

2015-2016 ANNUAL REPORT



Canadian Forces
Housing Agency



National
Défense

Défense
nationale

Canada

Welcome to our Annual Report 2015-2016

Our Vision

CFHA excels in providing the Canadian Armed Forces with a portfolio of wide-ranging innovative accommodation solutions.

Our Mission

CFHA manages assets and provides accommodation services in support of the Canadian Armed Forces requirements and Canadian Armed Forces members' needs.

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MESSAGE FROM THE

Assistant Deputy Minister (Infrastructure and Environment)

Once again, CFHA has proven itself as a solid customer-focused organization, orienting all its programs and initiatives towards improving the quality of life of CAF families who choose to live in DND residential housing.

I would like to congratulate all CFHA employees on a productive and successful year, specifically in the delivery of its investment programs. In FY 2015–2016, the CFHA team was not only able to effectively implement programs from its regular funding stream, but it also took on the challenge of planning and delivering a significantly increased capital construction program. This program was the residential housing portion of the DND Federal Infrastructure Investments

Program. The Agency achieved this with very little lead time in an environment with many unknowns that could have easily delayed or threatened its program's success. I was impressed with CFHA's well-structured implementation of FIIP projects and with the fact that it continually led the Department in terms of its financial and project delivery performance.

I can trust that CFHA will continue to share its knowledge and experience with the rest of the IE group as we continue with the IE Transformation initiative. The other IE divisions stand to gain much by emulating elements of CFHA's excellence program, as well as by leveraging the Agency's experience as a portfolio manager, a role that IE is now adopting on a much larger scale.

This year, the Department underwent an audit of its residential housing program. CFHA was a key contributor to both the audit and the development of a departmental action plan tying everything from accommodation policy to service delivery together into one single coordinated response. I appreciate the effort that the Agency's employees contributed to this important review which should result in the Department focusing with greater intent on the housing program.

Finally, as I write this, Dominique Francoeur has announced her retirement and will leave the Agency shortly. Dominique has done an incredible job leading CFHA and I would like to thank her, CFHA's senior management and all employees for their efforts in providing improved quality housing and excellent services to military families.

Jaime W. Pitfield

Assistant Deputy Minister
(Infrastructure and Environment)



THE YEAR IN REVIEW FROM CFHA'S Chief Executive Officer

During my six years as CEO, I have watched CFHA mature and firmly embed its values of customer-centred services, commitment, teamwork, respect and agility in its culture. We have had many successes and have delivered tangible results. I attribute this success to the passion that each employee has towards ensuring that military families living in our houses are well served.

In FY 2015–2016, CFHA staff was asked to support an audit conducted by the Office of the Auditor General, a task that is always highly demanding in both time and resources. The audit was of DND's housing program, the findings and recommendations of which were presented to Parliament in February 2016. Overall this

report will no doubt influence the future of the program. Working with its partners in the Chief of Military Personnel, the net result will be a focused housing policy upon which CFHA will be better able to define its service delivery strategy, as well as portfolio management plans to best meet the needs of CAF families.

Fiscal Year 2015–2016 was defined as having one of the most exciting and challenging capital construction program that CFHA has delivered in its history. In addition to its core program, I am proud to say that the Agency also successfully implemented an aggressive investment plan which included over \$71 million in capital funding and a further \$70 million in repairs and maintenance projects.

CFHA staff not only responded to these challenges, they excelled

at moving the Agency forward in terms of improving services to our occupants. As part of CFHA's ongoing commitment to continuous improvement and management excellence, the Agency developed a workplace wellness strategy that promotes a healthy workplace which has been essential for staff.

The Agency has also extended its outreach program with new partnerships with academia as well as the private industry (Algonquin College, Canadian Builders Association and local real estate companies). CFHA was able to benefit from the innovative ideas from students as well as leverage best practices currently in use with residential housing developers and municipalities. CFHA will continue this and similar initiatives in order to help drive innovation and modernize its programs and portfolio.

Though this report is intended to cover FY 2015–2016, at the time of its writing, I am proud to be able to inform the readers that CFHA, as a result of the efforts leading up to FY 2016–2017, obtained Excellence Canada’s Excellence, Innovation and Wellness Gold Level Certification. I am confident as I leave CFHA in the capable hands of my successor and the management team, that the Agency will find ways to surpass the

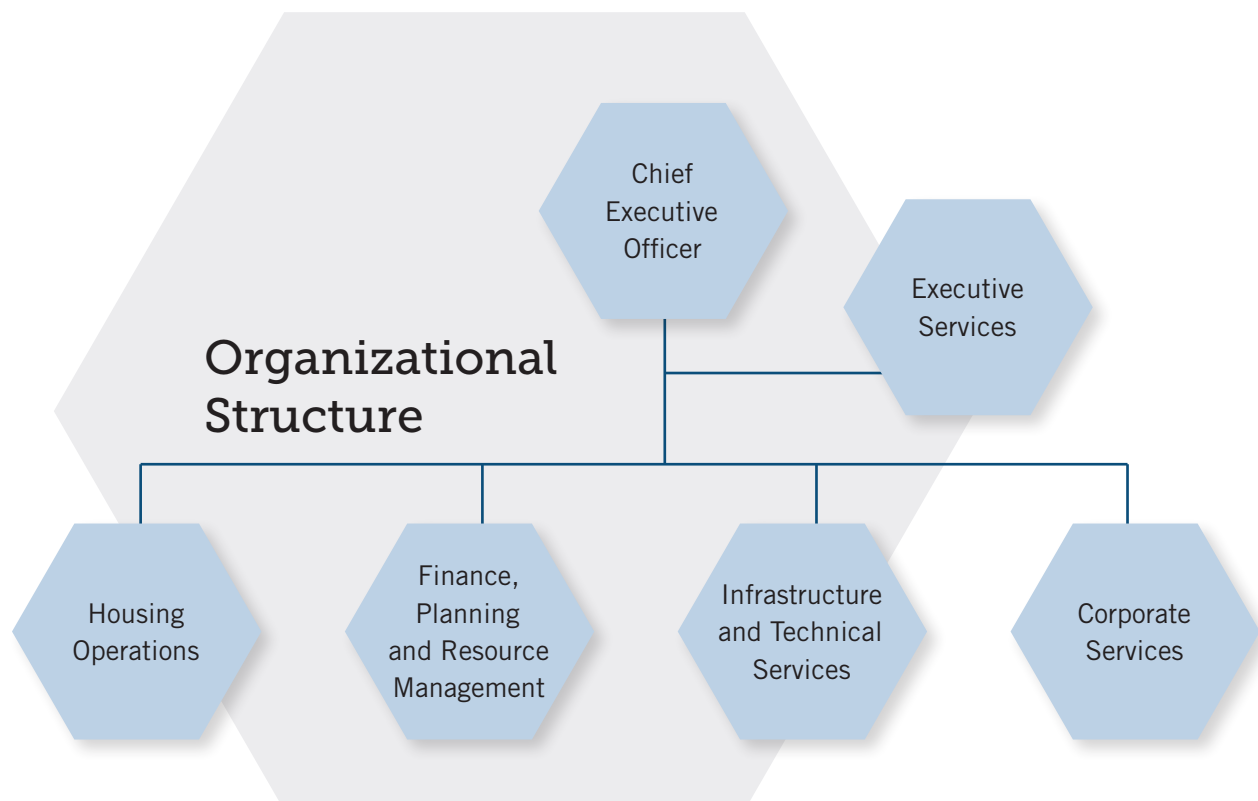
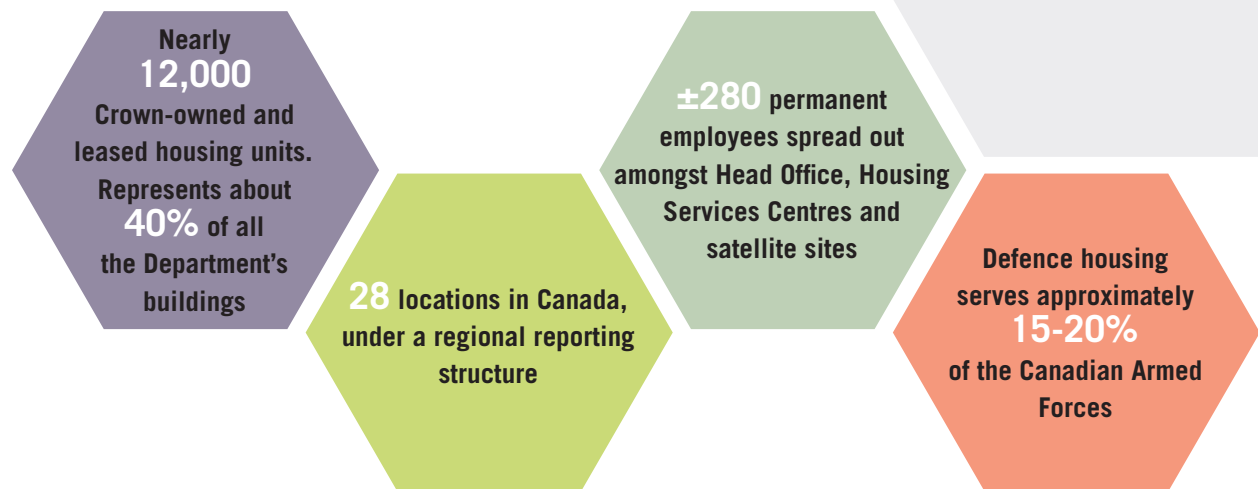
levels of commitment and dedication that it already demonstrates. I am extremely proud of the work that is done by CFHA staff, their continued passion, professionalism and focus on finding the best way to support and serve CAF families. These are the reasons why the Agency is recognized across the Department as a passionate provider of excellent services and leads me to have no doubt that CFHA will achieve the last level of Platinum.

