



PROVINCIAL
CAPITAL
COMMISSION

2012/13 ANNUAL REPORT





Cover: The Provincial Capital Commission congratulates the City of Victoria on the 150th anniversary of incorporation.

Contents

What is a Capital?	2
Message from the Chair to the Minister Responsible	3
Year in Review 2012/13	4
Organizational Overview	9
Corporate Governance	11
Report on Performance	14
Progress Against Government's Letter of Expectations	26
Risks and Sensitivities	28
Financial Report	29
Financial Summary	33
Financial Statements	35

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 a 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.



Message from the Chair to the Minister Responsible

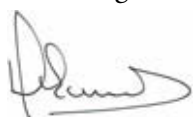
To the Honourable Coralee Oakes
Minister of Community, Sport and Cultural Development

The Provincial Capital Commission (PCC) successfully navigated through considerable change in 2012/13 including welcoming a new Minister Responsible, a new Board Chair, seven new directors and a new Chief Executive and Operating Officer. As part of a government-wide efficiency savings review, the PCC also restructured and streamlined its organizational capacity and outsourced day-to-day operational support functions for property and financial management effective April 1, 2012.

Throughout the year, we continued to provide careful stewardship of our properties and heritage buildings. The Greater Victoria Harbour Authority made significant progress on fixturing upgrades to the Steamship Terminal and signed two key sub-tenants – the Robert Bateman Centre and Steamship Grill and Taphouse slated to open in 2013. In addition, two government initiatives announced in 2012/13 will result in minor impacts to the PCC's non-core property holdings within the next 12 to 24 months: the potential sale of surplus green space properties to the City of Langford, and the upcoming transfer of the PCC's headquarters building to the Songhees Nation as part of an interim treaty agreement with the Province.

The PCC's province-wide outreach initiatives continue to flourish including *Capital for Kids* which has helped more than 31,000 young British Columbians participate in educational field trips to Victoria. While 2012/13 participation was lower than anticipated due to public sector education job action, we expect to meet our target performance in 2013/14. New initiatives last year included the creation of bilingual interpretive signs on the grounds of St. Ann's Academy telling the important story of the beginnings of education and health care in the province. The 2012/13 year also saw continued financial support for ongoing province-wide programs such as Communities in Bloom, Heritage Fairs and both the BC and Francophone Youth Parliaments. As part of our mandate to "connect and celebrate the Capital with all British Columbians," the PCC continued to support a dozen festivals including two special events – the City of Victoria's 150th anniversary of incorporation and the Township of Esquimalt's centennial.

Over the years, the Commission has consistently demonstrated sound fiscal management in achieving its annual operating targets. Our net surplus of \$103,370 achieved for 2012/13 reflects prudent management of revenues and expenses, and efficiency savings achieved through organizational restructuring. Looking ahead, enhancing outreach programs and addressing aging ferry terminal infrastructure will be key priorities.



David Everett, Chair

Accountability Statement

The Provincial Capital Commission's 2012/13 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, including what has been included in the report and how it has been reported. The information presented reflects the actual performance of the PCC for the 12 months ending March 31, 2013 in relation to the January 2012 Service Plan. I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion. All significant assumptions, policy decisions, events and identified risks, as of June 25, 2013 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 January 2012 Service Plan was released, and any significant limitations in the reliability of data, are identified in the report.



Year in Review 2012/13

2012
APRIL

The Provincial Capital Commission finalized the head lease agreement for the Steamship Terminal building with the Greater Victoria Harbour Authority.

This year, 100 Mile House earned the Provincial Capital Commission's 2012 *Heritage Conservation Award* under the BC Communities in Bloom program. Criteria for the award includes preservation and/or restoration of natural heritage as well as integration of landscape and streetscapes pertaining to a community's built heritage, along with cultural heritage such as monuments, memorials, artifacts, museums, archival records, heritage foods, festivals and celebrations.



Consistent with Government's Letter of Expectations, the PCC achieved administrative efficiencies by outsourcing support for property and financial management utilizing government resource capacity.

2012
MAY

On May 2, Minister Ida Chong and representatives from the francophone community, including the Francophone Affairs Program, Government of British Columbia and La Société historique francophone de Victoria, officially unveiled a series of new bilingual interpretive signs on the grounds of St. Ann's Academy National Historic Site. These signs, embedded with Quick Response (QR) codes to allow for expanded online learning, tell the important story of the beginnings of education and health care in British Columbia. As a complement to the signage program, a new botanical guide to the grounds of St. Ann's Academy was developed in both official languages.

The PCC continued its sponsorship of the BC Heritage Fairs Society to encourage students throughout the province to delve into British Columbia's past and present by participating in local heritage fairs. PCC support included a *Capital Award* for each of the 12 regional fair events. The award recognizes projects that highlight an aspect of history or heritage connected to British Columbia's provincial capital. The PCC also provided financial support to students selected by regional judges to travel to the provincial event held in Abbotsford in July.

For the 20th year, the PCC again donated its Ship Point property to host the Swiftsure International Yacht Race.

Heritage Fair



On June 21, renowned nature artist and environmentalist Robert Bateman announced plans to establish The Robert Bateman Centre in the upper two floors of the Steamship Terminal building. The centre, which opened in May 2013, includes an art gallery and headquarters for the Bateman Foundation.



Rick Crosby (CEO PCC), Robert Bateman and Curtis Grad (CEO GVHA)

For the seventh consecutive year, the PCC was recognized as a major sponsor of National Aboriginal Day celebrations in the Capital. The First Peoples Festival featured more than 100 drummers and dancers including the Kwhlii Gibaykw Nisga'a Dancers from Vancouver, and a special performance by 30 young children from Journeys of the Heart, a cultural learning program of the Hulitan Family and Community Services Society.

Daredevil mountain bike riders were back June 22 to 24 for the PCC sponsored JumpShip, an Inner Harbour event which showcased some of the world's best free-ride mountain bikers, including BC competitors.

The City of Victoria was awash with red and white as locals and visitors celebrated Canada Day in the Capital with support from PCC sponsorship. The Ship Point properties were used to showcase emerging artists and cultural groups throughout the day along with an international food village and family-oriented events.



Canada Day

The PCC again sponsored the 2nd annual Victoria International Buskers Festival by offering Ship Point to host the main stage venue. Running July 20-29, this free family-orientated event featured more than 600 one-hour performances throughout the Inner Harbour at various locations.



Victoria Ska Festival

The 13th annual Victoria Ska Festival, a multi venue event including PCC's Ship Point property, continues to be the largest and longest-running festival of its kind in North America. The event promotes multicultural musical talent from across BC and internationally, and is well attended by residents and visitors to the Capital.



AUGUST 2012

The PCC participated in the City of Victoria's celebration of its 150th anniversary of incorporation in 1862, including the August 2 *150 Forward Community Celebration* event in Centennial Square. In addition, the PCC was a funding partner with the City and the United Way of Greater Victoria for *City United!*, celebrating BC Day at St. Ann's Academy. The great lineup of community entertainment and activities on August 6 created a family-oriented BC Day event in the Capital.

Over the month of August, the PCC facilitated the local display of a national touring exhibition *Perspectives: Scenes of Canada's Capitals / Perspectives: scènes des capitales du Canada*. The exhibit featured the winners of a national "Canada's Capitals" photo contest in which more than 2,000 Canadians submitted their artistic perspective of their Capital. Featuring two winners from Victoria, the exhibition was shown at Centennial Square, St. Ann's Academy and the main branch of the Greater Victoria Public Library.



Perspectives exhibit



Victoria Symphony Splash

The PCC was a Community Sponsor of the 23rd annual Victoria Symphony Splash. The event drew more than 40,000 people into the Inner Harbour area to enjoy the classical sounds of the Victoria Symphony Orchestra and to celebrate Victoria's 150th anniversary with the inclusion of "Inner Harbour Overture" and "Harmonious Interest" compositions.



City United! BC Day

The PCC's Ship Point property was again used to host the 18th annual Victoria Dragon Boat Festival, celebrating the sights, sounds and flavours of Victoria's multicultural community with performances and activities on land. The event, held in the Year of the Dragon, connected hundreds of racing paddlers from British Columbia and the Pacific Northwest to the Capital.

