530	N/A	N/A	N/A

<sup>1</sup> The Provincial Capital Commission Dissolution Act took effect March 25, 2014, and thus no future performance targets are applicable.

**Importance of the Measure**

As a self-sustaining Crown corporation, the Commission operates within the Government’s Letter of Expectations to manage its core business requirements within fiscal targets reported in the Service Plan Financial Outlook. For 2013/14 and past fiscal years, the Commission has consistently achieved its planned targets.

**Benchmark Comparison**

Unique characteristics of the Commission’s legislation, mandate and business model make it difficult to benchmark against other similar organizations. The Commission’s financial outlook and annual targets were based on self-sufficiency and optimizing available revenue to provide outreach programming that benefited the citizens of British Columbia.

**Data Source/Reporting Period**

Results are based on the audited financial statements by fiscal year.

## PROGRESS AGAINST GOVERNMENT’S LETTER OF EXPECTATIONS

Below are the specific directions outlined in the Shareholder’s Letter of Expectations and the Commission’s actions in the 2013/14 fiscal year.

SPECIFIC DIRECTION	COMMISSION ACTION
<p><b>Outreach Programs</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration was essential to the delivery of PCC-funded outreach activities. The Commission joined with various non-profit agencies as well as organizations such as the Parliamentary Education Office at the BC Legislature, the BC Youth Parliament and the City of Victoria to deliver programs and events province-wide and in the Capital.</li> </ul>
<p><b>Properties</b></p> <ul style="list-style-type: none"> <li>Continue to work with Shared Services BC related to property stewardship and divestiture.</li> <li>Continue to determine required capital maintenance to core PCC properties and identify funding strategies to address medium- to long-term requirements and report back to government on a Belleville terminal dock replacement strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented in April 2012. Continued in 2013/14.</li> <li>Commission collaborated with Shared Services BC and the Ministry of Transportation and Infrastructure (MOTI) to determine required capital maintenance to core properties. Funding strategy regarding replacement of aging timber wharf leased to Black Ball Ferry at Belleville terminal became the responsibility of MOTI.</li> </ul>
<p><b>General Direction</b></p> <ul style="list-style-type: none"> <li>Comply with Government’s requirements to be carbon neutral under the Greenhouse Gas Reduction Targets Act, 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 investments in the Pacific Carbon Trust.</li> </ul>	<ul style="list-style-type: none"> <li>The Commission achieved carbon neutrality again in 2013/14. The results of Climate Action Plan performance were provided via the Carbon Neutral Action Report.</li> </ul>

Subsequent to 2013/14 Government's Letter of Expectation, the government introduced and passed the *Provincial Capital Commission Dissolution Act* in the spring session of 2014.

Effective March 25 of this year, the Commission's programs and staff transferred to the Ministry of Community, Sport and Cultural Development. Programs and staff located at St. Ann's Academy were transferred to the Ministry of Technology, Innovation and Citizens' Services (Shared Services BC). Property stewardship responsibilities were transferred to Shared Services BC and to the Ministry of Transportation and Infrastructure in conjunction with the BC Transportation Financing Authority.

## **RISKS AND SENSITIVITIES**

The Commission operated under a Board-approved policy that embraced an enterprise-wide risk management (ERM) approach to PCC business operations and decision making. The Commission's risk management framework consisted of clearly communicated authorities and accountabilities through Board, Committees and staff, administered through a range of policies and procedures, guided by a range of operational policies and procedures.

Risk management applied to all activities the Commission undertook, to ensure that risks were identified, assessed and managed in achieving strategic and operational objectives. ERM occurred at all levels, the development of strategic and operational planning as well as day-to-day business operations. At the planning level, Commission management engaged input from Board, staff and contracted subject experts, as required, to identify and assess the Commission's strengths, weaknesses, opportunities and threats. This information was applied and considered in the development of the Service Plan, annual operating plan, capital plans and project plans. Risks associated with day-to-day business operations were routinely documented and assessed for severity and likelihood. Operational and financial plans were tied to risk assessment and rationalizing available resources. Through the Finance and Audit Committee outputs, the Committee was provided ongoing updates via a risk management activity report that monitored key risks. The Board was kept apprised through reports from Committees and the Commission's management at scheduled meetings or through extraordinary meetings, as required.

The following table summarizes the risk sensitivities and mitigation strategies for identified key strategic issues identified in the Service Plan 2013/14 – 2015/16:

<b>Issue</b>	<b>Risk Sensitivity</b>	<b>Mitigation Strategy</b>
Seek opportunities for financial partnerships, cost sharing and sponsorships in support of outreach programs	Revenue and program planning remained contingent on negotiation of partner activation agreements subject to Board approval.	Financial plan to achieve outreach program goals and performance measures was not contingent on financial partnerships from the private sector.
Steamship Terminal – Greater Victoria Harbour Authority (GVHA) tenancy plan	Achieving financial plan and targets for tenant income.	Lease with GVHA formally signed off April 2012. Tenant income commenced September 2012 consistent with target assumptions. GVHA has implemented its tenancy plan for the building with the opening of the Robert Bateman Centre and the Steamship Grill and Taphouse.
Succession planning - Commission Board and staff	Anticipated Board and staff transition through 2013/14 will present challenges in maintaining effective business continuity.	Succession planning continued until the core review decision to dissolve the Commission was announced.

## **FINANCIAL REPORT**

### **MANAGEMENT DISCUSSION & ANALYSIS**

This Management Discussion and Analysis should be read in conjunction with the financial statements and accompanying notes. Amounts reported may be rounded for discussion purposes. Unless otherwise noted, years are based on fiscal year ending March 31.