Dominique Francoeur
Chief Executive Officer
Canadian Forces Housing Agency



Profile

CFHA is the managing authority for the Department of National Defence residential housing portfolio. As a result, CFHA makes a significant contribution to the quality of life of Canadian Armed Forces members and their families. Specifically, the Agency is responsible for the allocation and maintenance of Crown-owned housing units in Canada, as well as the provision of customer services to all their occupants. In conjunction with the base and wing commanders, the Agency is also responsible for the long term strategic planning and development of the portfolio to meet the evolving needs of Canadian Armed Forces members and their families.



Our Mandate

To manage Crown-controlled residential accommodation for the Department of National Defence, to ensure assets are maintained to a suitable standard and to develop and implement plans to meet the future residential needs of members of the Canadian Armed Forces.

Our Values

Customer-centred – We live this value by...

- Empowering employees to provide an exceptional customer experience, with acceptable risk-taking and judgement
- Anticipating and understanding customer needs and delivering professional, respectful and responsive customer services to address those needs

Commitment – We live this value by...

- Being fully committed to achieving success for our customers, clients and stakeholders
- Enriching our culture with a can-do attitude and an enthusiastic spirit of engagement
- Pursuing excellence in the spirit of continuous improvement

Teamwork – We live this value by...

- Supporting each other; freely sharing best practices, information, knowledge and insight
- Working together to take smart risks, acknowledging failures to find root causes and ways to improve – closing the loop
- Encouraging and recognizing effort; celebrating success

Respect – We live this value by...

- Treating all initiatives with respect, acknowledging that each person is accountable for an essential role
- Embracing diversity – of both culture and opinions, and demonstrating trust
- Providing exemplary, transparent management of Agency assets and personnel
- Communicating consistently and openly

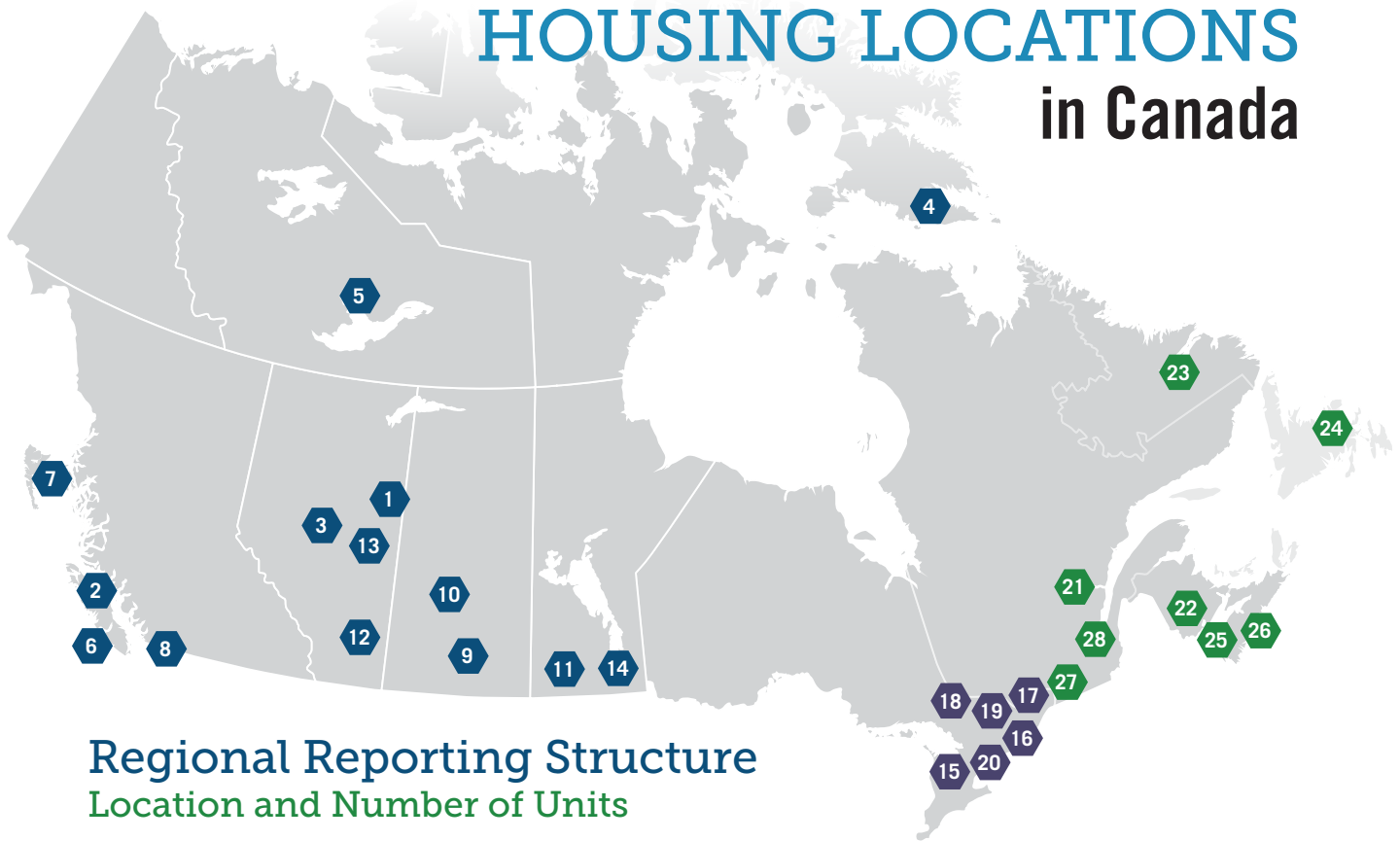
Agility – We live this value by...

- Accepting to change quickly; encouraging innovation; accepting new ideas and ways of doing business
- Interpreting/applying policy and performance standards with values-based judgement and consideration of “the golden rule” (considering the impact of judgement)

Our Strategic Objectives

- To provide excellent services to our customers and clients
- To be the *agent of excellence* in the provision of residential housing for the Canadian Armed Forces
- To foster a vibrant, competent workforce in a healthy workplace
- To excel in our sound management practices and stewardship of resources

Department of National Defence HOUSING LOCATIONS in Canada



Regional Reporting Structure Location and Number of Units

Pacific and Western

- 1 COLD LAKE **858**
- 2 COMOX **235**
- 3 EDMONTON **504**
 - 4 Iqaluit **5**
 - 5 Yellowknife **110**
- 6 ESQUIMALT **704**
 - 7 Masset **6**
 - 8 Matsqui **9**
- 9 MOOSE JAW **160**
 - 10 Dundurn **28**
- 11 SHILO **595**
- 12 SUFFIELD **175**
- 13 WAINWRIGHT **186**
- 14 WINNIPEG **557**

Central

- 15 BORDEN **663**
- 16 KINGSTON **471**
 - 17 Ottawa **146**
- 18 NORTH BAY **182**
- 19 PETAWAWA **1656**
- 20 TRENTON **539**

Quebec and Eastern

- 21 BAGOTVILLE **321**
- 22 GAGETOWN **1456**
- 23 GOOSE BAY **230**
 - 24 Gander **72**
- 25 GREENWOOD **574**
- 26 HALIFAX **485**
- 27 MONTRÉAL **190**
- 28 VALCARTIER **808**

About this report

The housing program for DND aims to deliver on the CFHA mandate, which is to ensure residential assets are maintained to a suitable standard and to develop and implement plans to meet the future residential needs of members of the CAF. However, the housing program also feeds into broader Government of Canada priorities and objectives. Some of these include infrastructure renewal, support for achieving governmental environmental and energy objectives, as well as wellness for Canadians. The Agency does this by evaluating key governmental goals and identifying how it can invest the rental revenue it generates to both benefit the housing



program and achieve these goals. The resulting investment plan is then refined through the business plan to ensure that all employees, both at Head Office and at the HSCs, are able to provide the best service possible to occupants.

