

Chapter 10 Provincial Capital Commission

1.0 MAIN POINTS

This chapter reports the results of the 2018–19 audit of the Provincial Capital Commission, which was established in June 2017.

In 2018–19, the Provincial Capital Commission had effective rules and procedures to safeguard public resources and complied with authorities governing its activities other than its processes to approve major developments in Wascana Centre.

Wascana Centre is comprised of 2,300 acres of land extending from downtown Regina to the outskirts of the city. *The Provincial Capital Commission Act* gives the Commission the authority to review and approve major development projects (e.g., new buildings) in Wascana Centre. The Act expects new buildings constructed in Wascana Centre to be consistent with the Master Plan.¹ The Act places an onus on the Commission and its Board to make sure major developments in Wascana Centre are consistent with the Master Plan.

The Commission needs to:

- Develop written expectations for public consultations for major amendments to the Master Plan. Public consultations allow for public input on major development proposals.
- Publish its design review steps for major developments in Wascana Centre, and keep the public informed about the status of major developments. This would promote awareness and understanding, by proponents and the public, of the steps involved in reviewing and approving major developments.
- Clearly document in its Board minutes how major developments conform to the Master Plan as required by *The Provincial Capital Commission Act*.
- Establish agreements with building owners of major developments in Wascana Centre to facilitate control of the building use and conformity with *The Provincial Capital Commission Act* and the Master Plan.

The 2018–19 financial statements of the Provincial Capital Commission were reliable.

2.0 INTRODUCTION

2.1 Background

The Provincial Capital Commission Act established the Provincial Capital Commission effective June 12, 2017.² The former Wascana Centre Authority continued as the newly formed Commission.

¹ The Master Plan is a public document intended to guide future development and conservation of Wascana Centre for about a seven-year period.

² When the Commission came into existence on June 12, 2017, *The Wascana Centre Act* was repealed and *The Provincial Capital Commission Act* came into effect.



The Commission is a statutory partnership of public landowners of Wascana Centre located in Regina, Saskatchewan between the Provincial Government, the City of Regina, and the University of Regina.

A cabinet-appointed Board comprised of one City of Regina nominated member, one University of Regina nominated member, and three government-appointed members governs the Commission.

The Commission's mandate is to enhance the quality of life for our citizens through the celebration and creation of opportunities, stewardship of the land, and engagement of our youth about democracy and provincial history. The Commission also promotes, preserves, and strengthens our diverse heritage and culture to ensure that Saskatchewan's capital city (i.e. Regina) is a source of provincial pride and significance. The Commission is dedicated to providing enhanced visitor experiences and educational programming in Wascana Centre and at Government House.³

Wascana Centre is comprised of 2,300 acres of land surrounding an artificial lake (i.e., Wascana Lake). It extends from downtown Regina to the outskirts of the city. It is home to the Provincial Legislature, the University of Regina, a series of municipal parks, a centre of performing arts, and a waterfowl reserve.

2.2 Financial Overview

As set out in **Figure 1**, in 2018–19, the Commission had revenues and expenses of \$11.8 million and \$9.5 million respectively, and a surplus of \$2.3 million. During the year, the Commission received over 90% of its revenue through grants. At March 31, 2019, it held assets of \$12.3 million, including capital assets of \$3.4 million.

Figure 1—Revenues and Expenses

	Actual 2018–19	Actuals 2017–18 ^A
	(in millions)	
Grants – Government of Saskatchewan: Ministry of Central Services	\$ 7.1	\$ 3.6
Grants – City of Regina	2.7	2.7
Grants – University of Regina	0.8	0.8
Grants – Other	-	0.2
Total Grants	\$ 10.6	\$ 7.3
Service Revenue	0.8	1.1
Rental Revenue	0.2	0.2
Other Revenue	<u>\$ 0.2</u>	<u>\$ 0.2</u>
Total Revenues	\$ 11.8	\$ 8.8

³ www.saskatchewan.ca/government/government-structure/boards-commissions-and-agencies/provincial-capital-commission (28 May 2019).

