
Defence Construction Canada

Corporate Plan Summary 2020–2021 to 2024–2025

INCLUDING THE OPERATING AND
CAPITAL BUDGETS FOR 2020–2021



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Executive Summary

The financial position of Defence Construction Canada (DCC, or the Corporation) remains strong due to projected constant demand for services from DCC's primary Client-Partner, the Department of National Defence (DND), and from two public-private partnership contracts DCC is managing on behalf of Communications Security Establishment and Shared Services Canada. Currently, DCC expects its total contract expenditures to be approximately \$1 billion each year from 2020–21 to 2024–25. For the period ending March 31, 2021, DCC forecasts total services revenue of \$120.5 million.

The cash level that DCC management deems necessary for 2019–20 is between \$26 million and \$29 million. By the end of the planning period, the estimated required cash reserve level will be in the range of \$26 million to \$33 million, which is in line with DCC's Financial Management Policy.

DCC supports the infrastructure requirements of Canada's Strong, Secure, Engaged (SSE) defence policy and the Defence Energy and Environment Strategy (DEES). This support includes modernizing or improving buildings on bases and wings; supporting the Royal Canadian Air Force with any infrastructure it needs to accommodate the new aircraft it would receive through the Future Fighter Capability Project; supporting the Royal Canadian Navy with any infrastructure it needs to accommodate the new Canadian surface combatant ships; and helping DND meet its environmental goals of improving energy efficiency, reducing its greenhouse gas emissions, conducting sustainable operations and building sustainable real property.

The Government of Canada has many ambitious objectives related to its commitment to foster social and cultural diversity and inclusion. DCC is contributing to the progress being made toward these objectives. DCC seeks ways to stimulate business opportunities for Indigenous communities through the contracts it puts in place on behalf of DND. For example, contracts awarded for facilities maintenance and support services in Canada's North require the contractor to provide at least 10% of the contract value by hiring Indigenous Peoples and subcontracting with Indigenous companies. Additionally, DCC is exploring a joint DCC-DND Indigenous Procurement Strategy, as well as developing a DCC Indigenous Peoples Recruitment and Retention Strategy.

DCC's progressive Workplace Wellness and Mental Health Strategy, and Diversity and Inclusion Strategy, both in place for the past several years, help the Corporation recruit and retain employees, as well as support Government of Canada priorities. Due to the nature of DCC's business, the Corporation must maintain its ability to adjust the size, location and makeup of its workforce to quickly respond to changes in Client-Partner service delivery requirements and priorities. Current and future employees must see DCC as a preferred employer. DCC expects that the number of full-time equivalent employees will remain at approximately 942 during the planning period.

DCC employees are both innovative and enterprising in their work. They find creative solutions to overcome challenges and look for better ways to deliver service. Many DCC-led business developments that are firsts in the federal public sector have emerged from this innovative culture

including: a vendor management tool, proven effective for over two decades, that holds contractors accountable for their performance and behaviour; the application of an e-procurement system, in place since 2016; and, the use of the integrated project delivery (IPD) method, first applied in 2017.

The 2018 Fall Report of the Auditor General of Canada, Report 4, Physical Security at Canada's Missions Abroad—Global Affairs Canada, recommended that Global Affairs Canada consider partnering with other government entities like Defence Construction Canada for advice and support in its real property projects. DCC stands ready to share its expertise in the areas of procurement and contract management for defence and security infrastructure including public-private partnerships and real property management.

Technology advancements and business innovations are having an impact on DCC's business. Current and new employees have expectations for working online and with mobile applications; Client-Partners want real-time, accessible data and reports; and industry partners want an easy and efficient way to do business with DCC. To remain a progressive, valuable, and competitive organization throughout the planning period and beyond, DCC will accelerate its investment in business innovations—particularly in its digital business capability—to improve efficiency and effectiveness and to deliver further value to the Crown.

DCC operates in an industry known for fraud, so fraud awareness, detection and prevention are top priorities. DCC has been applying digital analytics to detect procurement fraud and collaborates with the Competition Bureau to mitigate the Government of Canada's risk of procurement fraud.