### **FINANCIAL PERFORMANCE & KEY ASSUMPTIONS**

As part of the Commission's annual Service Plan update, the Board approved a three-year financial outlook for revenues, expenses, investment in capital assets, and retained earnings (restricted and unrestricted net assets).

Based on anticipated revenues, an annual operating plan was established to achieve the goals that are set out in the Service Plan.

Financial performance for fiscal year 2013/14 was planned on the following key assumptions noted in the 2013/14 – 2015/16 Service Plan:

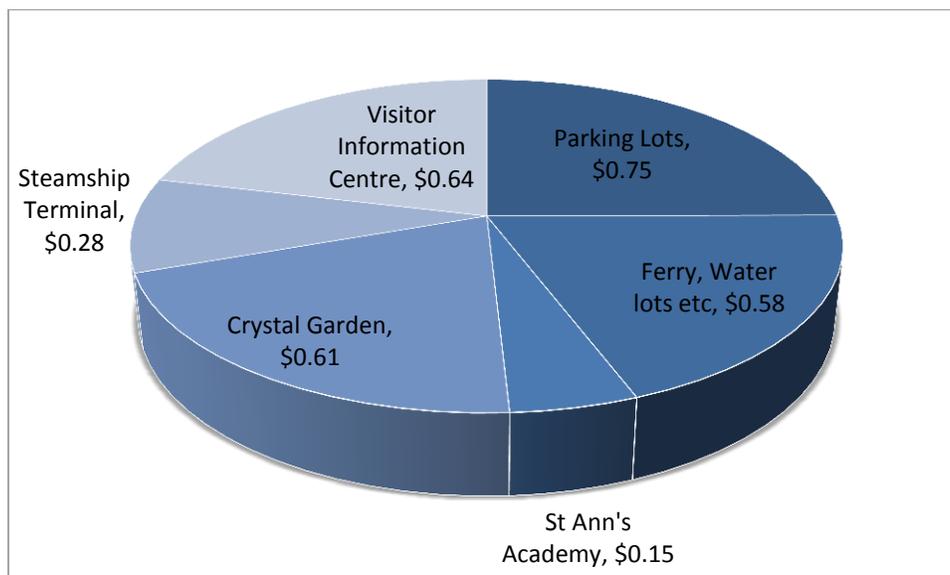
- The outlook for revenues, expenses and investment in capital assets was based on self-sustainability.
- Revenue projections took into consideration existing lease agreements, current capacity and permitted uses for property assets.
- Funding for Outreach was based on PCC self-sustainability and revenue projections from all corporate assets.
- Service Plan goals were to be achieved within current staff capacity.
- Forecast allowances for capital maintenance were based on available retained earnings capacity.

## OVERVIEW OF REVENUE 2013/14

Revenue	Plan	Actual	Actual % of total Revenue
<b>Commercial Activities:</b>			
Tenant Income	\$2,175,000	\$2,104,000	61%
Parking Lots	\$700,000	\$747,000	22%
St Ann's Academy	\$125,000	\$148,000	4%
<b>Total Commercial Activities</b>	<b>\$3,000,000</b>	<b>\$2,999,000</b>	<b>87%</b>
Contributions	\$375,000	\$440,000	13%
Investment Income	\$25,000	\$21,000	1%
<b>Total Revenue</b>	<b>\$3,400,000</b>	<b>\$3,460,000</b>	<b>100%</b>

Total revenue of \$3.46 million (2012/13: \$3.28 million) also includes investment income of \$21,314 (2012/13: \$25,004) and revenue from deferred operating and capital contributions of \$439,486 (2012/13: \$394,041).

Compared to the budget plan, the higher actual contribution revenue in 2013/14 reflects the eligible operating costs for the Belleville Port Facility that were funded by deferred operating contribution received from the federal government in 2001. See also Goal 3: Performance Measure 1 on page 26.



**Figure 1.** 2013/14 Revenue by property

## **OVERVIEW OF EXPENSES 2013/14**

**Outreach Programs** included funding for a mix of province-wide outreach and engagement activities designed to connect and celebrate the Capital with British Columbians from all regions of the province. This included program expenses and administration, as well as operating costs for the St. Ann's Academy Interpretive Centre and grounds. Total Outreach Program expenses of \$1,146,894 (2012/13: \$1,080,276) were within the planned amount of \$1,160,000.

**Properties** included operating and maintenance expenses, property management, and amortization expense on capital assets. These expenses included Commission properties other than the St. Ann's Academy site and the corporate office at 613 Pandora Avenue. Operating and maintenance expenses included utilities, repairs, waste management, janitorial, maintenance of structural, mechanical and electrical systems, parks maintenance and landscaping, 24/7 emergency support, security and insurance. For tenanted buildings, common operating and maintenance costs were funded by tenant income received as additional rent contributions under terms of their lease agreements with the Commission. In 2013/14, tenant income included \$240,019 (2012/13: \$349,292) as additional rent contributions for operating and maintenance expenses.

Property management expenses included government chargebacks for commercial leasing support and contracted oversight of operating and capital maintenance. Expenses also included an allocation of salaries and benefits for staff required for administration of lease and licence agreements, and oversight of planning and outsourced business support functions.

Total property expenses of \$ 1,677,533 (2012/13: 1,721,268) were down three percent from the previous fiscal, and seven per cent below the planned amount.

The change from the prior year was managed through administrative efficiency savings in property management.

**Corporate Support and Governance** includes corporate administration, Board and Committee expenses and amortization expense on the corporate office building and equipment at 613 Pandora Avenue. Total expenses of \$351,326 (2012/13: \$378,443) were down seven percent compared to the prior year, and 12 percent below current year plan. This reflects Board travel restraint measures; administrative savings in corporate operations and the goal of maintaining costs within the Service Plan target of 15% of total operating revenue. See also Goal 4: Performance Measure 2 on page 27.