	Actual 2018–19	Actuals 2017–18 ^A
	(in millions)	
Salaries and Benefits	4.5	4.9
Contractual Services and Materials	2.4	3.1
Accommodation	2.1	-
Total Expenses	\$ 9.5	\$ 8.4
Surplus for the Year	\$ 2.3	\$ 0.4

Source: Provincial Capital Commission 2018–19 audited financial statements.

^A 2017–18 figures do not include funding for operating costs related to Government House or Territorial Building.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2019, we found, in all material respects:

- **Provincial Capital Commission had effective rules and procedures to safeguard public resources except for matters described in this chapter**
- **Provincial Capital Commission complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for matters described in this chapter**

The Provincial Capital Commission Act
Orders in Council issued pursuant to the above legislation

- **Provincial Capital Commission had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook — Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework published by COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Commission's controls.

Our audit focused on the Commission's processes to properly record revenue, accurately and completely track contractual arrangements and obligations, and approve constructions and improvements consistent with applicable authorities.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Well-Defined Processes for Public Consultation on Major Developments Needed

The Commission has not established expectations and procedures for public consultation it expects proponents to undertake for major developments in Wascana Centre.⁴ Public feedback helps the proponent and the Commission better understand the aspirations,

⁴ Proponent is a person who puts forward a proposition or proposal for major development or use of public land within Wascana Centre.



interests, wishes, and proposals from various stakeholders before making decisions about proposed major development projects.

The Provincial Capital Commission Act [section 7–3 and 7–5] requires new buildings constructed in Wascana Centre to be consistent with the Master Plan. The Master Plan is a public document intended to guide the future development and conservation of Wascana Centre.⁵

The most recent Plan is the *Wascana Centre 2016 Master Plan*, published under *The Wascana Centre Authority Act* and continues under the new Act.⁶ The five purposes of Wascana Centre outlined in the 2016 Master Plan include the seat of Government, education and research, cultural arts, recreational opportunities and conservation of the environment. The Plan indicates the next review of the Master Plan is 2023 (seven years from 2016).

The current Master Plan and the Commission’s Land Use and Development Policy (last updated September 2015) both expect public consultation for major amendments to the Plan. They make the party (proponent) proposing and advocating for a particular development project responsible for conducting and incurring the costs associated with a public consultation process, when the Commission requires a public consultation process.

However, neither the Master Plan nor the Commission’s policies clearly define what constitutes major amendments. Also, neither provide criteria to help the Commission determine when it should require the proponent to conduct public consultation. Furthermore, the Commission does not have any written procedures to help proponents and its staff determine the appropriate nature and extent of public consultation. For example, it has not determined at what stage during the development approval process it expects consultation to occur, potential/desired methods on informing the public of consultations, and processes for conducting consultations.

Ideally, expected procedures about public consultation would be scalable to the nature and size of the project proposal and give the public appropriate opportunity for input at key stages.

The Commission (and its predecessor) views the two recent major development projects in Wascana Centre we examined as major amendments to the Master Plan that required public consultations.

We found while the respective proponent conducted public consultations for each of these projects, the nature and extent of public consultations varied significantly. For one project, public consultation included numerous forums to allow for public input. For the other project, a one-hour public consultation occurred with about 50 people in attendance.

Having written public consultation expectations and processes would provide proponents a clear understanding of what is expected of them when proposing major development projects. It would support a consistent, transparent, and rigorous review process for major

⁵ The role of the Master Plan is to ensure that ongoing development, both landscape and institutional, furthers the mandate upon which Wascana Centre was founded — the seat of Government, education and research, cultural arts, recreational opportunities and conservation of the environment.

⁶ http://wascana.ca/pub/pdfs/2016-04-07%20WCA_Screen.pdf (28 June 2019).

amendments to the Master Plan. In addition, sharing established processes with the public would show the Commission is committed to obtaining public input, so that it receives sufficient public input when making decisions about major development proposals.

1. **We recommend the Provincial Capital Commission make public written processes about the timing, nature, and extent of public consultations for major amendments to the Wascana Centre Master Plan.**

4.2 Clear Communication of Design Review Process for Major Developments Required

The Commission does not give the public sufficiently understandable information about its review and approval procedures for major development projects in Wascana Centre, or clear information about the status of each project (e.g., stage in process).