DCC supports federal prompt payment legislation and publicly discloses payments to prime contractors on its website, so subcontractors know when they can expect payment. In the coming year, DCC will continue to integrate this new federal legislation into its procurement processes. Additionally, DCC is assessing the impact of the proposed *Accessible Canada Act* on its operations. The Corporation has established a working group to review matters related to DCC's compliance with this act—including strategies, initiatives and policies—and move them forward.

Overview

MANDATE

Defence Construction Canada (DCC, or the Corporation) is a Crown corporation that procures and delivers defence infrastructure projects. Its principal mandate is to meet the infrastructure, real property and environmental needs of the Department of National Defence and the Canadian Armed Forces (DND/CAF) by advising on, collaboratively planning, procuring and managing defence contracts.

DCC has two primary Client-Partners: the infrastructure and environment (IE) community at DND, and the Communications Security Establishment. The Corporation also provides services to Shared Services Canada for its Enterprise Data Centre at CFB Borden.

PUBLIC POLICY ROLE

DCC contributes to Canada's long-term environmental sustainability by supporting DND's efforts to reduce greenhouse gas emissions and energy consumption associated with its infrastructure holdings.

DCC contributes to the security of Canada by ensuring adherence to the Policy on Government Security. It does so by ensuring that security requirements identified by DND are managed during the procurement and management stages of each contract to protect sensitive or classified information and assets. The Corporation also pre-screens contracting and consulting firms' applications for security clearances from the Canadian and International Industrial Security Directorate.

DCC has systems and practices to ensure it conducts all business with high ethical standards and integrity. It complies with the *Public Servants Disclosure Protection Act* and the *Conflict of Interest Act*.

DCC plays a role in meeting the government's policy objective to create a fair and secure marketplace by respecting internal and international trade agreements, using sound procurement practices, and ensuring competition by providing wide access to government business opportunities.

VISION STATEMENT

To be a knowledgeable, ethical and innovative leader, and employer of choice, valued by the Government of Canada and industry.

MISSION STATEMENT

To provide timely, effective and efficient program management, project delivery and full lifecycle support for infrastructure and environmental assets required for the defence of Canada.

SERVICE LINES

DCC's work covers a broad range of activities, from project need planning to building decommissioning. The Corporation's service delivery resources are divided among five service lines.

Contract Services

The Contract Services Team oversees the planning and procurement of goods and professional, environmental, real property, construction and maintenance services to fulfill Canada's domestic and international defence infrastructure needs.

Contract Management Services

The Contract Management Services Team supports the creation, renovation and maintenance of facilities for DND's IE program as well as the management of complex public-private partnership agreements.

Environmental Services

The Environmental Services Team helps DND meet environmental performance targets, comply with regulatory requirements, and manage due diligence and risk.

Project and Program Management Services

The Project and Program Management Services Team advises on matters such as infrastructure requirements, program planning, and schedule and document control.

Real Property Management Services

From needs planning to facility decommissioning, the Real Property Management Services Team supports the efficient maintenance of DND's infrastructure.

BUSINESS MODEL

The Corporation's business model combines the best characteristics of the private and public sectors. DCC's everyday operations are like those of an engineering consultancy firm. However, as a Crown corporation, it is governed by Part X of Schedule III to the *Financial Administration Act*.

DCC and DND have worked together since 1951. During that time, DCC has acquired specialized expertise and accumulated a large knowledge base related to Canada's military construction, and associated infrastructure and environment services, at home and abroad.

The projects DCC manages range from traditional ones to innovative ones, from control towers to dockyards, from hangars to armoured vehicle maintenance facilities, from community centres to accommodation facilities, and from roads to sewer and water systems. Some projects may simply involve maintenance work, while others are more complex construction projects with high security requirements.