## **INVESTMENT IN CAPITAL ASSETS**

The Commission's property assets were located within the Capital region. The inventory included heritage buildings, Inner Harbour ferry terminals and future development sites currently generating revenue as parking lots. The inventory also included parks located in four municipalities, and green space properties along the Trans-Canada Highway view corridor to the Capital. Building remediation and capital maintenance was financed from the Commission's retained earnings, contributions from the federal and provincial governments, commercial property revenues and other third-party agreements. Capital projects in excess of \$200,000 required authorization by Government through Order in Council. In 2013/14, the Commission invested \$0.3 million (2012/13: \$0.3 million) in capital assets, all of which was funded from retained earnings within the accumulated surplus. The major focus of investment in capital assets in 2013/14 related to completion of fixturing of the Steamship Terminal as part tenancy agreements and key maintenance of wharves.

Under head-lease to the Greater Victoria Harbour Authority, the Steamship Terminal commenced operations with re-opening in May 2013. The total investment in seismic and structural upgrades to the Steamship Terminal was \$4.96 million.

All of the heritage properties that belonged to the Commission have been seismically upgraded and rehabilitated.

The responsibility for future Inner Harbour wharf improvement plans and lease extension negotiations with Black Ball Ferry and Clipper Navigation ferry operators transferred to the Ministry of Transportation and Infrastructure in conjunction with the BC Transportation Financing Authority when the Commission was dissolved.

# FINANCIAL SUMMARY

Financial Summary as at March 25, 2014 (\$000's)

	Prior Years (Note 1)					Current Year			
	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Plan	2013/14 Actual	2013/14 Variance	2012/13 Variance
<b>Revenue</b>									
Commercial Activities:									
Tenant Income (Note 3)	2,312	2,408	2,141	1,826	2,046	2175	2104	(71)	58
Parking Lots	725	753	696	671	683	700	747	47	64
St. Ann's Academy	127	138	129	115	136	125	148	23	12
Contributions:									
Operating – Port Facility	88	78	95	33	101	50	136	86	35
Capital – contributed assets	192	169	199	211	292	325	303	(22)	11
Investment Income	99	13	29	34	25	25	21	(4)	(4)
Gain on disposal of property (Note 4)	282	53	58	-	-				
	<b>3,825</b>	<b>3,612</b>	<b>3,347</b>	<b>2,890</b>	<b>3,283</b>	<b>3400</b>	<b>3459</b>	<b>59</b>	<b>176</b>
<b>Expenses by core business</b>									
Outreach Programs (Note 5)	1,854	1,322	1,123	1,083	1,080	1160	1147	18	(67)
Properties	1,852	1,690	1,672	1,741	1,721	1850	1678	172	43
Corporate support and governance	510	496	419	405	379	360	354	6	25
	<b>4,216</b>	<b>3,508</b>	<b>3,214</b>	<b>3,229</b>	<b>3,180</b>	<b>3370</b>	<b>3179</b>	<b>191</b>	<b>1</b>
<b>Annual Surplus (deficit) (Note 5)</b>	<b>(391)</b>	<b>104</b>	<b>133</b>	<b>(339)</b>	<b>103</b>	<b>30</b>	<b>280</b>	<b>250</b>	<b>177</b>
<b>Expenses by category</b>									
Property operating expenses	1,180	983	853	916	1,022	1085	1019	66	3
Salaries and benefits	1,063	932	949	844	860	840	769	71	91
Amortization	414	450	463	464	587	650	602	48	(15)
Outreach program contributions (Note 5)	1,076	542	367	392	364	415	456	(41)	(92)
Office and Business	190	169	156	164	193	200	218	(18)	(25)
Professional Services	257	399	387	405	122	140	77	63	45
Board and committees	36	33	39	44	32	40	38	2	(6)
	<b>4,216</b>	<b>3,508</b>	<b>3,214</b>	<b>3,229</b>	<b>3,180</b>	<b>3370</b>	<b>3179</b>	<b>191</b>	<b>1</b>
<b>Investment in capital assets</b>	460	259	2,421	2,997	268	525	288	237	(20)
Less: deferred capital contributions	(89)	-	(2,414)	(2,510)	-	(300)	0	(300)	0
<b>Equity invested in capital assets</b>	<b>371</b>	<b>259</b>	<b>7</b>	<b>487</b>	<b>268</b>	<b>225</b>	<b>288</b>	<b>(63)</b>	<b>(20)</b>
<b>Retained earnings (Note 6)</b>	<b>912</b>	<b>992</b>	<b>1,337</b>	<b>719</b>	<b>806</b>	<b>700</b>	<b>6312</b>	<b>5612</b>	<b>5506</b>
<b>Debt (Note 7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes:

- (1) Presentation of prior year actual results and future year forecasts has been formatted to align with current year.
- (2) Future year forecasts as per PCC Service Plan for 2013/14 - 2015/16 issued February 2013.
- (3) Tenant income for 2010/11 and 2011/12 reflects a temporary reduction required to complete the Steamship Terminal seismic upgrade and rehabilitation. Revenues re-commenced in 2012/13.
- (4) Property dispositions are authorized by Order in Council.
- (5) Outreach Programs includes Commission contributions for BC150 Celebrations - Festival 150 funded from restrictions of retained earnings (2007/08: \$223; 2008/09 \$604; Total \$827).
- (6) Retained earnings represents accumulated surplus excluding investment in capital assets. As at March 31, 2013, a balance of \$70 thousand is restricted for the Steamship Terminal.
- (7) The Capital Commission Act does not provide for borrowing authority. For clarification, Net financial debt on the Statement of Financial Position as at March 31, 2014 represents deferred capital contributions.