The Agency's primary *raison d'être* is to ensure that CAF families can find suitable

housing wherever they are posted. All of CFHA's program and investment plans are aimed at providing CAF members who choose to live in military housing with the best possible accommodation.

Acronyms used in this report

ADM(IE)	Assistant Deputy Minister (Infrastructure and Environment)
CAF	Canadian Armed Forces
CFB	Canadian Forces Base
CFHA	Canadian Forces Housing Agency
DCC	Defence Construction Canada
DND	Department of National Defence
EIW	Excellence, Innovation and Wellness
FIIP	Federal Infrastructure Investments Program
FY	Fiscal year
HSC	Housing Services Centre
IE	Infrastructure and environment
RHU	Residential Housing Unit
RP Ops	Real Property Operations
SSP	Strategic Site Plan



Supporting Government of Canada and departmental initiatives

CFHA supports national-level activities outside the purview of the Agency's mandate in that it contributes to the Defence Renewal initiatives¹, to the personnel and infrastructure pillars of the Canada First Defence Strategy², as well as to activities that enhance the morale, welfare and well-being of the CAF and their families.

Investing in the portfolio

DND's housing portfolio provides approximately 12,000 RHUs to CAF members and their families, and is dispersed across 28 locations nationally. The Department is aware of the aging infrastructure and changing housing needs, and has made an effort to increase investments over recent years to fervently maintain and modernize its portfolio while meeting the needs of the CAF.

In FY 2015–2016, CFHA generated \$99 million in revenue. Along with \$28 million in capital funding provided by DND, CFHA was able to inject the majority of these funds back into the housing program, which includes life cycle,

maintenance, repairs, whole house renovations, program management and operations.

The Agency invested \$2.8 million of the funds provided by DND in the recapitalization program and renovated 46 unit interiors across the country. In addition, \$23.8 million was invested in unit improvements, such as kitchen and bathroom renovations and updates to plumbing, electrical and heating systems. An additional \$70 million was spent on maintenance and repairs, along with operations, including a combination of planned life cycle maintenance, (e.g. window and roof replacements) and responsive repairs to ensure houses remain functional and meet health and safety requirements. Agency projects

also aim to improve energy efficiency and comfort while reducing the cost of heating to our customers. Such investments have a positive impact on the quality of life of occupants, as well as serving to prolong the useful life of the assets.

In 2014, as part of the FIIP, the Government of Canada announced a \$5.8 billion investment in infrastructure. DND was allocated \$452 million of this investment to repair and upgrade CAF facilities. CFHA was allocated \$102.75 million of this amount over two fiscal years (2015–2016 and 2016–2017) to repair, improve or replace DND's Crown-owned housing across Canada.

¹ Defence Renewal is an organization-wide, multi-year effort to transform the major DND and CAF business processes.

² The Canada First Defence Strategy provided a detailed road map for the modernization of the CAF and presented four pillars where investments were allocated from 2006 to 2015 (Personnel, Equipment, Readiness and Infrastructure).

Federal Infrastructure Investments Program

Work accomplished in FY 2015–2016

Bagotville	Units
Construction	16
Kitchen/bathroom renovation	17

Esquimalt	Units
Construction	4
Kitchen renovation	54

Moose Jaw	Units
Construction	4
Interior renovation	7
Exterior renovation	14

Borden	Units
Interior renovation	30

Gagetown	Units
Interior renovation	49
Exterior renovation	130
Kitchen renovation	11
Bathroom renovation	55

Petawawa	Units
Interior renovation	80
Exterior renovation	30
Kitchen renovation	15

Cold Lake	Units
Construction	12
Interior renovation	12
Exterior renovation	71

Greenwood	Units
Interior renovation	34
Lodge Court redevelopment	31

Shilo	Units
Construction	18
Interior renovation	5
Exterior renovation	12

Comox	Units
Construction	8
Interior renovation	2
Exterior renovation	47
Bathroom/kitchen renovation	12

In 2015–2016, CFHA had one of the most aggressive project years in recent history as the Agency delivered its entire regular investment plan, as well as the FIIP, on a larger scope and budget. In fact, ten sites were allocated a portion of the FIIP funds for housing: Esquimalt, Bagotville, Borden, Cold Lake, Comox, Gagetown, Greenwood, Moose Jaw, Petawawa and Shilo. This opportunity funding allowed CFHA to implement its long-term housing plan in an accelerated manner. CFHA replaced housing that had come to the end of its useful life cycle by building 62 new RHUs. Replacing these units also responded to the changing needs of today's CAF members and their families, who require different sizes and forms of housing. The Agency also recapitalized over 200 units by completing interior renovations, which included the replacement of plumbing, electrical and heating systems, kitchen and bathroom renovations, and changes to the interior layout to improve functionality. Exterior retrofits were done to 304 units, which included the replacement of windows, doors and siding, as well as insulation upgrades.

The implementation of the FIIP added complexity to existing planning and project delivery processes within the Agency. CFHA re-scoped its longer-term investment plan to target the ten specific sites within a relatively short time period. This investment program required a

high degree of integration and coordination involving many groups within the Agency: program development, capital program implementation, the finance division, communications, human resources, and Housing Services Centres. With these groups working closely together and active collaboration from CFHA's contracting agent, DCC, the Agency was able to tender contracts before the beginning of the fiscal year. Through focused management and monitoring of projects, most projects were completed by year end.

Protecting the environment

CFHA continues to proactively explore additional opportunities to manage the environmental impact associated with housing management as well as support the Government of Canada's and the Department's environmental objectives.

The Agency's maintenance, renovation and new construction programs integrate environmental considerations in order to reduce negative environmental impacts and provide comfortable and energy-efficient housing for military families. CFHA's environmental management system considers the environmental impacts

of CFHA activities and drives supporting environmental programs, direction and tools that enable top-to-bottom understanding and consideration of environmental stewardship throughout the Agency.

To mitigate the environmental impacts of projects, environmental assessments are often conducted, and the 3R philosophy (reduce, reuse, recycle) is used for demolition



projects to limit waste. HSC Gagetown converted from oil to natural gas heating, removing all old oil tanks, and also installed backflow preventers, which are used to prevent waste water from backing up into a house. While implementing the backflow preventer project, oil was discovered in the soil under some of the basement slabs. An environmental consultant then confirmed petroleum contamination beneath some RHUs. Through discussions between CFHA, DCC and the Gagetown Contamination Working Group, it was decided that some of these RHUs should be demolished, using the 3Rs method. In FY 2015–2016, the first five units were completely demolished, the contaminated soils were remediated, and landscaping was reinstated. A second project to dispose of ten additional units will be completed in FY 2016–2017.

During the construction of eight new units at 19 Wing Comox, an environmental issue was encountered when one of the proposed lots for a semi-detached unit was found to be partially encroaching into a spring within a low marsh area. To mitigate the wetland concern, local environmental subject matter experts gave advice to help develop a storm water management plan. Other valued ecosystem components of concern were possible impacts to aquatic animals

and habitats, such as Northern red-legged frogs and Western toads, vegetation disturbance and drainage issues. Due to the tight project schedule, the decision was made to avoid the wetland area by reviewing the siting location of the unit and to instead construct two single units on two separate lots in the same area, but without significant impacts on ecosystem components of concern.

In order to confirm the energy-efficiency improvements and energy performance in recapitalization and new construction projects, CFHA, together with its project delivery partner DCC, has been performing home energy evaluations under Natural Resources Canada's ecoEnergy Retrofit Homes program. In Cold Lake, the 12 units that were renovated in FY 2015–2016 are expected to use 20% to 38% less energy than before, putting them in the top 5% of energy performers for similarly aged homes. In addition to vastly improving the finish and livability of the homes, the project will reduce utility bills for occupants. The 12 new homes achieved EnerGuide ratings of 80 to 81 (on a scale to 100), giving them a description of "energy-efficient new homes" and identifying them as houses that will use far less energy than similar houses constructed to minimum building code requirements. The renovation

and new construction projects in Cold Lake, by incorporating energy-efficient building methods, will reduce greenhouse gas emissions by an estimated 65 tonnes per year, which is the equivalent of keeping 14 cars off the road for a year.