DCC has no competitors in the traditional sense, but it has a mandate to provide infrastructure and environment services for all defence operational facilities on bases and wings. DND/CAF has the option to use Public Services and Procurement Canada to contract for small repair and maintenance services at DND/CAF locations on contracts valued at \$60,000 or less, per the memorandum of understanding, or to request support for other projects, as agreed to by DCC.

FINANCIAL CONDITION

The Corporation earns revenue on a fee-for-service basis and receives no government appropriations. It does not maintain or have access to any lines of credit or other sources of borrowings, although the Corporation plans to review its cash management strategy and available options, including investments, lines of credit or other vehicles. DCC operates as a lean and efficient organization, and its billing rates are significantly less than those of comparable North American private sector engineering firms, according to Deltek's 40th Annual Clarity Architecture and Engineering Industry study. The intent is to operate on a slightly better than break-even basis. Unexpected changes in program services provided to Client-Partners, as well as DCC's success in achieving its own operating efficiencies, can result in margins and cash balances that vary from initial targets. For more information, see DCC's Annual Report 2018–2019.

Operating Environment

DCC's operating environment is largely shaped by the priorities and planning of its primary Client-Partner, the Department of National Defence (DND), and by the business outlook for the architecture, engineering and construction industry.

EXTERNAL FACTORS

DND infrastructure and environment program

The biggest external factor shaping DCC's operating environment continues to be the size and focus of DND's IE program. The volume of business DCC receives under this program can change significantly from year to year, depending on DND and Government of Canada priorities. Typically, DND spends approximately 10% of its infrastructure and environment (IE) program budget on DCC's service fees.

The Government of Canada's Strong, Secure, Engaged defence policy, released in June 2017, makes modernizing DND infrastructure a priority. Activities with which DCC is assisting, or may be called on to assist with in the future, include divesting of or demolishing underused or obsolete buildings; improving facilities on bases and wings, such as housing for military personnel; constructing infrastructure for 88 new aircraft; and providing any new naval infrastructure required to support Canada's National Shipbuilding Strategy.

Similarly, DCC stands ready to help DND implement its Defence Energy and Environment Strategy by, for example, improving energy efficiency and building sustainable real property at installations across Canada. This includes supporting the development and construction of net-zero building designs associated with the Greening Government Fund, and continued procurement and management of energy performance contracts.

Finally, DCC regularly responds to requests from DND to work in Canada's Far North and to deploy staff overseas, including to current operational locations in Latvia and Kuwait.

External economic and business environment

The Canadian construction industry, of which DCC is a member, is becoming more complex, with fewer firms, more foreign ownership, more service-integrated firms, quicker adoption of technology and greater third-party involvement in activities traditionally done by construction business owners, such as quality control.

Mergers and acquisitions among small and medium-sized enterprises are decreasing the pool of independently owned businesses eligible and able to bid on DCC contracts. In addition, federal, provincial and municipal governments are all coping with aging infrastructure, which challenges the capacity of industry to respond.

For these reasons, DCC must always work to be a preferred business partner, since it relies on contractors and consultants to perform the work under the contracts it manages. DCC must also keep current with industry innovations, including e-procurement, new approaches to project delivery (such as public-private partnerships), integrated project delivery and LEAN methodologies. DCC is a founding member of Canadian Construction Innovations, a Canadian Construction Association institute that seeks to instill a culture of innovation in the industry.

DCC operates in an industry known for fraud. Consequently, fraud detection and awareness are top priorities. In one of its many efforts to mitigate fraud risk, DCC has been applying data analytics to detect procurement fraud. This work, together with ongoing collaboration with the Competition Bureau through a memorandum of understanding, is helping mitigate the Government of Canada's risk of procurement fraud. DCC has ensured that its Integrity Management Framework (comprising the Code of Business Conduct for employees and the Procurement Code of Conduct for suppliers) aligns with the Public Services and Procurement Canada counterpart, and that the terms of these codes feature in all DCC contract documents.

Government of Canada priorities and requirements

DCC contributes to the security of Canada by ensuring DND security requirements are met during the procurement and implementation stages of contracting, with the goal of protecting sensitive or classified information and assets. DCC also supports DND's implementation of, and industry's compliance with, security requirements by including them in all its contracts and assisting with the pre-screening of contracting (prime contractors and their sub-contractors) and consulting firms' applications for security clearances.