## **HIGHLIGHTS OF 2013/14 FINANCIAL PERFORMANCE**

### **OPERATING RESULTS**

The excess of revenue over expenses this year has three components:

- Current year operating surplus of \$283,530
- Dissolution costs of \$266,283
- Property disposition proceeds of \$5,488,994

Service Plan goals were achieved within current staff capacity.

See also Goal 4: Performance Measure 3 on page 28.

### **RETAINED EARNINGS**

Total reserves at March 31, 2014 were \$5.7 million (2012/13: \$0.8 million). The increase in reserves is substantially attributable to proceeds from the disposition of property.

### **INFORMATION ON SUBSIDIARIES AND OPERATING SEGMENTS**

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

### **FINANCIAL OUTLOOK: 2013/14 LOOKING AHEAD**

The government, following a core review process, dissolved the Commission effective March 25, 2014. Outreach programs and staff were amalgamated into the Ministry of Community, Sport and Cultural Development. Programs and staff located at St. Ann's Academy were transferred to the Ministry of Technology, Innovation and Citizens' Services (Shared Services BC). Property stewardship responsibilities were transferred to the Ministry of Transportation and Infrastructure in conjunction with the BC Transportation Financing Authority and to Shared Services BC.

### **FINANCIAL STATEMENTS**

**Year Ended March 31, 2014** - See separate document attached.

## **CONTACT INFORMATION**

For more information, please contact:

Ministry of Community, Sport and Cultural Development  
PO BOX 9490  
STN PROV GOVT  
VICTORIA BC  
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Grant Thornton

## Independent Auditors' Report

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To the Minister of  
Community, Sport and Cultural Development  
Province of British Columbia

We have audited the accompanying financial statements of the Provincial Capital Commission, which comprise the financial position as at March 25, 2014 (Note 2) and the statements of operations, changes in net debt, and 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 of these financial statements in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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 entity's preparation 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 presentation of the financial statements.



PROVINCIAL CAPITAL COMMISSION

## **Provincial Capital Commission Financial Statements**

Year Ended March 25, 2014

### Management's Responsibility for Financial Reporting

The accompanying financial statements of the Provincial Capital Commission (the "Commission") are the responsibility of the Commission's management and have been prepared in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. A summary of the significant accounting policies are described in Note 3 to the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. These systems are monitored and evaluated by management.

Grant Thornton LLP has performed an independent audit of the financial statements of the Commission. The Independent Auditors' Report outlines the scope of the audit and expresses an opinion on the financial statements of the Provincial Capital Commission.

A handwritten signature in blue ink, appearing to read "Jim MacAulay".

Jim MacAulay, CA  
Chief Financial Officer  
Ministry of Community, Sport and Cultural Development

Victoria, British Columbia  
June 2, 2014

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Financial Statements

Provincial Capital Commission

March 25, 2014



PROVINCIAL  
CAPITAL  
COMMISSION

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Provincial Capital Commission as at March 25, 2014, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 3 to the financial statement which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 15 to the financial statements disclose the impact of these differences.

*Grant Thornton LLP*

Victoria, Canada  
June 2, 2014

Chartered Accountants

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## Provincial Capital Commission Statement of Financial Position

As at	March 25 2014	March 31 2013
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 7,059,887	\$ 1,505,768
Accounts receivable	52,926	90,733
Due from government organizations (Note 5)	<u>158,775</u>	<u>14,579</u>
	<u>7,271,588</u>	<u>1,611,080</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	282,643	140,919
Due to government organizations (Note 5)	307,421	223,954
Deferred revenue	89,614	98,029
Deferred operating contributions (Note 6)	286,518	422,873
Deferred capital contributions (Note 7)	<u>6,501,229</u>	<u>6,894,673</u>
	<u>7,467,425</u>	<u>7,780,448</u>
Net financial debt	<u>(195,837)</u>	<u>(6,169,368)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	21,371,831	21,745,441
Prepaid expenses	<u>-</u>	<u>93,680</u>
	<u>21,371,831</u>	<u>21,839,121</u>
<b>Accumulated surplus</b>	<b>\$ <u>21,175,994</u></b>	<b>\$ <u>15,669,75</u></b>

---

Contingency (Note 12)

Approved by:

Jim MacAulay, CA  
Chief Financial Officer  
Ministry of Community, Sport and Cultural Development

See accompanying notes to the financial statements:

## Provincial Capital Commission Statement of Operations

Year ended	Plan 2014	Actual March 25 2014	Actual March, 31 2013
	Note 3(j)		
<b>Revenue</b>			
Commercial activities			
Tenants	\$ 2,175,000	\$ 2,104,287	\$ 2,045,611
Parking lots	700,000	746,603	683,175
St Ann's Academy	125,000	147,593	135,526
Contributions			
Operating (Note 6)	50,000	136,355	101,104
Capital (Note 7)	325,000	303,131	292,937
Investment income	<u>25,000</u>	<u>21,314</u>	<u>25,004</u>
	<u>3,400,000</u>	<u>3,459,283</u>	<u>3,283,357</u>
<b>Expenses (Note 10)</b>			
Outreach programs	1,160,000	1,146,894	1,080,276
Properties	1,850,000	1,677,533	1,721,268
Corporate support and governance	<u>360,000</u>	<u>351,326</u>	<u>378,443</u>
	<u>3,370,000</u>	<u>3,175,753</u>	<u>3,179,987</u>
<b>Operating surplus</b>	30,000	283,530	103,370
Dissolution costs	-	(266,283)	-
Proceeds from sale of land (Note 9)	<u>-</u>	<u>5,488,994</u>	<u>-</u>
<b>Annual surplus</b>	30,000	5,506,241	103,370
<b>Accumulated surplus</b>			
Beginning of year	<u>15,669,753</u>	<u>15,669,753</u>	<u>15,566,383</u>
End of year	<u>\$ 15,669,753</u>	<u>\$ 21,175,994</u>	<u>\$ 15,669,753</u>