For the second year, the PCC's St. Ann's Academy was a sponsored venue for the Victoria Fringe Theatre Festival. The annual festival featured more than 370 performances throughout its 11-day run with live presentations of comedy, drama, dance and musicals.



Lion dancers open Victoria Dragon Boat Festival

As a leading member of the Canadian Capital Cites Organization (CCCO), the PCC attended the CCCO Conference in Edmonton, with a key focus on Canada's 2017 sesquicentennial celebrations.





This year's Labour Day long weekend featured the 35th Annual Victoria Classic Boat Festival. This long-standing free event in the Inner Harbour features traditional vessels in all shapes and sizes from around the Pacific Northwest. The PCC donates the use of Ship Point to support the event.

Within the Capital region, the Township of Esquimalt celebrated its 100th anniversary of incorporation on September 8 with a community celebration at Gorge Park. As part of the day's events the PCC funded and ran the *Provincial Capital Commission Kids Zone*.

Esquimalt Centennial Kids Zone



"Voices from the Past" ghostly walking tours of St. Ann's Academy National Historic Site were again offered in advance of Halloween to illustrate a different side of the history of the 150-year-old institution while touring the property at dusk.

The seasonal concert program "Tidings of Comfort and Joy" returned to St. Ann's Academy with two festive concerts in the Chapel during Advent. A sing-a-long celebration drew nearly 200 people for an afternoon of holiday tunes accompanied by the century-old Casavant organ.

The annual BC Youth Parliament drew 95 students from across the province who spent four days in animated debate in the Legislative Assembly chambers during the Christmas holidays.



Since 2006, the PCC has sponsored this event, which fosters democratic process, parliamentary procedure and civic responsibility. The PCC chronicled the stories of several exceptional young parliamentarians in the Winter 2012/13 edition of our newsletter, *Capital Connections*, which is found on the PCC website at www.bcpc.com/capital_connections.php.

BC Youth Parliament



2013
JAN

The PCC 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, the PCC presented the inaugural *Capital Award – Le Prix de la Capitale* for exceptional leadership and citizenship shown during the current parliamentary session.



BC Francophone Youth Parliament

On January 22, the Greater Victoria Harbour Authority announced its main floor tenant to the Steamship Terminal. The restaurant and coffee bar, known as Steamship Grill and Taphouse, will be slated to open by late summer 2013.

2013
FEB/MAR

The PCC Service Plan for 2013/14 – 2015/16, released in February, identifies the need to address aging ferry terminal infrastructure. An immediate requirement is confirmation of a funding strategy to replace the wharf leased to Black Ball Ferry Line at a cost of up to \$10 million.

To keep pace with evolving technology, the PCC converted its website to a mobile-friendly format allowing compatible viewing on a variety of portable and desktop devices.



Wharf leased to Black Ball Ferry Line



Organizational Overview

The Provincial Capital Commission is a Crown agency of the Province of British Columbia. The PCC 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 PCC's mandate was broadened to include a diverse range of outreach programs intended to benefit all British Columbians.

Enabling Legislation and Mandate

The PCC operates 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. In January 2012, this direction was reaffirmed by government and the PCC. As a self-sustaining crown agency, the PCC remains a steward of significant heritage sites within the Capital, with a renewed focus on continuing and expanding our 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 PCC has two core business functions:

- Delivery of outreach and engagement programs that connect and celebrate British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of PCC-owned heritage, Inner Harbour and open space properties.



Benefits to British Columbians

The work of the PCC benefits 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 PCC's mandate.

Products and Services Provided

The PCC provides a variety of services to the public in support of our vision. These include:

- *Capital for Kids* youth funding program to help student and community groups from across the province visit and learn about 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 that connect the Capital to all regions of the province and which foster pride and awareness
- PCC properties provide venues for public events, and enhance heritage and public greenspace in the Capital region.

The PCC provides financial assistance for youth groups that travel to the Capital, develops online learning resources based on school curriculum requirements, and produces audio and video materials available through either direct distribution to schools or as downloads from various internet links. The PCC provides resources to the public through two web domains, www.bcpcc.com and www.stannsacademy.com. The PCC supports community-based initiatives that connect and celebrate the Capital with British Columbians through a variety of partnerships and sponsorships. All of our outreach activities are funded by optimizing the revenues from our properties.

Partners, Clients and Stakeholders

The PCC operates in an environment that includes 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 PCC's corporate office is located at 613 Pandora Avenue in Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy National Historic Site located at 835 Humboldt Street in Victoria, BC.



Corporate Governance

Overview

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

Role of Board of Directors

Board of Directors

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

Role of Board Committees

Membership as at March 31, 2013

Program Resource and Communications Committee

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

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

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

Committee Chair: William Norton

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

Key Management Resource: CEO and CFO



PCC Board of Directors (some members missing)

Governance Committee

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

Committee Chair: Dennis Murray

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

Key Management Resource: Corporate Secretary

Executive Committee

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

Committee Chair: David Everett

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

Key Management Resource: CEO



Governance Principles

Renewal

Board recruitment of the Order in Council directors is determined through a careful review of the skills and expertise required to effectively govern the PCC 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 are chosen according to the government's merit-based appointment policy guidelines, which target an open, transparent and consistent appointment process. The six municipal representatives are appointed in accordance with the *Capital Commission Act*.

Orientation

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

Continuous Governance Improvement

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

Independence

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

Management Relationship

Directors engage with management in strategic planning sessions and approve the PCC's Service Plan that sets out the PCC's strategy and goals. An annual operating plan is presented by management and approved by the Board. Management is accountable to the Board for implementation and achievement of plans. The Board reviews 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 PCC 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 are also disclosed. This information can be found at: www.bcpc.com/board/governance.htm.



Membership of the Board of Directors of the BC Provincial Capital Commission at March 31, 2013

David Everett, Chair

Vancouver, BC
Appointed By: Order in Council
First Appointed: December 2008

Linda Annis, Director

Surrey, BC
Appointed By: Order in Council
First Appointed: June 2012

Birgit Bennett, Director

Kelowna, 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

Shellie Gudgeon, Director

Victoria, BC
Appointed By: City of Victoria
First Appointed: January 2013

Lynda Hundleby, Director

Victoria, BC
Appointed By: Township of Esquimalt
First Appointed: December 2008

Ben Isitt, Director

Victoria, BC
Appointed By: City of Victoria
First Appointed: December 2011

K. Wayne Lippert, Director

Vernon, BC
Appointed By: Order in Council
First Appointed: June 2012

Dennis T.R. Murray, Director

Victoria, BC
Appointed By: Order in Council
First Appointed: June 2012

William E. Norton, Director

Prince George, BC
Appointed By: Order in Council
First Appointed: June 2012

Diana Skoglund, Director

Kamloops, BC
Appointed By: Order in Council
First Appointed: June 2012

As at March 2013 there are three Board vacancies:

- 1 Order in Council
- 2 District of Saanich

Senior Management Team at March 31, 2013

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 PCC operates under the *Capital Commission Act* with authority that focuses principally on real property and beautification throughout the Capital Improvement District. The PCC'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 PCC 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 are to engage British Columbians in their Capital. The first is about connecting all British Columbians with their Capital. The strategies involve targeted programs that reach out to British Columbians. The measures chosen look at the overall range of programming initiatives, the specifics of the *Capital for Kids: Travel Funding for Youth Groups* (our signature program targeting youth), a measure of the geographic reach of the programs and a sample of public responses to program initiatives.



Summerland Montessori School students visit the Legislature with funding from the PCC's Capital for Kids: Travel Funding for Youth Groups program





City United! BC Day

The performance measures contained in this report have been chosen to highlight the most crucial aspects of the PCC's performance. The targets and subsequent results provide meaningful insight into assessing the PCC's progress toward achieving its stated vision, delivering on its mission and living its values. On the following pages, we outline our goals from the past year, track our performance towards meeting those goals and set new targets for each measure.

The second goal, new in 2012/13, is about celebrating the Capital and the province with all British Columbians. The strategies involve programs and communications that support the celebratory function of the Capital. The measures chosen look at the numbers of people who attend events supported by the PCC, the PCC investment in these events arranged by the type and number of events which are of national, provincial or local significance.