DCC contributes to Canada's long-term environmental sustainability by supporting DND's efforts to reduce greenhouse gas emissions and energy consumption associated with its infrastructure holdings. DCC's Environmental Management Framework ensures the organization incorporates environmental considerations into its business and administrative activities.

DCC plays a role in meeting the Government of Canada's policy objective to create a fair and secure marketplace by respecting internal and international trade agreements, using sound procurement practices, and ensuring competition by providing wide access to government business opportunities. DCC contributes positively to Canada's economy by providing fair, open access to approximately 2,000 contracts annually on behalf of its Client-Partners that stimulate economic and business activities.

The Strategic Plan Overview chart on page 11 illustrates how DCC's mission, vision, values, strategic objectives and outcomes, initiatives, and key performance indicators flow from Government of Canada priorities.

DCC's travel, hospitality, conference and event expenditure policies, guidelines and practices align with those of the Treasury Board of Canada Secretariat, as confirmed by the Office of the Auditor General in its 2017–18 financial audit.

INTERNAL FACTORS

Like many other Canadian organizations, DCC faces the ongoing challenges of recruiting and retaining top talent to ensure it can continue to meet Client-Partner needs, while dealing with generational turnover and varying expectations of employees of different ages. Since DCC largely hires from outside government, it will be affected by the anticipated demographic crunch in the construction industry, with over one-fifth of workers on track to retire in 10 years but fewer young people entering the workforce. Moreover, many large construction projects are carried out in remote areas, where younger people are less likely to relocate.

Nonetheless, DCC must continue to be able to adapt the size, location and makeup of its workforce, so it can quickly respond to changes in Client-Partner service delivery requirements and priorities. DCC's status as a non-unionized Crown corporation gives it the flexibility to do this. Moreover, DCC has a comprehensive Human Resources Strategy which includes programs that support employee recruitment and retention that address this internal business factor.

DCC ensures employment equity across the organization by applying its competency-based performance management program, which includes a job profile classification procedure. To verify that this structure is compliant with Bill C-86, the *Pay Equity Act*, DCC will develop a formal pay equity plan based on a recently completed assessment. The development and implementation of this plan is expected to extend three years into the planning period.

DCC's people-themed initiatives, including its Workplace Wellness and Mental Health Strategy, and Diversity and Inclusion Strategy, contribute to DCC's reputation as an employer of choice. To manage impending retirements, DCC implemented a robust Succession Planning Management Framework.

Business Strategy

DCC has a clear and consistent approach to its business, being always ready to provide timely, knowledgeable, effective and efficient service to its Client-Partners. The needs of DCC's defence and security Client-Partners have the greatest influence on the Corporation's business strategy, and it is DCC's mission to tactically deploy its services to meet those needs.

Each fall, DCC holds a strategic planning session that includes a strengths, weaknesses, opportunities and threats (SWOT) analysis. This leads to a review of the Corporate Risk Register, to ensure that all risks are addressed. The Board of Directors, the Senior Management Group, Client-Partners and industry representatives provide input to the review, based on consultations with their stakeholders.

DCC has built its business strategy on four planning themes: People, Service Delivery, Business Management, and Leadership and Governance. DCC's strategic objectives under those themes are to engage the workforce, meet Client-Partner requirements, have robust business management tools, and demonstrate strong leadership. DCC provides a service and support function, and these objectives are focused on maintaining and improving its service delivery capability.

DCC ensures performance through a deliverology approach to monitoring its business. Specific, measurable, achievable, relevant, and timely strategic objectives and outcomes provide focus for each theme, aligned with DCC's mission. DCC expects that these objectives will not change during the 2020–21 to 2024–25 planning period. With qualitative and quantitative key performance indicators in place for each of them, DCC can gauge the health of any aspect of its business. Rigorous and regular data collection, monitoring and reporting, and continuous improvement are part of daily work at DCC.