See accompanying notes to the financial statements

**Provincial Capital Commission  
Statement of Changes in Net Debt**

Year ended	Plan 2014	Actual March 25 2014	Actual March 31 2013
	Note 3(j)		
Annual surplus	\$ <u>30,000</u>	\$ <u>5,506,241</u>	\$ <u>103,370</u>
Tangible capital assets			
Acquisition of tangible capital assets	(225,000)	(288,241)	(268,361)
Disposal of tangible capital assets	-	60,000	-
Amortization of tangible capital asset	<u>650,000</u>	<u>601,850</u>	<u>586,656</u>
	<u>425,000</u>	<u>373,609</u>	<u>318,295</u>
Prepaid expenses			
Acquisition of prepaid expenses	-	-	(93,680)
Use of prepaid expenses	<u>-</u>	<u>93,680</u>	<u>89,886</u>
	<u>-</u>	<u>93,680</u>	<u>(3,794)</u>
Decrease in net financial debt	455,000	5,973,530	417,871
Net financial debt			
Beginning of year	<u>(6,169,368)</u>	<u>(6,169,368)</u>	<u>(6,587,239)</u>
End of year	\$ <u>(5,714,368)</u>	\$ <u>(195,837)</u>	\$ <u>(6,169,368)</u>

See accompanying notes to the financial statements

## Provincial Capital Commission Statement of Cash Flows

Year ended	March 25 2014	March 31 2013
Increase (decrease) in cash and cash equivalents		
<b>Operating activities</b>		
Annual surplus	\$ 5,506,241	\$ 103,370
Non-cash items		
Deferred contributions revenue	(439,486)	(394,041)
Prepaid rent	(45,600)	(45,600)
Amortization expense	601,851	586,656
Gain on sale of capital assets	(5,488,994)	-
Change in non-cash working capital (Note 13)	<u>204,067</u>	<u>(60)</u>
Net change in cash from operating activities	<u>338,079</u>	<u>250,325</u>
<b>Capital activities</b>		
Cash used to acquire tangible capital assets	(288,241)	(268,361)
Cash used to repay deferred capital contributions	(44,713)	-
Cash proceeds from sale of land	<u>5,548,994</u>	<u>-</u>
Net change in cash from capital activities	<u>5,216,040</u>	<u>(268,361)</u>
Net increase (decrease) in cash and cash equivalents	5,554,119	(18,036)
Cash and cash equivalents		
Beginning of year	<u>1,505,768</u>	<u>1,523,804</u>
End of year	<u>\$ 7,059,887</u>	<u>\$ 1,505,768</u>

See accompanying notes to the financial statements

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 1. Nature of operations

The Commission, established in 1956, operates under authority of the *Capital Commission Act of British Columbia* and is governed by an appointed board of directors. Eight directors are appointed through Order in Council by the province, and six are appointed by the four core municipalities within the Capital Regional District. As a crown corporation, the Commission is accountable to the provincial government of British Columbia. The Commission is exempt from federal and provincial income taxes.

Its mandate is to connect and celebrate the Capital with every British Columbian through the delivery of outreach and engagement programs. The Commission is also responsible for the stewardship of its property inventory, which includes preservation of owned heritage buildings and green space properties located along the Trans Canada Highway view corridor to the Capital. Revenues from property assets are used to fund core business activities on a self-sustaining basis.

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### 2. Dissolution of the Provincial Capital Commission

The Provincial Capital Commission was dissolved on March 25, 2014 by Order in Council No. 128 issued by Order of the Lieutenant Governor in Council. The assets, liabilities and accumulated surplus of the Provincial Capital Commission were assumed by the Province of British Columbia as of that date.

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### 3. Summary of significant accounting policies

#### (a) Basis of presentation

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as set out in Note 15.

#### (b) Deferred contributions

Contributions received through government transfers for the acquisition of depreciable capital assets are recorded as deferred contributions and are recognized as revenue in the statement of operations equal to the amortization expense on related depreciable capital assets. This approach complies with section 23.1 of the *Budget Transparency and Accountability Act*.

#### (c) Cash and cash equivalents

The Commission considers all highly liquid investments purchased with a maturity of three months or less as of the date of acquisition to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks, and highly liquid short-term investments.

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 3. Summary of significant accounting policies (continued)

#### (d) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

**Fair value:** Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of re-measurement gains and losses until such time that the financial assets are de-recognized due to disposal or impairment. At that time of de-recognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances are reversed from the statement of re-measurement gains and losses.

**Cost:** Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is de-recognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investment.

#### (e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Contributed tangible capital assets are recorded at fair value when the fair value can be reasonably determined. If the fair value cannot be reasonably determined the Commission will record the contributed tangible capital asset at \$1. This applies to park land and green space, and the contribution of St. Ann's Academy, a nationally designated historical site, which has been recorded at \$1.

Amortization of tangible capital assets is calculated on a straight-line basis over the assets' estimated useful lives at the following rates:

	<u>Years</u>
Buildings and improvements	31-40
Wharves	10
Furniture and equipment	5
Computer hardware and software	3
Specialized equipment	20

Assets under construction are not amortized until the asset is available for productive use.