Aligning with Defence Renewal

ADM(IE) champions the four Defence Renewal infrastructure initiatives that will transform the management of real property and environmental services within DND. CFHA continues to ensure its support for these four initiatives in the management of its portfolio:

- Centralize real property management
- Rationalize real property portfolio
- Optimize facilities management service delivery
- Improve real property project delivery

Centralize real property management

In the past, the Navy, Army and Air Force, and other DND organizations, managed their own infrastructure. In 2012, the Government of Canada announced that DND would centralize real property management, making ADM(IE) the single real

property custodian for the entire department. With this centralization, real property would be managed by a new group within ADM(IE): RP Ops.

CFHA is the portfolio manager of the Department's housing and associated services, which require varying degrees of communication and coordination to integrate effectively with RP Ops. At the local level, the impacts on CFHA have been minor, given that there were already strong working relationships with Base and Wing Construction Engineering and Real Property Officers. However, more formalized relationships needed to be established with RP Ops, including detachments for real property and asset-related matters, while realigning the relationships with the base/wing chain of command in regard to requirements, occupants and housing services.

With the activation of the Regional Commands within the RP Ops group in 2015, CFHA was required to establish lines of communication and define

processes and linkages with this new level of command. In doing so, CFHA was able to reinforce approaches to some of our portfolio level activities (new construction and demolition), as well as establish standardized processes with a single custodian across multiple sites. In the past, consistency was much more challenging to achieve when dealing with multiple Level 1 commands and multiple base/wing commanders with personal visions and each with their own real property authorities.

At the national level, long-standing relationships evolved and matured with the advancement of IE Transformation. Since CFHA had managed the residential housing portfolio on behalf of DND for many years, it was in a position to share lessons learned with RP Ops, which is now faced with managing every real property asset type, except housing, for a national portfolio. In 2015–2016, CFHA management and staff contributed to numerous process

reviews, improvement initiatives, management brainstorming and strategic planning sessions in order to support IE's transition. The efforts in supporting the ADM(IE) Portfolio Planning Workshops throughout the summer and fall were invaluable to ADM(IE) in gaining national perspective on their centralized management roles and functions.

Although CFHA's organizational structure and operational programs were not heavily impacted by the IE Transformation, CFHA's role and business have been their transformation journey. In February 2016, CFHA had the opportunity to highlight its roles and responsibilities for the housing program to the IE and RP Ops organizations. This presentation provided IE and RP Ops with an overview and understanding of CFHA, identified the challenges the Agency faced through the preliminary phases of transformation and set the stage for the official consolidation. Together, RP Ops, CFHA and



Thanks again (to CFHA) for all the insight and advice this week. I think we would not have got to where we are now without you being there.

- Chris Knowlton, Manager Portfolio Analysis,
Director Portfolio Planning



ADM(IE) overall are finding their new way and all are benefitting from the processes and plans that were in place prior to Transformation by expanding upon them.

Rationalize real property portfolio

CFHA continues to rationalize its portfolio through the divestment of surplus housing. Through the implementation of disposal and demolition activities, the Agency ensures that housing is

maintained where needed and that it does not invest in housing that is no longer operationally required.

In FY 2015–2016, the demolition of RHUs beyond economical repair—where the necessary investment is too high compared to the value of the house—was completed in Kingston, Borden and Gagetown (27, 14, and 7 RHUs, respectively). Demolition of 11 surplus units in Greenwood was intended to consolidate the

Residential Housing Site and improve parking, landscaping and access to 31 RHUs.

Some surplus RHUs were also transferred to other stakeholders. CFHA divested itself of surplus RHUs in Goose Bay, where 93 RHUs were demolished by the Royal Canadian Air Force as part of their rationalization plan, and in Ste-Foy, where 45 RHUs are also to be demolished. Surplus RHUs at other sites will continue to be demolished and divested during this upcoming fiscal year as part of the ongoing rationalization strategy.

Optimize facilities management service delivery

The Petawawa Maintenance Services Contract Pilot Project was implemented in January 2015 as a means to drive innovation in the delivery of maintenance services for CFHA. The thinking behind this unique contract structure represented a significant change in the contracting approach for the management of the housing maintenance, repairs and life cycle programs, with the objective of achieving efficiencies through the consolidation of real property contracts. Typical facilities maintenance services contracts do not include a low-risk construction (life cycle) program. In collaboration with DCC and the contractor Carillion Canada, CFHA is not only able to ensure that the RHUs continue to be maintained, but can also





duplication and improve tools for project submissions. This ensures that the paperwork required for project approval is reduced and that the proper information is available to make decisions during final approvals. A Directive and Procedures for Project and Program Approval was also drafted and will be released this upcoming year.

more easily coordinate life cycle improvements throughout the active posting season's changes of occupancy. As a result, time and effort are saved, the condition of the portfolio is improved, and the stewardship of resources is increased.

Beyond achieving contracting efficiencies by bundling maintenance contracts and life cycle requirements, the initiative permitted the implementation of a more comprehensive, customer service-centred focus for the delivery of housing services in Petawawa. The three-year contract, with two additional one-year options, is valued at \$18 million. The pilot met its primary objective: the reduction of the number of contracts at HSC Petawawa. In all, 34 separate procurement instruments were amalgamated into one contract.

In the first year of implementation, the pilot demonstrated that not only was the same level of service

maintained, but that there were several administrative efficiencies. In addition, the pilot resulted in improved delivery across the full spectrum of local programs: improvements to customer service, the elimination of multi-trade contractor coordination issues, a reduction in the number of call-backs for deficient work, an improvement to the change of occupancy process, a reduction in the time RHUs are held offline for work, and an improvement in the ability to effectively deliver program requirements on time and on budget.

Improve real property project delivery

In FY 2015–2016, CFHA implemented changes to its Real Property Program and Project approval processes as identified in the process review conducted the year prior. These changes include clarified roles and responsibilities to limit

Increased awareness of workplace wellness and mental health

The Government of Canada recognizes that the best possible mental and emotional health is crucial for the overall well-being of employees and is committed to enabling this. CFHA takes this government priority very seriously and is dedicated in supporting its team to ensure the healthiest workplace possible.

Throughout 2015–2016, CFHA continued its excellence journey by working towards the third level of Excellence Canada's four-level progressive excellence model, namely the EIW Standard – Gold Level. One area of the EIW Standard examines how people are treated, encouraged, supported and enabled to contribute to the organization's overall success. It includes the wellness of employees and their families, along with



mental and physical wellness and a safe work environment. Each level of the Standard's certification process ends with a report on organizational strengths and any opportunities for improvement. Improvement action items pertaining to wellness, among others, are included and monitored in the Multi-Activity Tracker tool, which tracks decisions, priorities, and resources for the whole Agency.

A CFHA workplace wellness strategy, aligning with the implementation of the EIW Standard, and supporting CFHA's third strategic objective, was developed with input from employees and managers. The strategy enables a common understanding of our overall approach and draws attention to the good practices already in place that promote wellness and a healthy work environment.



A few examples include the use of alternate work arrangements where operationally possible, the open-door policy of managers, strong emphasis on work unit collaboration and inclusiveness in process improvement working groups.

In conjunction with the development of the wellness strategy, CFHA's organizational values were refreshed. Definitions and expected behaviours were updated for the four previous values—customer-centred, teamwork, respect and commitment—which had remained unchanged since 2010. In 2016, a new value, agility, was added, as individually and organizationally, we need to be able to adapt and be innovative in meeting changing departmental and customer needs and requirements. Consultation on the definitions and expected behaviours associated with each value took place with the Management Committee, the Level 4 community and

the Organizational Excellence Committee Champions.

Cyclical multifunctional reviews help to keep fingers on the pulse of organizational health through confidential, one-on-one interviews with employees, guided by questions about workplace wellness. Any trending systemic issues are brought to the attention of managers for resolution and are used to inform future improvement planning. Management develops an action plan to resolve issues that can be improved upon as well as to share local successes, i.e., where things are going well or where innovative approaches merit being replicated throughout the organization. Additionally, any action items stemming from the 2014 Public Service Employee Survey are tracked and monitored for progress.

In FY 2015–2016, there were various learning opportunities for staff to increase awareness and knowledge of mental health issues in the workplace and to drive future improvement

planning, in line with the Clerk of Privy Council objectives. These included the following:

Mandatory mental health awareness training for managers

Managers' Forum presentations: *Workplace Civility Matters* by Michel Vermette, APEX CEO, and *Being Happier at Work* by Dr. Adam Stoehr of Excellence Canada

Core staff training: Conference Board of Canada: *Measuring the Impact of Workplace Wellness Programs* by Louise Chénier and the National Capital Region, Canada Public Sector Excellence Networking meeting presentation: *Healthy Workplace Essentials* by Karen Jackson of Excellence Canada

High employee participation in the 2015 *Wellth Management Mental Health at Work Challenge* and its mental health educational components and personal tracking tools

Conference Board of Canada webinar: *Trust Your Inner Canary: Taming Workplace Incivility*

Canada School of Public Service Armchair Discussion: *Improving Mental Health in the Workplace*

Public Service Proud webinar – *First Achievers: Moving Through Change* with Major-General Christine Whitecross

Presentation to managers on alternate work arrangement options

Subscription to the Canadian *Your Workplace* magazine (six times a year) set in motion—each General Manager and Housing Services Centre manager will receive a copy. Also included are quarterly electronic newsletters on health, fitness, nutrition and well-being for all staff, to be posted on Employee Corner.