The strategies of the PCC's third goal involve optimizing opportunities from the PCC property portfolio to support the PCC's outreach activities. Since revenue generation from the property portfolio supports the continued good stewardship of these properties as well as the programs of the PCC, meeting revenue targets is essential.

The fourth goal focuses on activities of an effective public sector agency. By demonstrating excellence in governance and corporate operations, we are ensuring that the resources we manage on behalf of the public in delivering services mandated through government are being directed toward the key goals.



GOAL ONE:

British Columbians embrace and take pride in the Capital

Strategies:

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

Measure 1: Level of participation in PCC Outreach programs targeted for children and youth

Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target ¹	2014/15 Target ¹	2015/16 Target ¹
24% increase in youth and 18% increase in groups from previous year	2% increase in youth and 6% increase in groups from previous year ²	0% increase in youth and 0% increase in groups from previous year	40% decrease in youth and 37% decrease in groups from previous year ²	77% increase in youth and 61% increase in groups from previous year ³	2% increase in youth and 2% increase in groups from previous year	2% increase in youth and 2% increase in groups from previous year
6,968 youth from 154 groups	7,087 youth from 163 groups	7,087 youth from 163 groups	4,241 youth from 103 groups	7,500 youth from 166 groups	7,650 youth from 170 groups	7,800 youth from 173 groups

1. Targets for Future Performance have been revised to be consistent with the 2013/14 – 2015/16 Service Plan.

2. The decrease in rate of growth in 2011/12 and 2012/13 reflects a higher than normal cancellation rate given unanticipated labour issues outside PCC control.

3. The high growth rate is reflective of the program returning to pre-labour dispute growth rates. Growth rates from 2011/12 Actuals are 6% for youth and 2% for groups.

Importance of the Measure

To make connections between British Columbians and their Capital, the PCC Board directed staff to emphasize programs for children and youth. In 2006/07, the PCC launched a funding program to support youth travel 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 31, 2013, more than 31,000 youth have participated in the program since its inception in 2006.

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 PCC, some groups that apply may not actually travel. The PCC approves applications for travel funding with the expectation of an average attrition rate of 15%. In fiscal year 2012/13 44% of youth approved did not travel. This higher than normal attrition rate reflects 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 PCC is aware of only one other jurisdiction currently providing funding for youth to travel to a Capital city. The Australian program “Parliament and Civics Education Rebate” (PACER) has supported 30,000 students per year to travel to the national capital at Canberra since the program’s inception in 2001. Similar to BC, the Australian program offers funding on a per capita basis related to distance traveled. The New Brunswick *Capital Encounters* program, introduced in 2009 was originally 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 Regina (see www.opcc.gov.sk.ca/YMP). Neither of the latter provides useful benchmarks for the BC Capital Commission as the program parameters are markedly different.

Measure 2: Number and geographic location of communities participating in PCC Outreach and PCC-sponsored events and activities ¹							
	Past Performance		2012/13 Performance		Future Performance		
	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target ²	2014/15 Target ²	2015/16 Target ²
Change from previous year	7% decrease	9% increase	4% increase	25% decrease ³	30% increase ⁴	2% increase	3% increase
Communities participated	99	108	112	N/A	N/A		
Communities represented by participants in the <i>Capital for Kids</i> program				49	58	59	61
Communities reached by other PCC supported activities				34	50	51	52

1. 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.

2. Targets for Future Performance have been updated to be consistent with the 2013/14 – 2015/16 Service Plan.

3. The decrease in rate of growth in 2012/13 reflects reduced participation due to public education sector job action.

4. The high growth rate is reflective of the program returning to pre-job action levels. Growth rate from 2011/12 actuals to 2013/14 targets is 0%.

Importance of the Measure

To achieve the vision of the PCC, the effect of Outreach programs must reach far beyond the Capital region into all parts of the province. In addition, since different people “connect” in different ways, it is desirable that a broad range of programs be offered or supported.

Data Source / Reporting Period

Participating communities is defined as the number of communities touched by the PCC-sponsored events or programs. This includes communities of origin of each group travelling under the *Capital for Kids* travel funding program. Community identification is provided by the program/event participant. As reported in the 2012/13 – 2013/14 PCC Service Plan, the PCC has modified this measure to be more precise. The measure now counts unique communities touched by direct PCC programs (such as the *Capital for Kids* program) and unique communities touched by PCC-sponsored events (such as the BC Youth Parliament). Going forward, this new measurement structure will provide a clearer picture of reach of the different types of PCC outreach activities.



Benchmark Comparison

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

Measure 3: Participant assessment of the quality and effectiveness of PCC Outreach programs						
Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
98.3%	100%	> 98%	98.9%	> 98%	> 98%	> 98%

Importance of the Measure

Feedback from communities around the province is essential to tailoring the PCC's Outreach programs to meet public 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 PCC surveys group leaders who utilize the program. The percentage of respondents who agree or strongly agree with the statement "I would recommend the *Capital for Kids*: Travel Funding Program to a colleague" is used for this measure. Launched in the middle of fiscal 2008/09, this is the fourth full year of survey results. In fiscal 2010/11, 148 of 151 group leaders responded that they would recommend the *Capital for Kids* Funding Program to a colleague. In 2011/12, the response rate rose to 100% of the 163 leaders would recommend the program while in 2012/13, 94 of 95 respondents would recommend it.

Benchmark Comparison

While the Commission is aware of one jurisdiction that currently provides funding for youth to travel to their Capital city, we do 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 2012 agree or strongly agree with the statement that: "My group would probably not have made this trip without receiving the PCC funding".



GOAL TWO:

Celebrate the Capital and the Province with all British Columbians

Strategies:

- Continue to implement a series of Outreach programs and communications strategies that support the celebratory function of the Capital.
- Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies.
- Continue to implement “signature programs” that will be strongly identified as the corporate mark of the PCC.
- Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in Capital events.
- Seek continuous innovation to grow, refresh, and maintain the vitality of new and/or existing programs.

Measure 1: BC Day Celebrations							
	Past Performance		2012/13 Performance		Future Performance		
	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target ¹	2014/15 Target ¹	2015/16 Target ¹
Attendees	~5,000	~10,000	~5000	~8,000	~10,000	~15,000 attendees	~20,000 attendees
Amount Disbursed	\$20,000	\$36,575	\$30,000	\$32,997 from PCC plus \$80,000 from partners Total: \$115,997	\$83,000 from PCC plus \$40,000 from partners Total: \$123,000	\$100,000 from PCC plus \$50,000 from partners Total: \$150,000	\$110,000 from PCC plus \$60,000 from partners Total: \$170,000

1. Targets for Future Performance have been revised to be consistent with the 2013/14 – 2015/16 Service Plan.

Importance of the Measure

A key part of the PCC’s mission is to encourage British Columbians to embrace and take pride in their Capital and to develop and support opportunities that allow citizens, communities, and regions to participate in celebrations. The PCC has taken the lead in celebrating BC Day in the Capital since 2008 and considers this initiative as a “signature program”. This new performance measure captures the attendance at PCC-supported BC Day events and the investment of the PCC 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 to establish historical data from fiscal years 2010/11 and 2011/12 as this data has not been previously reported. PCC event funding levels are reported to demonstrate the connection between PCC’s financial support and attendance at events that support the PCC’s mandate and the new goal two performance targets. Future reporting will also take into account the leverage of PCC support to secure partners to grow the event.

In 2010, BC Day celebrations were held at St. Ann’s Academy. In 2011, the PCC once again funded a BC Day event at St. Ann’s Academy. Through the celebration of BC Parks 100th anniversary, the PCC also supported BC Day celebrations in 12 communities across the province. In 2012, the PCC partnered with the



City of Victoria to celebrate the 150th 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.

Benchmark Comparison

As this goal and related performance measures for celebration were introduced for 2012/13, work is being undertaken to determine comparable information from similar jurisdictions in Canada. As detailed under Goal 1, while capital commissions exist in other jurisdictions, benchmark comparisons are limited. 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 PCC's strategic role to develop and support events and celebrations of significance hosted in the Capital. PCC staff monitors program offerings of these other organizations to determine whether some useful comparisons can be derived.