Individual capital assets within a class having a low threshold value and expected shorter useful life may be amortized at an accelerated rate.

If the asset or contribution singly or in combination equal to or greater than \$50,000, then the asset is capitalized at gross acquisition cost and the external contribution is to be deferred and amortized on the same basis as the amortization of the related capital asset. The amortization of the deferred revenue and the amortization expense offset each other.

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 3. Summary of significant accounting policies (continued)

#### (e) Tangible capital assets (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value.

#### (f) Revenue recognition

Revenue received under tenant lease agreements and from future development sites currently used as parking lots are recorded on an accrual basis. Tenant income includes base rent, licence fees and additional rent under lease agreements for building operating expenses, amortization of specialized equipment and property management.

Restricted contributions and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- Contributions restricted for specific purposes other than for acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

Investment income includes interest recorded on an accrual basis and realized gains and losses on the sale of investments, and write-downs on investments where the loss is determined to be other than temporary.

#### (g) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates of amortization, impairment of assets, contingencies and commitments.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 3. Summary of significant accounting policies (continued)

#### (h) Segmented information

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. The Commission has provided definitions of segments used as well as presented financial information in segmented format in Note 10.

#### (i) Employee future benefit plans

The Commission and its employees make contributions to the Public Service Pension Plan. This plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. These contributions are expensed as incurred.

#### (j) 2014 Plan

The 2014 Plan amounts have been reported for comparison to actual results and have been derived from the Provincial Capital Commission Service Plan 2012/13 – 2014/15 approved by the Board of Directors of the Commission on January 15, 2013.

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4. Cash and cash equivalents	<u>2014</u>	<u>2013</u>
Cash	\$ 6,119,670	\$ 229,786
Cash equivalents	<u>940,217</u>	<u>1,275,982</u>
	<u>\$ 7,059,887</u>	<u>\$ 1,505,768</u>

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## Provincial Capital Commission Notes to the Financial Statements

March 25, 2014

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5. Due from/to government organizations	<u>2014</u>	<u>2013</u>
Due from:		
Federal government	\$ 13,654	\$ 14,579
Provincial government	<u>145,121</u>	<u>-</u>
	<u>\$ 158,775</u>	<u>\$ 14,579</u>
Due to:		
Federal government	\$ 11,285	\$ 38,672
Provincial government	<u>296,136</u>	<u>185,282</u>
	<u>\$ 307,421</u>	<u>\$ 293,954</u>

In addition to the amounts reported as due from (to), the Commission had the following transactions with the Province and its related entities:

- Insurance premiums of \$122,786 (2013: \$131,399) were paid to the Ministry of Finance, Risk Management Branch, net of \$32,627 (2013: \$107,619) recovered from the Ministry of Labour, Citizens' Services and Open Government (MLCS) for St. Ann's Academy.
  - Rent revenue of \$39,600 (2013: \$39,600) was received from MLCS relating to St. Ann's Academy. In return a total of \$78,213 (2013 \$94,441) was paid to MLCS for St. Ann's Academy common operating expenses.
  - In 2014, the Commission contracted with MLCS through Shared Services BC to support commercial real estate and property management functions for assigned properties. Total expenses for all services this year, including direct operating and maintenance costs managed on behalf of the Commission, were \$656,231 (2013: \$540,330).
  - The Province acts as fiscal agent for the Commission and also provides personnel and payroll services. Total service charges were \$11,296 (2013: \$11,369).
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## Provincial Capital Commission Notes to the Financial Statements

March 25, 2014

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### 6. Deferred operating contributions

Transport Canada provided \$1.5 million in cash in December 2001 for the continued operation of the Belleville Port Facility. The contribution is restricted for eligible expenses to operate the port, as described in the Transport Canada Contribution Agreement dated December 4, 2001. The original agreement stipulated that any unused funds must be returned to Transport Canada after ten years (December 2011). During the 2012 fiscal year, the agreement was amended to indicate that any unused funds must be returned to Transport Canada by March 31, 2014. In February 2014, Transport Canada indicated support for further extension of the agreement. The agreement was assumed at dissolution by the BC Transportation Financing Authority. On March 28, 2014 the ending cash balance of \$286,518 was transferred to the BC Transportation Financing Authority.

	<u>2014</u>	<u>2013</u>
Opening balance	\$ 422,873	\$ 523,977
Less: Revenue recognized for eligible expenses	<u>136,355</u>	<u>101,104</u>
Ending balance	\$ <u>286,518</u>	\$ <u>422,873</u>

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### 7. Deferred capital contributions

Deferred capital contributions represent assets received through contribution or donation from the Province of British Columbia, Transport Canada, Commission tenants and other third parties. Significant events are as follows:

- In December 2001 Transport Canada under a divestiture agreement contributed \$2 million in existing land, buildings and wharves to the Commission for the continued operation of the Belleville Port Facility. The agreement contains a number of provisions including limits to the Commission's ability to dispose of assets and mutual early termination with any unexpended amount of the contribution shall be repayable to Canada.

The land contribution of \$1,556,000 was recorded as an increase to investment in the accumulated surplus. The balance of \$444,000 for buildings and wharves, plus an additional \$145,750 spent on wharf improvements in 2006 and \$259,474 in 2011, has been recorded as deferred capital contributions and recognized as revenue on the same basis as the annual amortization expense. Revenue in the current year is 56,882(2013: \$56,896).

- In 2005, the Commission received \$1,450,000 from the Province of British Columbia for remediation of the Crystal Garden. The amount was recorded as a deferred capital contribution and annual revenue matches the asset amortization expense. Revenue in the current year was \$31,968 (2013: \$57,350).