The Government of Canada and DND are committed to providing a respectful workplace by promoting the prevention and prompt resolution of harassment. All employees have the right to be treated fairly, respectfully and with dignity in a workplace free of harassment, and they have the responsibility to treat others in the same manner. To support this government priority, CFHA has put a lot of emphasis on the prevention of harassment. For example, CFHA's labour relations subject matter expert did a presentation on harassment prevention to all managers identifying roles and responsibilities as well as how to establish a positive workplace. All CFHA employees have access to the presentation and links and tools on harassment on the Employee Corner. The Agency has also focused on its Workplace Wellness Award, which recognises an employee's contribution and commitment to a healthy workplace.

Succession planning

Integrated human resource and business planning has become a critical component of modernizing human resources management in the Government of Canada by enabling organizations to capitalize on its overall workforce effectiveness. CFHA is dedicated to identifying, recruiting, developing and retaining talent for key positions in line with



My staff and I were pleased to meet with the new CFHA employee who has been employed in Yellowknife. [...] I was impressed to see how the approval of the Customer Services Representative Yellowknife position has brought positive changes for the CAF members and military families of Yellowknife. [...] During my visit, I witnessed a responsive and effective team.

- Gary Walbourne, Ombudsman



its current and future business objectives.

In FY 2015–2016, CFHA put more emphasis on its existing succession planning by continuing to develop leadership competencies and knowledge expertise needed to ensure that it has relevant and credible capacity to meet its commitments and respond to the inevitable departure of the aging portion of its workforce.

Effective people management is the foundation of organizations within the Government of Canada. Talent management enables these organizations to plan for, attract, develop and retain engaged, high-performing and highly skilled employees. Twice a year, CFHA management holds a meeting to discuss talent management plans and identify key positions and required competencies as well as develop a knowledge transfer plan.

DND is also committed to developing and sustaining an environment and culture that promotes learning and

professional development thereby ensuring a highly skilled, well-trained and agile workforce able to meet present and future DND requirements. CFHA supports this priority by tapping into its employees' potential. For example, in FY 2015–2016, the Agency identified candidates for three leadership development programs offered by the Canada School of Public Service: Supervisor Development Program, Manager Development Program and Aspiring Directors Program. CFHA also offered part-time second language training onsite at head office to facilitate access to employees.

Engagement with partners

National Defence and Canadian Armed Forces Ombudsman

Each year, CFHA's Chief Executive Officer meets with the Ombudsman to brief on CFHA's key initiatives and issues that could be of interest and would have a specific impact on

occupants of DND residential housing. Also, the Ombudsman regularly visits residential housing sites and CFHA staff to obtain a better appreciation of local issues and to inform the Agency of concerns and issues raised by occupants. This is a valuable feedback mechanism that allows CFHA to address its processes to improve the overall customer experience while often avoiding the submission of formal complaints.

During FY 2015–2016, CFHA worked with the Ombudsman's staff providing them with enhanced communication products, which are now hosted on the Ombudsman's website. CFHA staff at our site offices and Head Office work with the Ombudsman's investigators on specific case files ensuring that we support the Ombudsman role as an advocate of occupant issues.

Office of the Auditor General of Canada audit

From January to September 2015, the Office of the Auditor

General of Canada conducted a performance audit of the Department's military housing program. The report found that while DND has a military housing policy in place and systems for managing the housing portfolio, it needs to provide direction for the housing program to be able to achieve the Department's aims. The report outlines the need for DND to clearly identify its operational requirements for housing, develop, resource and implement longer-term plans, and confirm funding allocations from DND to CFHA.

As for a CFHA-specific action item, the report recommends that the Agency should regularly

enter and update its condition assessment information for housing units to ensure it is accurate and available to allow informed decisions. Following this observation, CFHA has updated the technology it uses to manage its housing portfolio to a system that will allow for better planning and decision making. This new system more efficiently captures data, including information on the type of work a unit requires. All housing condition data was transferred to the new system in November 2015. Additionally, the Agency has committed to strengthening its management and monitoring of data to ensure timely, quality entries.

The Department has worked diligently to respond and provide information to the Office of the Auditor General of Canada audit team. Any form of feedback or evaluation is an excellent opportunity for the Department and Agency to become better at what it does; this audit was no different. The audit highlighted the constraints under which the Agency has managed the housing program and should result in the Department addressing them. The results of the audit will help the Agency better deliver on its mandate and advance its journey towards excellence while continuing to improving the quality of life of military members and their families.





Planning to invest

Providing sustainable, contemporary and safe housing for CAF members and their families is one of CFHA's primary goals; the Agency plans at both at an asset level and across its portfolio, to ensure that investments are focused towards the proper priorities.

Planning

Strategic Site Plans propose short- to long-term physical development plans for the residential housing sites and review current land use issues that may arise. CFHA consults with base/wing and RP Ops representatives to ensure that the Strategic Site Plans is in line with their long-term plans, the Master Real Property Development Plans. The plans identified within a Strategic Site Plans detail where long-term investment should be focused, by highlighting the best areas for renovations or demolition, as well as construction, should new units be required. To help with short-term planning, the Strategic Site Plans also include a five-year investment plan, listing a series of projects as a short-term focus. In FY 2015–2016, CFHA completed Strategic Site Plans for Trenton and Shilo.

As part of the process for developing a site's Strategic Site Plan, CFHA may complete secondary analyses of a particular area to determine the number of units that can be constructed and where they should be developed. As part of the Trenton Strategic Site Plan, a series of studies was provided to identify the limits of development. Using the conclusions of the study, CFHA was able to determine where new housing could be built and whether any of the existing units would need to be demolished because of past, and potential, flooding.

The private housing markets that surround a residential housing site can impact the need and demand for CFHA housing, so the market is analyzed to determine what changes have occurred, including the cost of ownership and rental housing and the availability of housing that would suit a CAF member. These analyses are also used

in the Strategic Site Plans and assist in recommending how many units should be retained by CFHA in a particular area. CFHA also completed market analyses in Shilo, Comox and Trenton in FY 2015–2016.

To help focus investment and improve quality of life for members in a particular site, additional studies and analyses are often completed; last year, CFHA completed a site improvement plan for the Montréal residential housing site, which provided a high-level approach to community planning for the site. This site improvement plan will be used as the guide for trail, shed, fence and garage projects over the coming years.

As mentioned previously, as part of the FIIP, CFHA was able to build the greatest number of RHUs in one year in its history. To do so, siting and location options, based on the Strategic Site Plan, were created for each of the six sites where

new units would be built, in collaboration with the Base/Wing Construction Engineering and Environment sections, Fire Hall representatives and the CFHA site staff. These plans included height and density analyses to ensure that the new RHUs would blend well with the existing housing, the mapping of utility locations, such as hydro and gas lines, and the planning and design of new roads, water and sewer lines.

Also because of the special funding, CFHA spent FY 2015–2016 planning three projects to construct low-rise apartment buildings in Comox, Cold Lake and Shilo. This style of accommodation will support ongoing demand for housing while meeting the needs of smaller households. The apartment buildings are scheduled to be completed in the spring of 2017.

National and regional partnering

Private industry

Partnership with Algonquin College

In winter 2015–2016, CFHA engaged in a new partnership with Algonquin College. The intent of the partnership was for students in Algonquin's Green Architecture program to apply theories and knowledge attained during their studies, while simultaneously challenging them with today's realities relating to

real property development and opportunities within the federal government. CFHA provided the students with access to a typical 1950s residential housing unit and client scenario.

CFHA saw this partnership as an opportunity to seek innovative and unencumbered solutions to some of our most common design challenges, including renovation of the common 1.5 storey houses in the portfolio. Through extensive research, sun studies, thermographic imagery and energy analysis, the Algonquin students presented CFHA with a proposal for a redesigned 1.5 storey home, which included the addition of a new prefab module for the second storey and improved insulation, while applying sustainable building principles and passive solar design. The students' creative thinking provided a fresh perspective and encouraged all in attendance to look at the housing portfolio with a renewed focus on innovation and energy efficiency.



CFHA plans to continue the partnership with Algonquin College and others in academia to further explore new and innovative options for the Agency's housing portfolio.