Measure 2: Celebrations of national significance in the Capital							
	Past Performance		2012/13 Performance		Future Performance		
	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target ¹	2014/15 Target ¹	2015/16 Target ¹
Attendees	~47,050	~40,030	~40,000	~54,630	~55,000	~55,000	~55,000
Number of events	5	3	3	2	2	2	2
PCC Investment	\$21,801	\$17,365	\$20,000	\$16,100	\$18,300	\$20,000	\$20,000

1. Targets for Future Performance have been revised to be consistent with the 2013/14 – 2015/16 Service Plan.

Importance of the Measure

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

Data Source / Reporting Period



National Aboriginal Day

Attendance data for the measurement is taken from sponsorship agreement final reports which became mandatory in 2011. As this is a new performance measure, historical data not previously reported has been incorporated for fiscal years 2010/11 and 2011/12. In each of those years, the PCC supported Canada Day, National Aboriginal Day and an Aboriginal Veterans celebration at Goldstream Park. For 2012/13, the PCC supported Canada Day celebrations on our Ship Point property and a National Aboriginal Day celebration at the City of Victoria's Spirit

Square. PCC event funding levels are reported to demonstrate the connection between PCC's financial contribution and attendance at events that support the PCC's mandate and Goal Two performance targets.





City United! BC Day at St. Ann's Academy National Historic Site



Actual PCC funding levels will vary due to the number, length, location and type of event planned by event organizers who apply to the PCC for support. For instance, Canada Day celebrations have varied significantly in duration from year to year. National Aboriginal Day has moved locations within the Capital and the Aboriginal Veterans Day celebration was discontinued in 2012/13. PCC funding targets are established based on precedent requests from event organizers. Actual PCC investment in these celebrations during 2012/13 is \$3900 below forecast which reflects reduced funding requests by event organizers.

Benchmark Comparison

As this goal and related performance measures for celebration were introduced for 2012/13, work is being undertaken to determine comparable information from similar jurisdictions in Canada. 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 sector. 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. PCC staff monitors program offerings of these other organizations to determine whether suitable comparisons can be derived.

Measure 3: Community festivals on PCC properties							
	Past Performance		2012/13 Performance		Future Performance		
	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target ¹	2014/15 Target ¹	2015/16 Target ¹
Events	6	7	7	8	8	8	8
Invested	\$15,742	\$33,999	\$35,000	\$47,119	\$41,700	\$42,000	\$42,000
Attendees	~76,750	~205,000	~205,000	~373,500	~295,000	~300,000	~305,000

1. Targets for Future Performance have been revised to be consistent with the 2013/14 – 2015/16 Service Plan.

Importance of the Measure

As part of the PCC strategy to encourage British Columbians to embrace and take pride in their Capital, the PCC develops and supports opportunities that allow citizens, communities and regions to participate in celebrations. The PCC supports community events and festivals hosted on PCC properties that align with the Commission's mandate by providing in-kind use of the property. This new 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



Victoria Dragon Boat Festival

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. PCC event funding levels are reported to demonstrate the connection between PCC's financial contribution and attendance at events that support the PCC's mandate and Goal Two performance targets. Actual PCC funding levels vary due to the number, length, location and type of events planned by event organizers who apply to the PCC for support.

As this is a new measure we are including historical data not previously reported. During 2010/11, the PCC supported the following: Swiftsure International Yacht Race, Victoria's 11th Annual Ska Festival, Northwest Deuce Days, Victoria Dragon Boat Festival, Victoria Classic Boat Festival, and the St. Ann's Wild Lilies Launch. In 2011/12, the PCC supported: Swiftsure International Yacht Race, Victoria International Cycling Festival, Victoria's 12th Annual Ska Festival, Victoria International Buskers Festival, Victoria Dragon Boat Festival, 25th Annual Victoria Fringe Theatre Festival, and the Victoria Classic Boat Festival. For 2012/13, there were both new and returning festivals: Swiftsure International Yacht Race, JumpShip (mountain bike festival), Victoria's 13th Annual Ska Festival, Victoria International Buskers Festival, Victoria Symphony Splash, Victoria Dragon Boat Festival, 26th Annual Victoria Fringe Theatre Festival, and the Victoria Classic Boat Festival. The increased expenditure of \$22,119 beyond the forecasted target is a reflection of the reallocation of administrative savings discussed in the Financial Report.

Benchmark Comparison

As this goal and related performance measures for celebration were introduced for 2012/13, work is ongoing to determine comparable information from similar jurisdictions.



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

Measure 1: Annual revenues from all corporate assets (\$ Millions)

Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
\$3.29	\$2.89	\$3.25	\$3.28	\$3.40	\$3.45	\$3.50

Importance of the Measure

Achieving targets is a measure of performance in optimizing revenues and maximizing occupancy on rentable commercial space. Property revenues are 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 November 2010 and completed in October 2011. Revenue from the Steamship Terminal resumed in September 2012 as planned, and the annual revenue target for 2012/13 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. PCC revenue performance is also guided by the Board's Property Rental and Licensing Policy.

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.



Steamship Terminal



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 CEOO.

Measure 1: Qualitative improvements in business processes and governance						
Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
7 ¹	6 ¹	To be reported annually	3 ²	To be reported annually	To be reported annually	To be reported annually
29 cumulative since base year	35 cumulative		38 cumulative			

1. Initiatives itemized in prior year annual reports.

2. Improvements in 2012/13 include Board succession plan, information technology refresh and efficiency upgrades, and efficiencies in correspondence and records management.

Importance of the Measure

Measuring performance in this area is important to achieving continuous improvement and efficiency in corporate operations and governance.

Benchmark Comparison

This measure is benchmarked against the baseline established in 2006/07. Performance can also be compared to public sector best practices guidelines issued for governance and financial reporting.

Data Source / Reporting Period

PCC staff monitors and publicly reports on improvements implemented each fiscal year through the Annual Report.



Measure 2: Board governance and corporate costs as a percentage of budgeted revenues

Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
<13%	14%	< 15%	<12%	< 15%	< 15%	< 15%

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 PCC focus on efficiency ensures that overhead costs are 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.

Measure 3: Self-sustaining operations

Past Performance		2012/13 Performance		Future Performance		
2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target	2014/15 Target	2015/16 Target
Surplus \$132,858	Achieved reduced deficit (\$338,637) vs. target (\$400,000)	Balanced budget	Surplus \$103,370	Surplus \$30,000	Surplus \$30,000	Surplus \$30,000

Importance of the Measure

As a self-sustaining Crown corporation, the PCC 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 2012/13 and past fiscal years, the PCC has consistently achieved its planned targets.

Benchmark Comparison

Unique characteristics of the PCC's legislation, mandate and business model make it difficult to benchmark against other similar organizations. The PCC's financial outlook and annual targets are based on self-sufficiency and optimizing available revenue to provide outreach programming that benefits 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 PCC’s actions in the 2012/13 fiscal year.

SPECIFIC DIRECTION	PCC ACTION
Outreach Programs	
<ul style="list-style-type: none"> • Provide the Ministry with an annual communication and media strategy. 	<ul style="list-style-type: none"> • Completed
<ul style="list-style-type: none"> • Continue to work collaboratively with provincial, municipal and non-profit agencies on Outreach activities that create awareness of the Capital as a special place for all British Columbians and honour First Nations’ heritage, while showcasing the Capital. 	<ul style="list-style-type: none"> • The PCC continues to work in collaboration with various partners. Examples include the Office of Public Education and Outreach at the BC Legislature, the BC Youth Parliament and the City of Victoria as well as the BC Association of Native Friendship Centres.
<ul style="list-style-type: none"> • Explore options for the use of interactive electronic media and other innovative forms of communication to connect citizens throughout BC with the provincial capital. 	<ul style="list-style-type: none"> • Interpretive signs unveiled at St. Ann’s Academy National Historic Site include Quick Response codes to link the signs to web resources. The PCC’s website was also enhanced to be mobile-friendly.
Properties	
<ul style="list-style-type: none"> • Use Shared Services BC as the delivery agent for PCC property management and lease arrangements. 	<ul style="list-style-type: none"> • Implemented April 2012.
<ul style="list-style-type: none"> • Work with Accommodation and Real Estate Services (within the Ministry of Labour, Citizens’ Services and Open Government) on highest and best use decisions related to the divestiture of non-core property assets (including consideration of Government’s commitment to the New Relationship with First Nations, housing and transportation) and continue to divest non-core properties. 	<ul style="list-style-type: none"> • Rationalization of PCC non-core property holdings remains sensitive to the PCC Property Plan, the treaty process with First Nations, and government’s <i>Realization of Assets for Economic Generation</i> initiative. In 2012/13, PCC property at 613 Pandora Avenue was included in a treaty agreement with Songhees Nation for future transfer. OIC 157/13 was also approved to include PCC lands in the City of Langford for potential disposition.
<ul style="list-style-type: none"> • Continue to determine required capital maintenance to core PCC properties and identify funding strategies to address medium- to long-term requirements. 	<ul style="list-style-type: none"> • As an essential operating requirement, a funding strategy for replacement of the aging timber wharf leased to Black Ball Ferry will be presented to Government in 2013/14.