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## Provincial Capital Commission

### Notes to the Financial Statements

March 25, 2014

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#### 7. Deferred capital contributions (continued)

- In 2005/06, a tenant contribution of \$676,845 was received for capital upgrades to the Crystal Garden. Under terms of the current lease agreement with the City of Victoria, the amount recorded as revenue in the current year was \$45,600 (2013: \$45,600). The remaining contribution balance at March 25, 2014 was \$100,118 (2013: \$145,718).
- In 2009, a tenant contribution of \$89,425 was received for refurbishment of the Blackball Ferry Line wharf. Annual revenue is \$8,943 (2013: \$8,943). The remaining balance of \$44,713 was repaid to the Blackball Ferry Line at dissolution.
- In fiscal 2011 and 2012, the Commission received contributions from the Province of British Columbia and the federal government for the Steamship Terminal seismic upgrade and rehabilitation project. As of March 31, 2013, total provincial and federal contributions were \$3,000,000 and \$1,500,000, respectively. Annual revenue in 2014 is \$112,500 (2013: \$76,999).
- The balance of deferred capital contributions includes the net book value of the Crystal Garden and other buildings transferred from the Province in prior years. Annual revenue is \$94,857 (2013: \$92,750).

	<u>2014</u>	<u>2013</u>
Opening balance	\$ <u>6,894,673</u>	\$ <u>7,233,210</u>
Less amounts recognized as revenue:		
Federal – Belleville Port Facility	56,882	56,896
Federal – Steamship Terminal	37,500	25,656
Province of British Columbia – contributed assets	133,749	159,042
Province of British Columbia – Steamship Terminal	<u>75,000</u>	<u>51,343</u>
	303,131	292,937
Tenant contribution – Crystal Garden	45,600	45,600
Repayment on Blackball property	<u>44,713</u>	-
	<u>393,444</u>	<u>338,537</u>
Ending balance	\$ <u>6,501,229</u>	\$ <u>6,894,673</u>

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## Provincial Capital Commission Notes to the Financial Statements

March 25, 2014

### 8. Tangible capital assets

<b>Cost</b>	<b>Balance at March 31 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance at March 25 2014</b>
Land	\$ 9,831,221	\$ -	\$ (60,000)	\$9,771,221
Buildings	15,415,488	118,396	-	15,533,884
Wharves	1,295,006	169,845	-	1,464,851
Furniture and equipment	348,856	-	(46,665)	302,191
Specialized equipment	836,787	-	-	836,787
St. Ann's Academy	619,667	-	-	619,667
<b>Total</b>	<b>\$28,347,025</b>	<b>\$ 288,241</b>	<b>\$ -(106,665)</b>	<b>\$28,528,601</b>

<b>Accumulated amortization</b>	<b>Balance at March 31 2013</b>	<b>Disposals</b>	<b>Amortization expense</b>	<b>Balance at March 25 2014</b>
Buildings	\$ 5,148,364	\$ -	\$ 391,998	\$5,540,362
Wharves	659,558	-	141,609	801,167
Furniture and equipment	330,228	(46,665)	11,999	295,562
Specialized equipment	237,036	-	40,753	277,789
St. Ann's Academy	226,398	-	15,492	241,890
<b>Total</b>	<b>\$ 6,601,584</b>	<b>\$ (46,665)</b>	<b>\$ 601,851</b>	<b>\$7,156,770</b>

<b>Net book value</b>	<b>Balance at March 31 2013</b>		<b>Balance at March 25 2014</b>
Land	\$ 9,831,221		\$9,771,221
Buildings	10,267,124		9,993,522
Wharves	635,448		663,684
Furniture and equipment	18,628		6,629
Specialized equipment	599,751		558,998
St. Ann's Academy	393,269		377,777
<b>Total</b>	<b>\$21,745,441</b>		<b>\$21,371,831</b>

The Commission's property holdings within the Capital Regional District include heritage buildings, inner harbour ferry terminals and development sites that are currently used as temporary parking lots, parklands and green space.

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## Provincial Capital Commission Notes to the Financial Statements

March 25, 2014

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### 8. Tangible capital assets (continued)

Cuthbert Holmes Park, totalling 8.0 hectares, has been leased to the Corporation of the District of Saanich for a period of 99 years for \$1, expiring December 31, 2086.

St. Ann's Academy, excluding the Chapel and Interpretative Centre, is leased for 51 years, expiring in 2048, to MLCS on behalf of the Province of British Columbia, in exchange for building renovations completed in 1996. During the lease period, MLCS is responsible for property management and capital maintenance of the building. At the end of the lease term all tenant improvements become property of the Commission.

The Steamship Terminal Seismic Upgrade and Rehabilitation Project was completed in the fall of 2011. In fiscal 2014, an additional \$99,686 was invested in scheduled building maintenance. As at March 25, 2014, a total of \$5,012,693 (2013: \$4,913,007) was recorded under Buildings and Specialized Equipment. Amortization expense commenced September 1, 2012, consistent with the effective date of the head lease with the Greater Victoria Harbour Authority.

In February 2013, the Province of British Columbia announced an Incremental Treaty Agreements with five Vancouver Island First Nations. Under the agreement, Provincial Capital Commission property at 613 Pandora Avenue in Victoria will be transferred in the future to the Songhees Nation, subject to terms of the Agreement. The net book value of land and buildings at March 25, 2014 is \$390,000.