Apartment construction

As CFHA had never constructed apartments, the use of different procurement strategies allowed the industry to drive the response. Given the short delivery timeframe, it was decided that choosing an existing product would be more effective for the Agency. CFHA let the industry provide examples of what had been constructed already to reduce the time required to review submissions; this strategy allowed a wider and more competitive response from the construction industry in areas where it has often been difficult to build RHUs.

Level 1 and 2 commands

Although investment plans are implemented at the local base/

wing level, national and regional Level 1 and Level 2 support for the investment plan has proven to be an important factor in properly planning for the allocation and prioritization of resources across the residential portfolio. Coordination with the Level 1s and Level 2s is conducted via a number of venues, highlighting the value of the ever-improving partnerships that CFHA has established with the CAF commands. Direct discussions with staff at both the Level 1 and Level 2 levels accounted for the greatest part of this coordination, ultimately ensuring that larger real property projects submitted by CFHA were supported by, and integrated within, the Commands' own submissions.

Program management

Increased expenditure authorities

In March 2015, the capital construction project approval

and minor capital project expenditure authorities of CFHA's Chief Executive Officer were increased from \$1 million to \$5 million. The scope and nature of CFHA's capital construction projects did not significantly change with the increased authority; however, the ability to deliver larger, more comprehensive, cost-effective and efficient projects increased dramatically. Increased authorities allow more timely approval of larger projects, which create greater interest from the industry and a lower unit-cost through economies of scale. The tangible positive impact for CAF families is that the housing portfolio is in better condition, better reflects modern-day expectations of rental accommodation, and is more closely aligned with the current demographic of CAF families.

Safe HSC offices

Initially, HSC Bagotville was located in an old school in the



middle of the 3 Wing residential housing area. But eventually, the office was relocated to a small space on the base away from the residential site. This new office was not ideally located for providing occupants with the best possible service. Through the commitment of various DND stakeholders and close collaboration between CFHA and 3 Wing, a building was constructed for CFHA at the centre of the residential site. The new HSC Bagotville was officially opened in July 2015.



Given our proximity, military spouses no longer think twice about coming to see us with their questions. Since we are so close, we can respond more quickly to service calls from our occupants and to questions from our contractors on site.

- Gino Savard, HSC Bagotville Manager





Service delivery

CFHA sees service delivery through multiple lenses. First and foremost, service to occupants. It also provides services internally to enable sites across the country to implement delivery of their operations. Finally, it delivers services externally to its partners and stakeholders both within and outside the Department.

Local partnering

Rationalization in Goose Bay

CFHA staff in Goose Bay and at Head Office worked closely with the Goose Bay issues management strategic team at Director Air Support to achieve a significant consolidation of its housing footprint. With the conclusion of the foreign military training at Goose Bay in 2006, Allies no longer required residential housing units at the wing, leaving many houses vacant. CFHA developed a consolidation strategy for the housing site that formed part of the wing's site consolidation program. As funding was made available to the Wing, the joint effort saw the housing portfolio reduced from 417 to 232 residential housing units to more closely reflect the current housing requirements. There is still work to be completed on the consolidation strategy, but this cooperative effort will result in a "right-sized" and modernized

housing portfolio to meet the requirements of CAF members at 5 Wing Goose Bay.

Partnership with the Canadian Forces School of Military Engineering

The Canadian Forces School of Military Engineering located at 5 Canadian Division Support Base Gagetown offers a Construction Technician Course which requires students to build sheds as a course project to exercise the skills they learn. In the past, the school has difficulty ridding itself of these sheds. The local HSC approached the School to propose placing the sheds around the military residential housing site to provide extra outdoor storage to occupants. This idea was approved by the base in November 2015 and is a long-term win-win for everyone.

The new partnership offers substantial benefits to all stakeholders:

- Savings of \$96K in 2015–2016 for CFHA;
- The School and the base save time, effort and money by not having to go through the disposal process;
- Students get additional motivation knowing that what they build will be used and appreciated by a CAF family;
- Occupants get the benefit of a high-quality shed.

Revised self-help

Under the traditional self-help approach, each HSC would maintain an inventory of commonly used items (e.g. sink stoppers, electrical outlet covers, toilet seats) that would be provided to occupants as needed. In order to facilitate the process, HSC Greenwood negotiated a competitive agreement with a local hardware store to provide these items. Occupants simply go to the

HSC to choose the item they need from a predetermined list and, once the request has been approved by the customer service clerk, they leave with a coupon they can present at the hardware store. They get the item without having to pay a cent. The new partnership allows CFHA to save time, by not having to maintain an inventory, and space, by not having to store these items securely.

Splash park in Montréal

A number of years ago, HSC Montréal had an outdoor pool and wading pool. The base had to stop providing this service because too much maintenance and repair work was involved. The facilities were closed and left abandoned for a few years because of insufficient resources for repair or disposal. HSC Montréal therefore offered to demolish the facilities for the base and build a splash park in the middle of the residential site. A partnership was formed whereby the HSC led and managed the project and the base provided funding and maintenance. As a result, the Montréal residential housing site now has a splash park, which will elicit peals of laughter from military children and strengthen the bonds of community.

Security issues in Esquimalt

Newly introduced security regulations over the last few

years have made it more difficult

for HSC Esquimalt to conduct operations, resulting in a reduced capacity to carry out required maintenance and repairs in Dockyard RHUs without completing various security forms and seeking Base and Public Services and Procurement Canada approval. In some circumstances, the wait time spanned several weeks, and CFHA staff were required to escort contractors during the entire duration of the project. CFHA worked closely with the Base Commander to get an Interim Guidance for access to the Dockyard RHUs, which gives contractors access to the Dockyard if they are in possession of a work order from CFHA. This agreement significantly increased the operational effectiveness of HSC Esquimalt by reducing administration and making better use of resources and has positively contributed to the customer service provided to CFHA's Dockyard occupants.



Emergency response registry

CFHA employees are committed to providing healthy and safe residential accommodation for CAF members and their families. After an occupant shared concerns regarding the safety of their disabled child in the event of an emergency, CFHA Borden and the Base Fire Hall developed an emergency response registry, which lists any RHU occupant with special needs or requirements that would necessitate specific assistance during a fire. New occupants are now asked to fill out a form stating if there are members in their family with special needs and, if so, to indicate the type of disability and the location of their bedroom in the house. Once the information is received, it populates the fire hall's system so that when a call for help comes from a particular residence with a special needs occupant, the information appears. HSC Esquimalt has also put this initiative in place.

Customer services

CFHA currently has a contract with the Corps of Commissionaires to provide CFHA occupants with a national emergency after-hours response service call centre. This service is provided on a 24/7 basis and is utilized by occupants to report emergency situations that threaten their health and safety or the maintenance of the integrity of the structure of the house they reside in to CFHA. The Corps, in turn, troubleshoots the issue based on CFHA-populated instructions and guidance, and/or dispatches a pre-approved contractor to remedy the situation as required. To date, CFHA occupants have indicated appreciation for the current provision of this service, and it has been a number one

satisfier among occupants for many years based on occupant feedback.

Public Services and Procurement Canada, formerly Public Works and Government Services Canada, approached CFHA about an opportunity to use their services for our after-hours service via their established National Service Call Centre. CFHA outlined some advantages and disadvantages to using the National Service Call Centre, and potential cost savings led the Agency to explore further if their service would or could be a more efficient and effective way for the Agency to deliver the after-hours service to occupants. An in-depth analysis was conducted prior to a launch of a pilot project that allowed CFHA to determine if the service

was feasible from a cost point of view, if the service levels that the National Service Call Centre provides would be the same as what is currently provided to occupants, and if not, what would be gained or lost as a result.