Although DCC's business strategy has remained consistent over the decades, the operating environment changes and influences the specific supporting activities DCC pursues each year. Nonetheless, the initiatives DCC undertakes typically relate to service delivery, or the managing of its human, capital or financial resources, in areas such as employee engagement, IT infrastructure and reduction of business costs. Details on the specific objectives of each initiative for the current fiscal year are noted in the following discussion section under the corresponding planning theme.

STRATEGIC PLAN OVERVIEW 2020–2021 TO 2024–2025

GOVERNMENT OF CANADA KEY PRIORITIES SUPPORTED BY DCC

Security and Defence	Environment	Economic Growth	Openness and Transparency
<ul style="list-style-type: none"> Defence Policy: Strong, Secure, Engaged Support for Canada's North Support for Canada abroad 	<ul style="list-style-type: none"> Canada's commitment to a clean environment Environmental sustainability Support for DND/CAF in meeting greenhouse gas emission targets 	<ul style="list-style-type: none"> Sustainable economic growth Opportunities for Canadians Investment in infrastructure Innovation 	<ul style="list-style-type: none"> Modernization of procurement process Focus on results and outcomes Prudence in handling public funds Commitment to social and cultural diversity and inclusion

MISSION

To provide timely, effective and efficient program management, project delivery and full lifecycle support for infrastructure and environmental assets required for the defence of Canada

VISION

To be a knowledgeable, ethical and innovative leader, and employer of choice, valued by the Government of Canada and industry

VALUES

Dedication: DCC is dedicated to supporting defence infrastructure and environmental requirements. Since 1951, DCC employees have dependably and diligently carried out that mission for Client-Partners.

Collaboration: DCC is committed to developing collaborative relationships with Client-Partners, industry, employees and other stakeholders. Together, we leverage our shared expertise toward our common goals.

Competence: DCC offers a dynamic and inclusive working environment in which the experience, expertise and diversity of employees enable the development of innovative solutions for Client-Partner needs.

Fairness: DCC engages with Client-Partners, industry, employees and other stakeholders in a fair and ethical manner, advocating mutual respect and professionalism.

STRATEGIC OBJECTIVES AND OUTCOMES

Planning Theme	People	Service Delivery	Business Management	Leadership and Governance
Strategic Objective	<ul style="list-style-type: none"> To build and sustain a competent, engaged and diverse workforce 	<ul style="list-style-type: none"> To deliver innovative, value-added services that meet Client-Partner requirements 	<ul style="list-style-type: none"> To develop and maintain responsive, integrated business management structures, tools, teams and practices 	<ul style="list-style-type: none"> To provide strong leadership and be responsive to Government of Canada requirements
Strategic Outcomes	<ul style="list-style-type: none"> A healthy, inclusive, accessible and respectful workplace A diverse, productive and results-oriented workforce A culture of innovation Positive employee engagement 	<ul style="list-style-type: none"> Delivery of efficient and effective quality services throughout the asset lifecycle Collaborative relationships sustained through mutually aligned objectives and information-sharing Leveraging of industry capacity and innovation 	<ul style="list-style-type: none"> Business infrastructure, strategies and corporate frameworks that ensure effective and efficient service delivery and strong resource management Sound internal control systems and practices, and management oversight and audit, that safeguard corporate assets 	<ul style="list-style-type: none"> A risk-based decision-making culture High ethical standards, openness and transparency in the management of DCC's business affairs Demonstration of value, integrity and innovation to stakeholders and Client-Partners Respect for government policies and practices
2020–21 Corporate Plan Initiatives	<ul style="list-style-type: none"> Implement year two of the Human Resources Strategic Plan Develop phase two of the Diversity and Inclusion Strategy, and the Workplace Wellness and Mental Health Strategy Implement the employee engagement survey action plan Respond to the results of the comprehensive compensation and benefits survey Develop an Indigenous Peoples Recruitment and Retention Strategy Develop an employee pay equity plan 	<ul style="list-style-type: none"> Enhance DCC's capabilities to support DND in its program delivery and IE strategic portfolio management Support DND's greening defence initiatives Implement the final phase of e-procurement for requests for proposals Implement innovative procurement and project delivery options Integrate new federal prompt payment legislation Leverage technology to better support construction delivery Develop a joint DCC-DND Indigenous Procurement Strategy 	<ul style="list-style-type: none"> Enhance and optimize the electronic document management system Identify digital business capability requirements Implement the Information Technology Strategy for the cloud computing solution and cyber security 	<ul style="list-style-type: none"> Strengthen collaborative relationships with Client-Partner leadership Finalize implementation of the Fraud Risk Management Strategic Plan Develop a new five-year internal audit plan Develop a plan to respond to the <i>Accessible Canada Act</i>
Key Performance Indicators	<ul style="list-style-type: none"> Employment diversity results Recruitment results Employee retention rate Innovation results Investment in training and development 	<ul style="list-style-type: none"> Service delivery rating Procurement results Contract management results Contractor performance evaluations 	<ul style="list-style-type: none"> Financial results consistent with DCC's Corporate Plan Cost of services Utilization rate 	<ul style="list-style-type: none"> Corporate reporting results, including timeliness of submissions DCC Code of Business Conduct results DCC Procurement Code of Conduct results Environmental, health and safety, and security results