Under *The Provincial Capital Commission Act* [section 7–1], no person shall undertake an improvement in Wascana Centre without the Commission giving its approval to do so.

The Commission has a well-defined written process to review and approve proposed improvements. It appropriately varies the extent of reviews and approvals on the nature and size of the proposed improvement. For example, it requires less detailed reviews and approvals for small projects (e.g., renovations to interior of existing structures), and more detailed ones for major improvements. In practice, major improvements include constructions of new buildings or major renovations to existing buildings in Wascana Centre.

For major improvements, the Commission requires reviews and approvals at numerous stages (e.g., conceptual phase, detailed design phase) prior to construction or renovation starting. Its Land Use and Development Policy includes details as to what the proponent's submissions should contain at each stage. In addition, its step-by-step outline of the typical process for major developments in Wascana Centre sets out 19 steps.

The requirements for submissions, reviews, and approvals, and therefore the costs and time required for each step can be extensive for major developments. It is important that both proponents and the public have a clear understanding of the design review process for major developments.

We found the Commission shared its step-by-step outline with the proponents of the two recent major development projects. Its communications with these proponents sufficiently reinforced steps completed, and steps remaining.

However, we found the Commission gave the public limited information about its processes to review and approve improvements, and the status of proposed major developments. The information available to the public is primarily the 2016 Master Plan, and responses to media requests.⁷

⁷ http://wascana.ca/pub/pdfs/2016-04-07%20WCA_Screen.pdf (28 June 2019).



We found the 2016 Master Plan, a 155-page document, includes a high-level overview of the design review of proposed improvements, and the roles of the various parties involved in the review process.⁸

We found the description in the Plan somewhat technical and unclear compared to the Commission's clear and understandable step-by-step outline.

Also, for the two major development projects we examined, the Commission did not keep the public informed about the status of its reviews and approvals for these developments. As of June 2019, one project was at step 12 of 19 — Architectural Advisory Committee preliminary and detailed design submission by the proponent, and the other was at step 19 of 19 — Building Construction.

Not making adequate information available to the public about required steps and procedures for major developments can lead to confusion and misunderstanding. A set of well-defined, accessible and understandable steps and procedures would promote awareness and understanding by potential proponents and the public.

2. We recommend the Provincial Capital Commission publish, using clear language, its design review process for major developments in Wascana Centre.

In addition, keeping the public informed about the status of each proposed major development would help them better understand the project status and their opportunities to provide input.

3. We recommend the Provincial Capital Commission keep the public informed about the status of each proposed and approved major development in Wascana Centre until its completion.

4.3 Documentation of Conformity to the Master Plan Necessary

The Board did not always receive, as required by law, formal recommendations from the Architectural Advisory Committee about the concept design stage before approving the proposed concept design, or document how it confirmed the proposed design was consistent with the Master Plan before granting approval.

Like *The Wascana Centre Act* (repealed), *The Provincial Capital Commission Act* places an onus on the Commission and its Board to make sure improvements and buildings in Wascana Centre are consistent with the Master Plan.

The Act contemplates the use of an Architectural Advisory Committee. The Committee's terms of reference (last updated October 2010) expects the Committee to review proposed major building construction at various stages (e.g., at the early conceptual design stage, and periodically throughout design development) and to advise the Board on whether to approve a project submission based on its architectural merit and conformity with the Master Plan. The Board is not compelled to accept the Committee's recommendation if it is satisfied the plan is consistent with the Master Plan. See **Figure 2** for summarized requirements of the Act for approving building construction and improvements.

⁸ *Wascana Centre 2016 Master Plan*, Section 6.1 Design Review of Proposed Improvement (pp. 116 to 119).

The Architectural Advisory Committee, by law, is comprised of at least two members, and the majority of members must be architects other than landscape architects.⁹ Requiring these credentials helps ensure the Committee has expertise to assess proposed projects, and give the Board sound advice. During 2018–19, the Committee was comprised of three members—two design architects and one landscape architect.

Figure 2—Summarized Requirements for Approving Building Construction and Improvements in Wascana Centre

In situations where the value of the proposed building will be less than the prescribed value; or the proposed building is of a temporary nature and the Commission has waived conformity with the Master Plan, the Board can approve the construction of a building.