Overall, the review gave CFHA an opportunity to evaluate and validate the current program's service and cost and to explore other possibilities; however, the analysis concluded that there would be no forecasted savings and that the scope of service offered by the National Service Call Centre would be reduced. Moreover, there were additional uncertainties, such as warranty issues and the potential for having double repairs recorded and multiple contractors address the same issues. As a result,



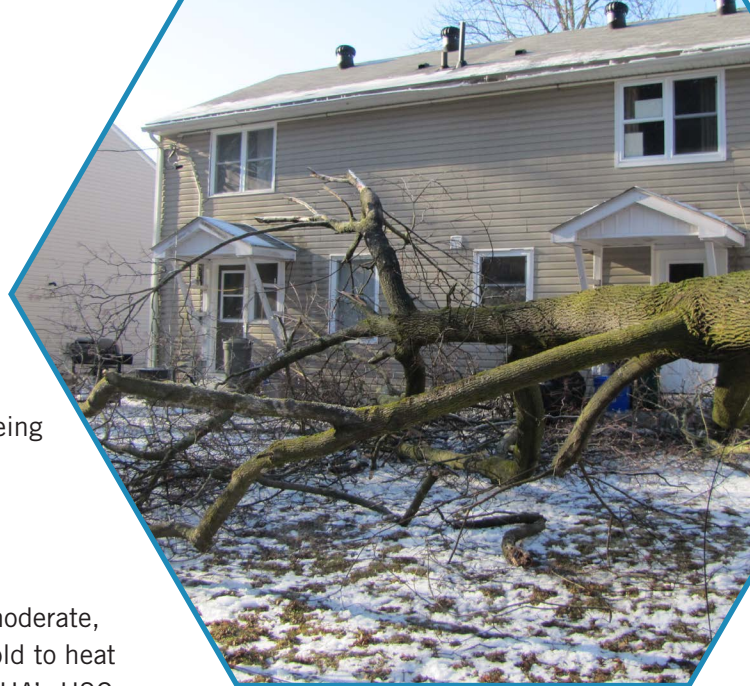
it was determined that with a reduced level of service, an increase in financial cost to CFHA and a multitude of other uncertainties, the National Service Call Centre pilot was not worth pursuing at this time and that the level of service provided by the current after-hours system was meeting occupants' expectations. It also gave the Agency a level of comfort regarding the level of services being made available.

Issues management

Canada hosts weather patterns that range from Arctic to moderate, from seemingly endless rains to drought, from numbing cold to heat waves. With the diverse geographical realities linked to CFHA's HSC locations, combined with weather types, the possibilities of severe weather and geological events are a constant reality. Knowing how to react in an emergency situation is an important part of being prepared and minimizing the impact of an emergency on families living in military housing.

During the weekend of March 26, southern Ontario was hit by an ice storm that left thousands of households without electricity and with damages. HSC Borden was not spared as the accumulation of several millimetres of ice on trees downed limbs and wires throughout the site and caused extensive damage and power outages. A few hours later, warming temperatures resulted in ice falling like deadly shards of glass throughout the residential housing area, while huge broken limbs impaled roofing or hung precariously over rooftops and littered yards blocking access to walkways and doors.

In hardhats and safety vests, HSC Borden's team was on site throughout the Easter long weekend, assessing damage at over 200 RHUs and coordinating the widespread cleanup. They ensured that key contractors for landscaping, carpentry, roofing and electrical were on hand to focus on occupant security and safety and asset protection. With over 50 trees downed and another 100 severely damaged, crews worked late into the night each of the four days to ensure occupants had safe access to their homes.





Moving forward

As clearly highlighted throughout this report, the Agency has proven its ability to successfully implement a significantly increased investment program in FY 2015–2016 thanks to the additional funding made available through FIIP. In FY 2016–2017, CFHA will be leveraging these successes to implement another year of projects with continued augmented investment funding for the Agency. CFHA plans on going beyond the normal array of capital construction projects and will be including the delivery of apartment buildings for the first time at three sites. Concurrently, plans to invest funding that will be provided in FY 2017–2018 by the new Government will also be developed, this time benefiting sites across Canada.

CFHA will also be called upon to work with its DND partners in support of the action plan set in place in response to the Office of the Auditor General of Canada's audit and findings for the Department's residential housing program. The Chief of Military Personnel has begun work on the first action item which is to define the operational

requirements for DND housing. CFHA will be supporting this initiative by providing statistics on housing occupancy, advice and performing a challenge function in support of the CAF determining why and where housing should be provided to CAF members. Once operational requirements are defined and the accommodation policy is reviewed, CFHA will develop a long-term plan and seek departmental resources to ensure that the housing program meets CAF needs.

In FY 2016–2017, CFHA will be applying for the Excellence Canada's EIW Gold Level Standard. This standard consists of a comprehensive set of requirements, which guides plans, processes, and metrics, both quantitative and qualitative, which are vital to the present and future health of the organization. Once achieved, the Agency will continue towards the final level of Platinum. After that, to keep the cycle of continuous improvement moving forward, CFHA may also pursue the Order of Excellence every two years.



As with the rest of the DND, CFHA will be facing a number of challenges, which will affect how the Agency operates, what can be accomplished, how CFHA can continue to evolve as an agent of excellence in the provision of accommodation services to our stakeholders, clients, and CAF members and their families. In addition, as DND works to define the operational requirement for housing and revise its overall accommodation policy suite there will be a need for CFHA and DND to examine how to deliver a program of services and assets that will meet the needs of the Department.

CFHA's current 5-year Strategic Plan was updated in 2010 and covered the period of

2010–2015. CFHA is now at the point where we must review the context and strategic objectives to ensure that they are still relevant to the CAF and DND requirements, and will layout CFHA objectives and priorities for the next five years. As such, CFHA will be conducting a comprehensive strategic planning exercise that will define long-term strategies aimed at moving the core housing program forward and will also have to shape the future housing program in response to the changes in departmental approach to accommodation support to the CAF. The intent is to have the 2017–2021 CFHA Strategic Plan finalized by the end of the fiscal year.

The upcoming year will also see a change of leadership as a new Chief Executive Officer is appointed to the Agency. The arrival of new ideas and a fresh perspective will no doubt take an already robust housing program to new levels of success as it takes on the challenges to come.

Financial Statement

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2016 and all information contained in these statements rests with the management of CFHA. These financial statements have been prepared by management in accordance with the accounting policies set out in Note 2 of the statements, on a basis consistent with that of the preceding year.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the Department of National Defence Departmental Performance Report is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislations, regulations, authorities and policies.

Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The CFHA financial statements have not been audited.

Approved By:

Dominique Francoeur
Chief Executive Officer
Canadian Forces Housing Agency

Natasha Tchentsova
General Manager
Finance, Planning and Resource Management

Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2016	2015
Assets		
<i>Financial Assets</i>		
Accounts Receivable (Note 4)	96	107
	96	107
<i>Non-Financial Assets</i>		
Tangible Capital Assets (Note 5)	258,986	196,941
	258,986	196,941
Total	259,082	197,048

Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	27,583	23,856
Vacation Pay and Compensatory Leave	902	887
Employee Future Benefits (Note 8)	1,264	1,331
	29,749	26,074
Equity of Canada	229,333	170,974
Total	259,082	197,048

The accompanying notes form an integral part of these financial statements.

Statement of Operations (Unaudited)

For the year ended March 31

(in thousands of dollars)	2016	2015
Operating Expenses		
Maintenance and Repair	64,556	64,143
Salaries and Employee Benefits	18,668	17,589
Professional and Special Services	7,822	7,503
Amortization (Note 5)	7,896	6,700
Utilities, Materials and Supplies	5,610	6,827
Accommodation	4,937	4,695
Other Services	1,140	1,291
Disposals and Transfers of Tangible Capital Assets	1,103	-
Travel and Relocation	856	526
Expenses Related to Tangible Assets (Note 5)	436	534
Equipment and Other Rentals	164	118
Bad Debts	153	52
Communication	39	48
Advertising, Printing and Related Services	29	42
Other	13	19
Total Operating Expenses	113,422	110,086
Revenues		
Shelter Charges	93,329	93,535
Miscellaneous Revenues (Note 6)	6,507	5,916
Total Revenues	99,836	99,451
Net Cost of Operations	13,586	10,635

The accompanying notes form an integral part of these financial statements.

The expenses related to tangible assets include those assets that were not capitalized because they were lower than the capitalization threshold established by the Department (refer to Note 2(h) of these financial statements).

Statement of Equity of Canada (Unaudited)

For the year ended March 31

(in thousands of dollars)	2016	2015
Equity of Canada, beginning of year	170,974	146,678
Net Cost of Operations	(13,586)	(10,635)
Current Funding Used (Note 3)	74,021	39,956
Change in Net Position in the Consolidated Revenue Fund (Note 3)	(3,710)	(6,545)
Services Received Without Charge from Other Government Departments (Note 9)	1,634	1,520
Equity of Canada, end of year	229,333	170,974

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows (Unaudited)

For the year ended March 31

(in thousands of dollars)	2016	2015
Operating Activities		
Net Cost of Operations	13,586	10,635
Non-Cash Items		
Amortization of Tangible Capital Assets (Note 5)	(7,896)	(6,700)
Services Provided Without Charge by Other Government Departments (Note 9)	(1,634)	(1,520)
Disposals and Transfers of Tangible Capital Assets	(11)	-
Variations in Statement of Financial Position		
Increase (decrease) in Accounts Receivable	(11)	(85)
(Increase) decrease in Liabilities	(3,676)	(6,182)
Cash Used by Operating Activities	(734)	(3,851)

Capital Investment Activities		
Acquisitions of Tangible Capital Assets (Note 5)	71,045	37,262
Cash used by Capital Investment Activities	71,045	37,262

Net Cash Provided by Government of Canada	70,311	33,411
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The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statement (Unaudited)

1. Authority and Purpose

CFHA was established as a provisional special operating agency of the Department of National Defence in October 1995. In March 2004, it received permanent special operating agency status. The Department of National Defence is granted revenue spending authority from Parliament through the approval of an *Appropriation Act*. The Department funds CFHA's operating activities from vote-netted revenues generated by shelter charges collected from the housing portfolio and credited to the Defence appropriation. The capital investment program of the Agency is funded through departmental appropriations.