Objectives, Outcomes, Initiatives, and Performance Indicators

PLANNING THEME: PEOPLE

Objective

To build and sustain a competent, engaged and diverse workforce.

Outcomes

DCC provides a healthy, inclusive, accessible and respectful workplace.

- Hallmarks of DCC's workplace include a commitment to diversity and inclusion, workplace wellness, accessibility, fair compensation and benefits, pay equity, and corporate social responsibility.

DCC's culture promotes a diverse, productive and results-oriented workforce.

- DCC's workplace offers opportunities for results-oriented people who want to take ownership of their work. They can grow through professional development opportunities, collaboration and leadership initiatives, knowledge retention and transfer activities, and career development exercises.

DCC encourages and fosters a culture of innovation.

- DCC wants its employees across the country to develop more efficient ways of working—the essence of innovation. Innovation in day-to-day operations will lead to resource savings, more efficient service delivery and greater value for the Crown.

DCC achieves positive employee engagement.

- The unique DCC culture is a combination of team awareness, collegiality, ingenuity and patriotism, and it attracts people who have these attributes, who are results oriented, and who are personally aligned with the corporate values of dedication, collaboration, competence and fairness. DCC strives to keep employee engagement high through initiatives that appeal to the hearts and minds of its employees.

Initiatives

The Government of Canada has many ambitious objectives related to its commitment to social and cultural diversity and inclusion. DCC supports this priority through six strategic initiatives unfolding over the planning period. Four of these initiatives are continuing from 2019–20 and there are two new initiatives. These people-themed initiatives address the risk associated with DCC's ability to recruit and retain people.

The four initiatives being carried over to 2020–21 relate to implementing the second year of the Human Resources Strategic Plan; developing the second phase of the Diversity and Inclusion Strategy, and the Workplace Wellness and Mental Health Strategy; implementing the action plan in response to the employee engagement survey results; and responding to the results of the comprehensive compensation and benefits survey. These long-term initiatives and their associated activities are having a positive impact on the culture and people of DCC. At the end of 2018–19, results indicated that DCC is recognized internally and externally as an employer of choice; employee engagement is high; and awareness of mental health and wellness, and diversity and inclusion, has increased. In 2020–21, DCC will continue moving forward to ensure not only that its employee compensation is comparable to that offered by similar employers, but also that the Corporation maintains pay equity in its job evaluation and classification system. DCC will undertake a new initiative to develop a formal pay equity plan.

The other new people-related initiative for the planning period relates to developing and implementing a DCC Indigenous Peoples Recruitment and Retention Strategy. DCC has been engaged in many outreach activities over the past several years to hire more Indigenous People, especially at the community level, where local site champions lead the effort. Results from 2018–19 indicate that DCC's Indigenous employee population is slightly below the labour market availability level in the construction industry. However, work is underway to develop partnerships with Indigenous organizations and to further engage Indigenous students in DCC's student program.