SPECIFIC DIRECTION	PCC ACTION
Governance	
<ul style="list-style-type: none"> Consult Ministry executive at Community, Sport and Cultural Development on key decisions. 	<ul style="list-style-type: none"> Ongoing. PCC routinely provides Ministry executive with Board agenda packages in advance of scheduled meetings, and mutually shares information on key business matters and planning considerations for decision.
<ul style="list-style-type: none"> Work with the Ministry to draft new legislation that reflects the Corporation's goal of developing programs that encompass all British Columbians. 	<ul style="list-style-type: none"> Deferred in 2012. Issue was removed from 2013/14 Government Letter of Expectations pending further clarification with government on scope and future scheduling.
GENERAL DIRECTION	
<ul style="list-style-type: none"> Comply with Government's requirements to be carbon neutral under the <i>Greenhouse Gas Reduction Targets Act</i>, 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, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations. 	<ul style="list-style-type: none"> The PCC again achieved carbon neutrality in 2012/13. The PCC will continue to report annually to Government on its Climate Action Plan performance through the Carbon Neutral Action Report. This information is available publicly on the website of Livesmart BC: www.livesmartbc.ca.



Risks and Sensitivities

The PCC operates under a Board-approved policy that embraces an enterprise-wide risk management (ERM) approach to PCC business operations and decision making. The PCC's risk management framework consists 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 applies to all activities the PCC undertakes, to ensure that risks are identified, assessed and managed in achieving strategic and operational objectives. ERM occurs at all levels, the development of strategic and operational planning as well as day-to-day business operations. At the planning level, PCC management engages input from Board, staff and contracted subject experts, as required, to identify and assess the PCC's strengths, weaknesses, opportunities and threats. This information is 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 are routinely documented and assessed for severity and likelihood. Operational and financial plans are tied to risk assessment and rationalizing available PCC resources. Through the Finance and Audit Committee outputs, the Committee is provided ongoing updates via a risk management activity report that monitors key risks. The Board is kept apprised through reports from Committees and PCC management at scheduled meetings or through extraordinary meetings, as required.

The following table summarizes the PCC's risk sensitivities and mitigation strategies for identified key strategic issues identified in the Service Plan 2012/13 – 2014/15:

Issue	Risk Sensitivity	Mitigation Strategy
Utilize Government capacity for property management and financial services to support PCC core business operations	Implementation sensitive to timelines contained in the Government's Letter of Expectations.	Implementation was achieved effective April 1, 2012.
Steamship Terminal building tenancy	Achieving financial plan and targets for tenant income.	Lease with Greater Victoria Harbour Authority formally signed off April 2012 with tenant income commencing September 2012 consistent with target assumptions.
Seek financial partnerships from the private sector for Outreach programs	Revenue and program planning remains contingent on negotiation of partner activation agreements subject to Board approval.	PCC financial plan to achieve outreach program goals and performance measures was not contingent on financial partnerships from the private sector.
Board and staff succession planning	Anticipated Board and staff transition through 2012/13 will present challenges in maintaining effective business continuity.	Board Order in Council appointments were addressed in June 2012. To address staff retirements, interim resource plans have been implemented respecting government hiring restraint guidelines applicable to Commission operations.



Financial Report

Management Discussion and 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 and Key Assumptions

As part of the Commission's annual Service Plan update, the Board approves 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 is established to achieve the goals that are set out in the Service Plan.

Financial performance for fiscal year 2013 was planned on the following key assumptions as stated in the 2012/13 – 2014/15 Service Plan:

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

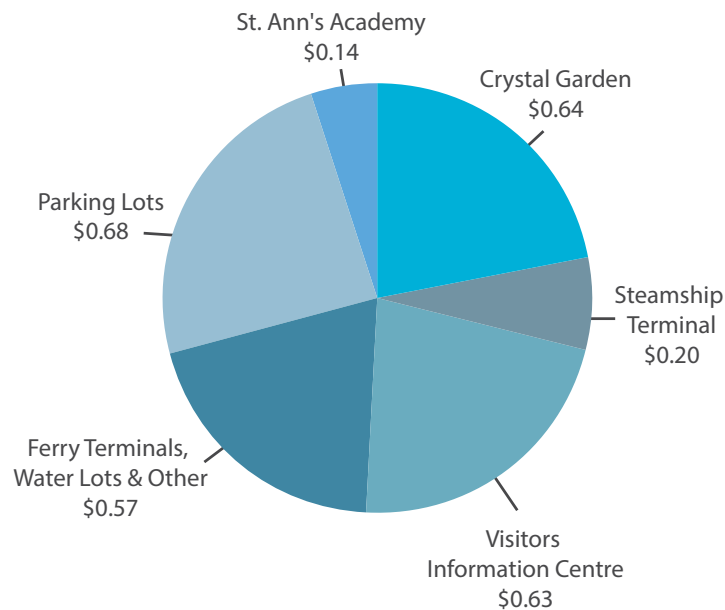


Overview of Revenue 2012/13

REVENUE	PLAN	ACTUAL	% of Total Revenue
Commercial Activities			
Tenant Income	\$2,050,000	\$2,045,611	62%
Parking Lots	700,000	683,175	21%
St Ann's Academy	125,000	135,526	4%
Total Commercial Activities	2,875,000	2,864,312	87%
Contributions	350,000	394,041	12%
Investment Income	25,000	25,004	1%
Total Revenue	\$3,175,000	\$3,283,357	100%

Revenue is primarily generated through commercial activities from PCC property assets. This includes tenant income received through lease and licence agreements, revenue from future development sites on the Inner Harbour currently used as parking lots, and revenue generated from the St. Ann's Academy Interpretive Centre. In 2012/13, revenue from commercial activities of \$2.86 million (2011/12: \$2.61 million) was up 10% from prior year. The increase is primarily due to tenant income from the Steamship Terminal re-commencing in September 2012.

Revenue from Commercial Activities by Property 2012/13



Total revenue of \$3.28 million (2011/12: \$2.89 million) also includes investment income of \$25,004 (2011/12: \$34,534) and revenue from deferred operating and capital contributions of \$394,041 (2011/12: \$243,728).

Compared to the budget plan, the higher actual contributions revenue in 2012/13 reflects the eligible operating costs for the Belleville Port Facility that were funded by the deferred operating contribution received from the federal government in 2001 and that must be fully used by March 31, 2014.



Overview of Expenses 2012/13

Expenses are aligned with the Service Plan goals and core business lines. A description of expenses by core business is as follows:

Expenses	Planned	Actual*	Actual % of Total Expenses
Outreach Programs	\$1,050,000	\$1,080,276	34%
Properties	1,800,000	1,721,268	54%
Corporate support and governance	400,000	378,443	12%
Total	\$3,250,000	\$3,179,987	100%

*Detailed expenses by core business are reported in Note 9 to the Financial Statements.

Outreach Programs includes funding for a mix of province-wide outreach and engagement activities that connect and celebrate the Capital with all British Columbians. This includes program expenses and administration, as well as operating costs for the St. Ann's Academy Interpretive Centre and grounds. Total Outreach Program expenses of \$1,080,276 (2011/12: \$1,082,464) were 3% above plan and consistent with prior year. The program expenses above plan in the current year reflect additional outreach contributions and the government negotiated BCGEU wage increase. Additional program funding was made possible by administrative efficiency savings in Properties and Corporate Support and Governance, and higher program revenues from the St. Ann's Interpretive Centre.