CFHA manages Crown-controlled residential accommodation assets for the Department, to ensure that those assets, occupied or available to be occupied, are maintained to a suitable standard. CFHA also develops and implements plans to meet the future residential needs of members of the Canadian Armed Forces.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with government accounting policies which are based on Canadian public sector accounting standards. Significant accounting policies are as follows:

(a) Net Voting Authority

CFHA receives authority to operate net voting from Parliament with the approval of an *Appropriation Act*. Net Voting is the authority to expend revenues generated by shelter charges to offset related expenditures.

The Agency also receives additional funding from departmental appropriations to provide Department-directed activities.

(b) Net Cash Provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund, which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the Fund and all cash disbursements made by the Agency are paid from the Fund. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Federal Government.

(c) Change in net position in the Consolidated Revenue Fund

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and vote-netted revenues plus additional funding used in a year, excluding the amount of non-responsible revenue recorded by the Agency. It results from timing differences between when a transaction affects vote-netted revenues and when it is processed through the Fund.

(d) Revenues

- Revenues from shelter charges are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

i. Pension benefits

Eligible civilian employees participate in the Public Service Pension Plan (the Plan), a multi-employer plan administered by the Government of Canada. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Department's responsibility with regard to the Plan is limited to its contributions.

ii. Severance benefits

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits of termination from the public service.

(g) Accounts receivables

Receivables are stated at amounts expected to be ultimately realized; an allowance for doubtful accounts is made for receivables where recovery is considered uncertain. The allowance for doubtful accounts represents management's best estimate of probable losses in receivables. The allowance is determined based on an analysis of historic loss experience and an assessment of current condition.

(h) Tangible capital assets

All tangible capital assets, having an initial cost of \$30,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Buildings (New Construction)	40 years
Buildings (Betterment)	20 years
Work in Progress	Once in service, in accordance with asset class

(i) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the remediation liabilities, the liability for employee future benefits, the allowance for doubtful accounts, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

(j) Remediation Liabilities

Remediation Liabilities are recorded as accrued liabilities to recognize the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated, or likely to be obligated, to remediate the sites.

3. Reconciliation of Current Year Funding Used

a) Reconciliation of Net Cost of Operations to Current Year Funding Used

(in thousands of dollars)	2016	2015
Net Cost of Operations	13,586	10,635
Adjustments for items affecting Net Cost of Operations but not affecting Funding:		
Amortization of Tangible Capital Assets (Note 5)	(7,896)	(6,700)
Vacation Pay and Compensatory Leave	(16)	(50)
Employee Severance Benefits	67	592
Adjustment to Previous Year's Accounts Payable	(194)	(333)
Services Provided Without Charge by Other Government Departments (Note 9)	(1,634)	(1,520)
Disposal and Transfer of Tangible Capital Assets	(1,103)	-
Other	166	70
	2,976	2,694
Adjustments for items not affecting Net Cost of Operations but affecting Funding:		
Acquisitions of Tangible Capital Assets (Note 5)	71,045	37,262
Current Year Funding Used	74,021	39,956

b) Reconciliation of Net Cash Provided by Government to Current Year Funding Used

(in thousands of dollars)	2016	2015
Net Cash Provided by Government	70,311	33,411
Revenue not available for Spending		
Change in Net Position in the Consolidated Revenue Fund		
(Increase) Decrease in Accounts Receivable and Advances	11	85
(Decrease) Increase in Accounts Payable, Accrued Liabilities and Transfer Payments Payables	3,727	6,723
Adjustment to Previous Year's Accounts Payable	(194)	(333)
Other Adjustments	166	70
	3,710	6,545
Current Year Funding Used	74,021	39,956

4. Accounts Receivable and Advances

(in thousands of dollars)	2016	2015
Receivables from Other Federal Government Departments and Agencies	6	6
Receivables from External Parties	643	501
Gross Accounts Receivable	649	507
Less: Allowance for Doubtful Accounts on External Receivables	(553)	(400)
Total	96	107

5. Tangible Capital Assets

Tangible Capital Assets					
(in thousands of dollars)	Opening Balance	Acquisitions	Transfer	Disposals	Closing Balance
Residential Houses	180,043		37,011	(108)	216,946
Work in progress	58,337	71,045	(38,080)		91,302
Total Tangible Capital Assets	238,380	71,045	(1,069)	(108)	308,248

Accumulated Amortization				
(in thousands of dollars)	Opening Balance	Current Year Amortization	Disposals and Transfers	Closing Balance
Residential Houses	41,440	7,896	74	49,262
Total Tangible Capital Assets	41,440	7,896	74	49,262

Net Book Value		
(in thousands of dollars)	2016	2015
Residential Houses	167,684	138,604
Work in progress	91,302	58,337
Total Net Book Value	258,986	196,941

Amortization expenses for the year ended March 31, 2016 is \$7,896,018 (2015 - \$6,699,978)

The expenses related to tangible assets on the Statement of Operations include those assets that were not capitalized because they were lower than the \$30,000 capitalization threshold.

CFHA-managed residential housing assets were transferred from the Department at the time of CFHA formation with “0” cost value instead of a historical cost of the assets and fully amortized value because the residential housing portfolio was more than 5 years old and there was a lack of accurate cost information dating back to that time. The realty replacement cost of residential housing assets was approximately \$1.831 billion and the number of CFHA-managed housing units is 11,810 at March 31, 2016.

6. Miscellaneous Revenues

(in thousands of dollars)	2016	2015
Recovery of Utility Charges	4,794	4,564
Recovery from Foreign Military Training	1,436	1,148
Others	277	204
Total	6,507	5,916

7. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	2016	2015
Federal Government Departments and Agencies	4,241	3,402
External Parties		
Accounts Payable	21,613	19,293
Accrued Salaries	-	13
Remediation Liabilities	207	166
Other Liabilities	1,522	982
Total Accounts Payable and Accrued Liabilities	27,583	23,856

Remediation Liabilities – Contaminated Sites

Liabilities are accrued to record the estimated costs related to the management and remediation of environmentally contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. Liability estimates are based on information known at a given point in time. These estimates are subject to variability due to: professional judgment involved in developing estimates, the possibility that additional volumes of contaminated media may be discovered upon implementation of the remedial action plan, and/or new technologies becoming available during the course of implementing the remedial action plan.

The Agency has identified five sites where it is obligated to remediate and has recorded a remediation liability of \$206,985 for these sites.

8. Employee Future Benefits

a. Pension Benefits

The Agency's employees participate in the Public Service Pension Plan (the Plan), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Department contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2015-2016 expense amounts to \$1,931K (\$2,008K in 2014-2015). For Group 1 members, the expense represents approximately 1.25 times (1.41 times in 2014-2015) the employee contributions and, for Group 2 members, approximately 1.24 times (1.39 times in 2014-2015) the employee contributions.

(in thousands of dollars)	2016	2015
Pension Expense	1,931	2,008

The Department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b. Severance Benefits

The Department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2016	2015
Accrued Future Benefit Obligation, beginning of year	1,331	1,923
Expense for the Year	95	(132)
Benefits paid during the year	(162)	(460)
Accrued Future Benefit Obligation, end of year	1,264	1,331

9. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

A. Services Received Without Charge

(in thousands of dollars)	2016	2015
Accounts Payable to Other Government Department and Agencies	4,241	3,402
Total	4,241	3,402

Also, during the year, the Department received without charge from another department, the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Agency's Statement of Operations as follows:

(in thousands of dollars)	2016	2015
Employer's contributions to the health and dental insurance plans paid by Treasury Board Secretariat	1,634	1,520
Total	1,634	1,520

B. Payable Outstanding at the Year End with Related Parties

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Agency's Statement of Operations.

10. Contractual Obligations

The nature of the Agency's activities results in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments when services and/or goods are received.

Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2016-17	2017-18	2018-19	2019-20	2020-21 and thereafter	Total
Project	14,182,367	5,275,194	-	-	-	19,457,561
Operating Lease	537,146	74,578	74,578	74,578	3,625	764,505