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### 9. Proceeds from sale of land

The Provincial Capital Commission sold 39 parcels of land during the year. The revenue has been disclosed separately from operating income. Total sales and transactions costs are as follows:

Sale proceeds	\$ 5,730,695
Fees paid to the Province of British Columbia	175,494
Legal fees	<u>6,207</u>
	181,701
Net proceeds	5,548,994
Original cost of land	<u>60,000</u>
Gain on sale of land	\$ <u>5,488,994</u>

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

### 10. Segmented information

Segmented information has been identified based upon functional lines of service provided by the Commission. Expenses are presented by core business activity. A description of each core business activity is summarized below:

#### Outreach programs

Outreach expenses and administration includes employee salaries and benefits, purchased services and professional support, administrative expenses and an allocation for head office operating expenses. Income received from the rental of facilities at St. Ann's Academy is reported as revenue.

#### Properties

Expenses include operating expenses and asset amortization associated with revenue producing heritage buildings, inner harbour ferry terminal facilities and development sites currently used as temporary parking lots, and park land and green space properties. Operating expenses include but are not limited to repairs, maintenance, utilities and insurance. In tenant occupied buildings, the lease agreements provide for payment of additional rent for common area operating expenses incurred by the Commission. Property management and administration expenses include employee salaries and benefits, professional support including legal, property management and accounting services, administrative expenses, and an allocation for head office operating expenses.

#### Corporate support and governance

Expenses include board and committee meetings, employee salaries and benefits, professional services and administrative expenses for corporate operations and governance support, including operating expenses for the head office at 613 Pandora Avenue. A portion of head office operating expenses is allocated to Programs and Properties as determined by management using a formula appropriate to the type of cost.

Expenses by Object	Outreach Programs	Properties	Corporate Support and Governance	2014 Total	2013 Total
Property operating expenses	\$ 125,811	\$ 851,658	\$ 41,387	\$ 1,108,856	\$ 1,021,804
Salaries and benefits	457,184	102,102	209,552	768,838	860,645
Amortization	15,492	570,123	16,236	601,581	586,656
Professional services	-	16,791	59,941	73,732	122,532
Outreach program contributions	456,277	-	-	456,277	363,698
Office and business	14,530	62,759	140,414	217,703	192,674
Board and committees	-	-	38,496	38,496	31,978
	<u>1,069,294</u>	<u>1,603,433</u>	<u>503,026</u>	<u>3,175,753</u>	<u>3,179,987</u>
Corporate overhead transfer	<u>72,600</u>	<u>74,100</u>	<u>(151,700)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,141,894</u>	<u>\$ 1,677,533</u>	<u>\$ 351,326</u>	<u>\$ 3,175,753</u>	<u>\$ 3,179,987</u>

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 11. Employee future benefit plans

The Commission and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2011) determined the Plan had an unfunded liability. As a result, the Public Service Pension Board of Trustees will implement a contribution rate increase of 0.40% each, for plan members and employers to meet the funding requirements of the *Pension Benefits Standards Act*. The increase in rates went into effect April 1, 2012.

Contributions to the Plan by the Commission were \$55,152 (2013: \$63,914).

The Commission also contributes through the provincial government payroll system for employer funded health care, employment and termination benefits as provided for under collective agreements and terms of employment. For 2013/14, the benefits contribution was 24.0% (2013: 23.0%) of salary costs. The Commission's total benefit expense for the year was \$149,200 (2013: \$151,559).

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### 12. Contingency

At March 25, 2014, the Commission has one outstanding third party injury claim incurred on Commission owned properties. The potential liability for this claim is uncertain and cannot be estimated at this time. The Commission carries common general liability insurance to mitigate its financial exposure. Any subsequent financial liability will be assumed by the Province of British Columbia.

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### 13. Supplemental cash flow information

	<u>2014</u>	<u>2013</u>
Change in non-cash operating and investing working capital		
Accounts receivable	\$ 37,807	\$ (2,001)
Due from government organizations	(144,196)	12,759
Accounts payable and accrued liabilities	141,724	(10,891)
Due to government organizations	83,467	62,924
Deferred revenue	(8,415)	(59,057)
Prepaid expenses	<u>93,680</u>	<u>(3,794)</u>
	<u>\$ 204,067</u>	<u>\$ (60)</u>

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# Provincial Capital Commission

## Notes to the Financial Statements

March 25, 2014

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### 14. Financial risk management

In the normal course of operations, the Commission is exposed to a number of risks that can affect its operating performance. The management of the Commission along with its board of directors monitors the Commission's risk through periodic review. These risks and the action taken to manage them are as follows:

#### Interest rate risk

The Commission has investments included in cash and cash equivalents. These investments are short term and are therefore not subject to large fair market value changes caused by changes in interest rates.

#### Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfil their lease commitments. The Commission mitigates the risk of credit loss by attracting and retaining quality tenants, diversification of the tenant mix, and through lease indemnification measures.

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### 15. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the *Budget Transparency and Accountability Act*

As noted in the significant accounting policies, Section 23.1 of the *Budget Transparency and Accountability Act* and its related regulations require the Commission to recognize government transfers for capital assets into revenue on the same basis as the related amortization expense.

The Commission has properly accounted for the transfers that do contain stipulations that create a liability in accordance with Canadian public sector accounting standards.

For the transfers that do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants be fully recognized into revenue. The impact of this difference on the financial statements of the Commission for the transfers that do not contain stipulation that create liability is as follows:

- Year ended March 31, 2013: decrease in annual surplus by \$227,098.
  - March 31, 2013: increase in accumulated surplus and decrease in deferred contributions by \$6,159,279.
  - Year ended March 25, 2014: decrease in annual surplus by \$237,305.
  - March 25, 2014: increase in accumulated surplus and decrease in deferred contributions by \$5,921,974.
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