Properties include operating and maintenance expenses, property management, and amortization expense on capital assets. These expenses include all PCC properties excluding St. Ann's Academy and the corporate office at 613 Pandora Avenue. Operating and maintenance expenses include 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 are funded by tenant income received as additional rent contributions under terms of their lease agreements with the PCC. In the current year, tenant income includes \$349,292 (2011/12: \$351,255) as additional rent contributions for operating and maintenance expenses.



Repairs at St. Ann's Academy

Property management expenses include government chargebacks for commercial leasing support and contracted oversight of operating and capital maintenance. Expenses also include salaries and benefits equivalent to two FTE's and contracted subject expertise required for administration of lease and licence agreements, and stewardship oversight of planning and outsourced business support functions.

Total property expenses of \$1,721,268 (2011/12: \$1,740,999) were down 1% from prior year, and 4% below current year plan. The modest reduction from the prior year was achieved from net administrative efficiency savings in property management, and one-time costs incurred in 2011/12 related to the Steamship Terminal project. Compared to the budget plan, savings were achieved in property management and lower than planned investment in capital maintenance in the current year.



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 \$378,443 (2011/12: \$405,401) were down 7% compared to prior year, and 5% below current year plan, reflecting Board travel restraint measures and administrative efficiency savings in corporate operations. Current year expenses were managed well within the Service Plan target of 15% of total operating revenue.



Belleville Port Facility

Investment in Capital Assets

The Commission's property assets are located within the Capital region and have a current assessed value of \$120 million. The inventory includes heritage buildings, Inner Harbour ferry terminals and future development sites currently generating revenue as parking lots. The inventory also includes parks located in four municipalities, and green space properties along the Trans Canada Highway view corridor to the Capital. Building remediation and capital maintenance is financed from the Commission's retained earnings, contributions from the federal and provincial governments, tenants, and other third-party agreements. Capital projects in excess of \$200,000 require authorization by Government through Order in Council. In the current year, the PCC invested \$0.3 million (2011/12: \$3.0 million) in capital assets, all of which was funded from retained earnings within the accumulated surplus (2011/12: \$0.5 million). The majority of investment in capital assets in 2012/13 related to completion of planned capital maintenance to the Steamship Terminal scheduled during the tenant's fixturing period, maintenance of wharves, and lighting efficiency upgrades at various properties. At March 31, 2013, a balance of \$70,000 remains committed for residual work to the Steamship Terminal to be completed in early fiscal 2013/14. The total PCC investment in seismic and structural upgrades to the Steamship Terminal is \$5 million.

In addition to the Steamship Terminal, the PCC has addressed the seismic upgrade and rehabilitation of all its core heritage properties including St. Ann's Academy National Historic Site (1996), the Crystal Garden (2006) and the Visitor Information Centre (2007). Since fiscal year 2005/06, the PCC has invested \$10.4 million in building remediation and capital asset maintenance, of which \$7.5 million has been funded through third-party capital contributions and \$2.9 million from PCC retained earnings.

In December 2001, the PCC received \$1.5 million from Transport Canada as part of the divestiture agreement for the Belleville Port Facility. To date, \$1.1 million has been applied to eligible operating and maintenance expenses, safety and security upgrades, leaving a balance of \$0.4 million at March 31, 2013 which must be used under the terms of the agreement with Transport Canada by March 31, 2014.



Financial Summary

	Prior Years (Note 1)					Current Year				Future Years (Note 2)		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2012/13	2012/13	2011/12	2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual	Actual	Plan	Actual	Variance	Variance	Forecast	Forecast	Forecast
Revenue					A	B	C	(B - C)	(C - A)			
Commercial Activities:												
Tenant income (Note 3)	2,195	2,312	2,408	2,141	1,826	2,050	2,046	(4)	220	2,175	2,245	2,275
Parking lots	687	725	753	696	671	700	683	(17)	12	700	725	735
St. Ann's Academy	95	127	138	129	115	125	136	11	21	125	130	135
Contributions:												
Operating - Port Facility	44	88	78	95	33	50	101	51	68	50	-	-
Capital - contributed assets	192	192	169	199	211	300	292	(8)	81	325	325	325
Investment Income	109	99	13	29	34	25	25	-	(9)	25	25	30
Gain on disposal of property (Note 4)	645	282	53	58	-	-	-	-	-	-	-	-
	3,967	3,825	3,612	3,347	2,890	3,250	3,283	33	393	3,400	3,450	3,500
Expenses by core business												
Outreach Programs (Note 5)	1,409	1,854	1,322	1,123	1,083	1,050	1,080	(30)	3	1,160	1,190	1,215
Properties	1,591	1,852	1,690	1,672	1,741	1,800	1,721	79	20	1,850	1,865	1,885
Corporate support and governance	401	510	496	419	405	400	379	21	26	360	365	370
	3,401	4,216	3,508	3,214	3,229	3,250	3,180	70	49	3,370	3,420	3,470
Annual surplus (deficit) (Note 5)	566	(391)	104	133	(339)	-	103	103	442	30	30	30
Expenses by category												
Property operating expenses	923	1,180	983	853	916	955	1,022	(67)	(106)	1,085	1,100	1,115
Salaries and benefits	955	1,063	932	949	844	980	860	120	(16)	840	850	860
Amortization	401	414	450	463	464	600	587	13	(123)	650	650	650
Outreach program contributions (Note 5)	619	1,076	542	367	392	350	364	(14)	28	415	440	465
Office and business	175	190	169	156	164	175	193	(18)	(29)	200	200	200
Professional services	293	257	399	387	405	140	122	18	283	140	140	140
Board and committees	35	36	33	39	44	50	32	18	12	40	40	40
	3,401	4,216	3,508	3,214	3,229	3,250	3,180	70	49	3,370	3,420	3,470
Investment in capital assets	195	460	259	2,421	2,997	575	268	307	2,729	525	370	550
Less: deferred capital contributions	-	(89)	-	(2,414)	(2,510)	(125)	-	(125)	(2,510)	(300)	(220)	(400)
Equity invested in capital assets	195	371	259	7	487	450	268	182	219	225	150	150
Retained earnings (Note 6)	850	912	992	1,337	719	600	806	206	87	700	850	1,000
Debt (Note 7)	0	0	0	0	0	0	0	0	0	0	0	0

- (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, 2013 represents deferred capital contributions.



Highlights of 2012/13 Financial Performance

Operating results: The current year operating surplus of \$103,370 exceeded plan assumptions of a balanced budget, and was a result of prudent fiscal management and administrative efficiency savings achieved in 2012/13. Current year results include expenses of \$1.1 million for outreach programs.

Since the 2006/07 base year, a total of \$8.8 million has been invested in outreach programming in support of the PCC's mandate, funded through commercial property revenues under the Commission's self-sustaining operating model.

Year over year, the 2012/13 surplus and 2011/12 deficit were both managed within planned Service Plan fiscal targets. The year over year variance was due to restoration of tenant income from the Steamship Terminal commencing September 2012, elimination of one-time project expenses incurred in 2011/12, and efficiency savings achieved in 2012/13.

Investment in Capital Assets: Under head lease to the Greater Victoria Harbour Authority, the Steamship Terminal commenced phased re-opening in May 2013. At this time, all PCC heritage properties have been seismically upgraded and rehabilitated. Aging Inner Harbour infrastructure is becoming an emerging capital maintenance priority. In particular, there is an immediate need to develop a funding strategy to replace the wharf leased to Black Ball Ferry to facilitate a lease extension with the ferry operator beyond 2014.

Retained Earnings: Total reserves at March 31, 2013 were \$0.8 million (2011/12: \$0.7 million), of which \$70,000 (2011/12: \$222,092) is restricted to complete residual work to the Steamship Terminal. An additional \$0.4 million (2011/12: \$0.5 million) held as a deferred operating contribution from Transport Canada is available for operating and maintenance of the Belleville Port Facility to March 31, 2014.