Otherwise, the Board shall not approve the construction of a building unless:

- (a) the person or participating party requesting approval of the proposed building submits all plans, elevations, specifications and models relating to the exterior of the proposed building that the Commission requires; and
- (b) the Architectural Advisory Committee recommends approval by the Board of the proposed building on the ground that it is consistent with the Master Plan OR conversely, where the Board is satisfied that the plan respecting the proposed building is consistent with the Master Plan.

The Commission shall not make an improvement on public land unless it considers the proposed improvement to be consistent with the Master Plan.

Source: *The Provincial Capital Commission Act*.

For each of the two major development projects we examined, the Board approved the conceptual design without receiving a formal recommendation from the Architectural Advisory Committee that the project was consistent with the Master Plan. We found the Board agenda packages and minutes related to each Board decision to approve the project at the conceptual design stage did not contain any formal recommendation from the Committee.

We also found, for one of the major development projects, the Board approved the new building despite it non-conforming with the Master Plan. This means the Board knew the project did not conform to the Plan when it approved it at the conceptual design stage.

For the other project, the Board packages and minutes did not contain information:

- As to the views of the Architectural Advisory Committee at the design concept stage, nor
- As to whether the Board was satisfied the major development was consistent with the Master Plan prior to granting approval of this stage

Without clear documentation as to how proposed new buildings and improvements conform to the Master Plan, the Commission cannot show that it complied with provisions of *The Provincial Capital Commission Act*.

4. We recommend the Provincial Capital Commission clearly document in its Board minutes how major improvements and developments it approves conform to the Wascana Centre Master Plan.

⁹ *The Wascana Centre Act*, repealed, had the similar requirements.



4.4 Formal Requirements with Owners of Buildings in Wascana Centre Needed

The Commission has not set or communicated requirements of owners of buildings in Wascana Centre or their tenants to ensure, on an ongoing basis, conformity of the building and its use with the Master Plan.

Under *The Provincial Capital Commission Act* [section 3-1(1)], the Commission may control the use of land in Wascana Centre in accordance with the Master Plan. Under its Land Use and Development Policy, the Commission (upon major project completion and prior to occupancy) is to establish agreements with building owners detailing operating procedures, operational and maintenance requirements, tenant approvals, and levels of service contracts. Furthermore, under the Commission's bylaws, no person shall carry on any commercial activity unless licensed by the Commission to do so.

As of June 2019, the Commission did not have any agreements with building owners of major developments in Wascana Centre over the areas contemplated in its Land Use and Development Policy or bylaws. For example, it did not formally require building owners to seek its approval in instances of proposed changes to exterior design, change in use (such as significant changes in type of tenants), or change in or assignment of control (such as change in building ownership).

Furthermore, the Commission does not request or maintain copies of lease agreements between landowners (lessors) and their tenants (lessees/building owners) to determine whether provisions of those agreements are consistent with the Act and Master Plan.¹⁰ In addition, it had not determined whether those agreements included provisions to help it ensure alignment of future decisions about the building and its use with the Act and the Master Plan.

Our review of provisions of a land lease agreement for one major project found provisions, if exercised, would give the Commission sufficient ability to ensure alignment of future lessee decisions with the Act and the Master Plan. For example, it stated, if required by the Commission, the lessee shall obtain the consent in writing of the Commission to any sublease. As of June 2019, the Commission had not placed any requirements on this lessee (building owner).

Without having a formal mechanism to approve key changes to major buildings in Wascana Centre and tenants thereof, the Commission does not have mechanisms to ensure conformity of those buildings and their use with the five purposes outlined in the Master Plan. Agreements provide a basis for common understanding, and monitoring of performance. They also provide an opportunity to outline consequences of non-compliance.

5. We recommend the Provincial Capital Commission establish agreements with building owners of major developments in Wascana Centre to facilitate control of building use and conformity with *The Provincial Capital Commission Act* and the Wascana Centre Master Plan in effect.

¹⁰ The University of Regina and the Government of Saskatchewan had land lease agreements with tenants in relation to the two major development projects we examined.