Financial Outlook: 2013/14 Looking Ahead

In the Service Plan for 2013/14 - 2015/16, the financial outlook for future fiscal years has been updated to achieve defined goals and performance measures within a balanced operating plan and available retained earnings and reserve capacity. Modest growth in commercial property revenues will be applied to fund growth in outreach program funding and cost inflation on essential operating costs, including reduced tax exemption savings from the elimination of HST and return to the PST effective April 2013.

The Service Plan and Government's Letter of Expectations for 2013/14 also include specific corporation accountabilities with future financial implications:

- Continue to work with Shared Services BC related to property stewardship and divestiture
- 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 dock replacement strategy.

Looking ahead, the PCC Service Plan identifies significant infrastructure requirements will need to be addressed on its Inner Harbour properties. This includes replacement of the timber wharf currently leased to Black Ball Ferry Line at a cost of up to \$10 million, as part of a long-term strategy to sustain ferry operations in the Inner Harbour.

Information on Subsidiaries and Operating Segments

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





PROVINCIAL CAPITAL COMMISSION

FINANCIAL STATEMENTS

Year Ended March 31, 2013

Contents

Management's Responsibility for Financial Reporting	36
Independent Auditors' Report	37
Statement of Financial Position	39
Statement of Operations	40
Statement of Changes in Net Debt	41
Statement of Cash Flows	42
Notes to the Financial Statements	43-55





PROVINCIAL CAPITAL COMMISSION

Provincial Capital Commission Financial Statements

Year Ended March 31, 2013

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 2 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.

Richard Crosby, C.G.A.
Acting Chief Executive and Operating Officer

Victoria, British Columbia
May 15, 2013



Independent auditors' report

Grant Thornton LLP
3rd Floor
888 Fort Street
Victoria, BC
V8W 1H8
T +1 250 383 4191
F +1 250 381 4623
www.GrantThornton.ca

To the members of the Board of Directors of the Provincial Capital Commission, and
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 31, 2013 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.



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 31, 2013, 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 2 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
May 15, 2013

Chartered Accountants

Provincial Capital Commission Statement of Financial Position

March 31

2013

2012

Financial assets

Cash and cash equivalents (Note 3)	\$ 1,505,768	\$ 1,523,804
Accounts receivable	90,733	88,732
Due from government organizations (Note 4)	<u>14,579</u>	<u>27,338</u>
	<u>1,611,080</u>	<u>1,639,874</u>

Liabilities

Accounts payable and accrued liabilities	224,807	235,698
Due to government organizations (Note 4)	140,066	77,142
Deferred revenue	98,029	157,086
Deferred operating contributions (Note 5)	422,873	523,977
Deferred capital contributions (Note 6)	<u>6,894,673</u>	<u>7,233,210</u>
	<u>7,780,448</u>	<u>8,227,113</u>

Net financial debt	<u>(6,169,368)</u>	<u>(6,587,239)</u>
--------------------	--------------------	--------------------

Non-financial assets

Tangible capital assets (Note 7)	21,745,441	22,063,736
Prepaid expenses	<u>93,680</u>	<u>89,886</u>
	<u>21,839,121</u>	<u>22,153,622</u>

Accumulated surplus (Note 8)	\$ <u>15,669,753</u>	\$ <u>15,566,383</u>
-------------------------------------	-----------------------------	-----------------------------

See accompanying notes to the financial statements:

- Commitments (Note 11)
- Contingency (Note 12)

On behalf of the Board:



David Everett
Chair, Board of Directors



William Norton
Chair, Finance and Audit Committee



Provincial Capital Commission Statement of Operations

Year ended March 31	Plan 2013	Actual 2013	Actual 2012
	(Note 2)		
Revenue			
Commercial activities:			
Tenants	\$ 2,050,000	\$ 2,045,611	\$ 1,825,810
Parking lots	700,000	683,175	671,273
St Ann's Academy	125,000	135,526	114,882
Contributions:			
Operating (Note 5)	50,000	101,104	33,062
Capital (Note 6)	300,000	292,937	210,666
Investment income	<u>25,000</u>	<u>25,004</u>	<u>34,534</u>
	<u>3,250,000</u>	<u>3,283,357</u>	<u>2,890,227</u>
Expenses (Note 9)			
Outreach programs	1,050,000	1,080,276	1,082,464
Properties	1,800,000	1,721,268	1,740,999
Corporate support and governance	<u>400,000</u>	<u>378,443</u>	<u>405,401</u>
	<u>3,250,000</u>	<u>3,179,987</u>	<u>3,228,864</u>
Annual surplus (deficit)	-	103,370	(338,637)
Accumulated surplus:			
Beginning of year	<u>15,566,383</u>	<u>15,566,383</u>	<u>15,905,020</u>
End of year	\$ <u>15,566,383</u>	\$ <u>15,669,753</u>	\$ <u>15,566,383</u>

See accompanying notes to the financial statements



Provincial Capital Commission Statement of Changes in Net Debt

Year ended March 31	Plan 2013	Actual 2013	Actual 2012
	(Note 2)		
Annual (deficit) surplus	\$ -	\$ 103,370	\$ (338,637)
Tangible capital assets:			
Acquisition of tangible capital assets	(450,000)	(268,361)	(2,997,347)
Amortization of tangible capital asset	<u>600,000</u>	<u>586,656</u>	<u>464,094</u>
	<u>150,000</u>	<u>421,665</u>	<u>(2,871,890)</u>
Prepaid expenses:			
Acquisition of prepaid expenses	(120,000)	(93,680)	(128,399)
Use of prepaid expenses	<u>120,000</u>	<u>89,886</u>	<u>119,287</u>
	<u>-</u>	<u>(3,794)</u>	<u>(9,112)</u>
Decrease (increase) in net financial debt	150,000	417,871	(2,881,002)
Net financial debt:			
Beginning of year	<u>(6,587,239)</u>	<u>(6,587,239)</u>	<u>(3,706,237)</u>
End of year	\$ <u>(6,437,239)</u>	\$ <u>(6,169,368)</u>	\$ <u>(6,587,239)</u>

See accompanying notes to the financial statements



Provincial Capital Commission

Statement of Cash Flows

Year ended March 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus (deficit)	\$ 103,370	\$ (338,637)
Non-cash items		
Deferred contributions revenue	(439,641)	(289,328)
Amortization expense	586,656	464,094
Change in non-cash working capital (Note 13)	<u>(60)</u>	<u>562,128</u>
Net change in cash from operating activities	<u>250,325</u>	<u>398,257</u>
Capital activities		
Cash used to acquire tangible capital assets	(268,361)	(2,997,347)
Capital contributions received	<u>-</u>	<u>2,065,730</u>
Net change in cash from capital activities	<u>(268,361)</u>	<u>(931,617)</u>
Net decrease in cash and cash equivalents	(18,036)	(533,360)
Cash and cash equivalents, beginning of year	<u>1,523,804</u>	<u>2,057,164</u>
Cash and cash equivalents, end of year	\$ <u>1,505,768</u>	\$ <u>1,523,804</u>

See accompanying notes to the financial statements



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

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.

The corporate head office is located at 613 Pandora Avenue in Victoria.

2. 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.



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

2. 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.



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

2. 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.



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

2. 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 9.

(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) Restrictions of accumulated surplus

Certain amounts, as approved by the Board of Directors, are set aside for future operating and capital purposes. Please see Note 8 to the financial statements for more information on amounts approved as restrictions to the accumulated surplus.

(k) 2013 Plan

2013 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 24, 2012.

3. Cash and cash equivalents	<u>2013</u>	<u>2012</u>
Cash	\$ 229,786	\$ 155,461
Cash equivalents	<u>1,275,982</u>	<u>1,368,343</u>
	<u>\$ 1,505,768</u>	<u>\$ 1,523,804</u>



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

4. Due from/to government organizations	<u>2013</u>	<u>2012</u>
Due from:		
Federal government	\$ <u>14,579</u>	\$ <u>27,338</u>
Due to:		
Federal government	\$ 38,672	\$ 11,753
Provincial government	101,394	63,776
Other government organizations	<u>-</u>	<u>1,613</u>
	<u>\$ 140,066</u>	<u>\$ 77,142</u>

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

- In 2011 and 2012 the Province provided a total of \$3 million in capital contributions for the Steamship Terminal seismic upgrade and rehabilitation project. In 2011, \$1.5 million was approved through the Canada-British Columbia Infrastructure Stimulus Fund Agreement. An additional \$1.5 million was provided in 2012 was authorized by OIC 171/11.
 - Insurance premiums of \$131,399 (2012: \$135,357) were paid to the Ministry of Finance, Risk Management Branch, net of \$107,619 (2012: \$99,433) recovered from the Ministry of Labour, Citizens' Services and Open Government (MLCS) for St. Ann's Academy.
 - Rent revenue of \$39,600 (2012: \$39,600) was received from MLCS relating to St. Ann's Academy. In return a total of \$94,441 (2012 \$84,377) was paid to MLCS for St. Ann's Academy common operating expenses.
 - In 2013, 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 \$540,330 (2012: Nil). In 2012, the Commission also paid \$125,229 (2013: Nil) in capitalized project management services for the Steamship Terminal project.
 - The Province acts as fiscal agent for the Commission and also provides personnel and payroll services. Total service charges were \$11,369 (2012: \$11,123).
-



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

5. 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.

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 523,977	\$ 557,039
Less: Revenue recognized for eligible expenses	<u>101,104</u>	<u>33,062</u>
Ending balance	<u>\$ 422,873</u>	<u>\$ 523,977</u>

6. 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 \$56,896 (2012: \$51,623).

- 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 \$57,350 (2012: \$57,350).
- 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 (2012: \$45,600). The remaining contribution balance at March 31, 2013 was \$145,718 (2012: \$191,318).



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

6. Deferred capital contributions (continued)

- In 2009, a tenant contribution of \$89,425 was received for refurbishment of the Blackball Ferry Line wharf. Annual revenue is \$8,943 (2012: \$8,943).
- 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 2013 is \$76,999 (2012: Nil).
- 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 \$92,750.

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 7,233,210	\$ 5,423,746
Additions:		
Steamship Terminal Project	<u>-</u>	<u>2,065,730</u>
	<u>7,233,210</u>	<u>7,489,476</u>
Less amounts recognized as revenue:		
Federal – Belleville Port Facility	56,896	51,623
Federal – Steamship Terminal	25,656	-
Province of British Columbia – contributed assets	159,042	159,043
Province of British Columbia – Steamship Terminal	<u>51,343</u>	<u>-</u>
	<u>292,937</u>	<u>210,666</u>
Tenant contribution – Crystal Garden	<u>45,600</u>	<u>45,600</u>
	<u>338,537</u>	<u>256,266</u>
Ending balance	\$ <u>6,894,673</u>	\$ <u>7,233,210</u>



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

7. Tangible capital assets

Cost	Balance at March 31 2012	Additions	Disposals	Balance at March 31 2013
Land	\$ 9,831,221	\$ -	\$ -	\$ 9,831,221
Buildings	15,280,388	135,100	-	15,415,488
Wharves	1,241,939	53,067	-	1,295,006
Furniture and equipment	314,030	34,826	-	348,856
Specialized equipment	791,419	45,368	-	836,787
St. Ann's Academy	619,667	-	-	619,667
Total	\$28,078,664	\$ 268,361	\$ -	\$28,347,025

Accumulated amortization	Balance at March 31 2012	Disposals	Amortization expense	Balance at March 31 2013
Buildings	\$ 4,800,700	\$ -	\$ 347,664	\$ 5,148,364
Wharves	538,156	-	121,402	659,558
Furniture and equipment	271,458	-	58,770	330,228
Specialized equipment	193,706	-	43,330	237,036
St. Ann's Academy	210,908	-	15,490	226,398
Total	\$ 6,014,928	\$ -	\$ 586,656	\$6,601,584

Net book value	Balance at March 31 2012	Balance at March 31 2013
Land	\$ 9,831,221	\$ 9,831,221
Buildings	10,479,687	10,267,124
Wharves	703,782	635,448
Furniture and equipment	42,572	18,628
Specialized equipment	597,715	599,751
St. Ann's Academy	408,759	393,269
Total	\$22,063,736	\$21,745,441

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. The current assessed value for property tax purposes of Commission properties: land, buildings and wharves, totals \$120.2 million (2012: \$118.1 million).



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

7. 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, for \$10, 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 2013, an additional \$135,100 was invested in scheduled building maintenance. As at March 31, 2013, a total of \$4,913,007 (2012:\$4,777,907) 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 31, 2013 is \$390,000.

As part of Budget 2013, the provincial government announced its intent to generate revenue through the Release of Assets for Economic Generation initiative over the next two fiscal years. In March 2013, surplus Commission lands in the City of Langford were approved by the Board and Order in Council 157/13 for inclusion within the scope of this province-wide initiative.

8. Accumulated surplus

At the discretion of the board of directors, the Commission may restrict the accumulated surplus for specific uses. This includes but is not limited to board approved special program initiatives, and capital projects over \$200,000 that are required under the *Capital Commission Act* to be approved by Order in Council. At March 31, 2012, total restrictions of \$500,000 for the Steamship Terminal project had been authorized by the Board and Orders in Council 288/10 and 171/11. At March 31, 2013, \$70,000 (2012: \$222,092) remains restricted for additional Commission funded building work in 2013/14.



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

9. 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	2013 Total	2012 Total
Property operating expenses	\$ 112,756	\$ 859,066	\$ 49,982	\$ 1,021,804	\$ 916,315
Salaries and benefits	450,218	192,373	218,054	860,645	844,177
Amortization	15,492	505,466	65,698	586,656	464,094
Professional services	-	52,960	69,572	122,532	404,594
Outreach program contributions	363,698	-	-	363,698	392,075
Office and business	18,112	29,403	145,159	192,674	163,923
Board and committees	-	-	31,978	31,978	43,686
	960,276	1,639,268	580,443	3,179,987	3,228,864
Corporate overhead transfer	120,000	82,000	(202,000)	-	-
	\$ 1,080,276	\$ 1,721,268	\$ 378,443	\$ 3,179,987	\$ 3,228,864



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

10. 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 \$63,914 (2012: \$50,425).

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 2012/13, the benefits contribution was 23.0% (2012: 23.0%) of salary costs. The Commission's total benefit expense for the year was \$151,559 (2012: \$148,770).

11. Commitments

At March 31, 2013, the Commission has commitments under various agreements as follows:

- Outreach Programs: projected commitments under the Student Travel Subsidy program total \$188,000 (2012: \$185,000). Student Travel Subsidy expenses are subject to completion of approved travel plans to the Capital by school groups in the 2012/13 fiscal year.
 - Operating leases: the Commission has two operating leases for office equipment. One agreement runs to July 2013 with an annual commitment of \$7,500. The other expires in July 2014 with an annual commitment of \$5,812.
 - Capital Assets: the Commission has \$70,000 committed to the Greater Victoria Harbour Authority to complete additional work to the Steamship Terminal in 2013/14 as a restriction of accumulated surplus.
-



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

12. Contingency

At March 31, 2012, 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.

13. Supplemental cash flow information	<u>2013</u>	<u>2012</u>
Change in non-cash operating and investing working capital		
Accounts receivable	\$ (2,001)	\$ (25,833)
Due from government organizations	12,759	1,001,251
Accounts payable and accrued liabilities	(10,891)	(500,724)
Due to government organizations	62,924	(13,095)
Deferred revenue	(59,057)	109,641
Prepaid expenses	<u>(3,794)</u>	<u>(9,112)</u>
	\$ <u>(60)</u>	\$ <u>562,128</u>

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.



Provincial Capital Commission

Notes to the Financial Statements

March 31, 2013

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 Corporation 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:

- April 1, 2011: increase in accumulated surplus and decrease in deferred contributions by \$4,470,750.
 - Year ended March 31, 2012: increase in annual surplus by \$1,915,629.
 - March 31, 2012: increase in accumulated surplus and decrease in deferred contributions by \$6,386,378.
 - 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.
-



CONTACT INFORMATION

For more information, please contact:

Provincial Capital Commission

613 Pandora Avenue, Victoria BC V8W 1N8

Phone 250 953-8800

or visit our website at www.bcpc.com