People: Key Performance Indicators

EMPLOYMENT DIVERSITY RESULTS

Under the *Employment Equity Act*, federally regulated employers, such as DCC, analyze their workforce to determine the degree of representation of designated groups in each occupational group. Each employer reports annually on its progress in achieving a workforce that is representative of the designated groups.

RECRUITMENT RESULTS

This indicator measures the effectiveness of the Corporation's recruitment process. DCC strives to have a minimum of 85% of all job postings filled in the first round of job advertising within 45 days of posting a position.

EMPLOYEE RETENTION RATE

DCC regularly reviews the percentage of employees who voluntarily leave the Corporation for other career opportunities. Monitoring this percentage allows senior managers to analyze the Corporation's performance in the context of relevant labour market trends. DCC strives to retain a minimum of 90% of its employees each year.

INNOVATION RESULTS

The innoviCulture program is DCC's means of encouraging and tracking innovation in the workplace. A key tool is an online intranet module called the inCubator. This system will track ideas submitted by employees as they move through the evaluation process and into implementation. The target is to have 10% of all employees use this system.

INVESTMENT IN TRAINING AND DEVELOPMENT

DCC's ability to serve DND is heavily dependent on the skills of its employees. DCC believes that by providing training to its employees, it is not only investing in their career development; it is also making the entire Corporation stronger.

Results from the recent employee engagement survey showed that the most important driver of DCC employee engagement is professional growth. DCC's investment in training and development ensures employees are equipped with up-to-date skills, and it makes them feel valued by the Corporation.

The target for spending on professional development as a percentage of base salary costs is 4%. This target includes spending on both internal and external costs related to training and development. The amount spent on training and development fluctuates from quarter to quarter, and year to year. It depends on the effort required to develop and maintain internal courses, and the timing of professional development activities in various regions and nationally.

PLANNING THEME: SERVICE DELIVERY

Objective

To deliver innovative, value-added services that meet Client-Partner requirements.

Outcomes

Service lines deliver efficient and effective quality services throughout the asset lifecycle.

- A matrix organization, a principles-based operating model, a risk-based decision-making approach and a results-oriented culture give DCC the flexibility that its Client-Partners need to run their organization and to build, manage and maintain their assets.

DCC sustains collaborative relationships through mutually aligned objectives and information-sharing.

- To fulfill its mission, DCC needs high-quality relationships with its defence and security Client-Partners. Planning jointly, sharing information, developing new support services and exchanging lessons learned are examples of activities DCC undertakes to sustain mutually beneficial relationships.

DCC leverages industry capacity and innovation.

- Since 1951, DCC has been engaged with industry associations and has been collaborating on many joint initiatives. DCC strives to be a bridge between industry and Client-Partners to help them achieve mutual goals and to foster innovative practices.

Initiatives

DCC will undertake seven service delivery initiatives for 2020–21; five initiatives are continuing from 2019–20 and two are new undertakings.

The five service delivery initiatives carried over from 2019–20 are as follows: support DND in its program delivery and IE strategic portfolio management; support DND's greening initiatives; finalize the e-procurement implementation phase for requests for proposals; continue to develop innovative procurement and delivery options; and integrate the requirements of the new federal prompt payment legislation into DCC's procurement and contract management processes.

DCC continues to aid the defence infrastructure modernization initiative by: supporting the development of real property program and procurement plans and their associated tracking tools; and, together with DND, develop tools to improve the consistency of requirements for the management of facilities maintenance services, including data collection.

Results at the end of 2018–19 indicated that DCC's service delivery capability meets the expectations of its Client-Partners. DCC maintains a consistently high client service delivery rating; it averaged 98.4% over the past five years. A clear indicator of DCC's success in support of green defence initiatives is the fact that DCC has put in place four energy performance contracts with an additional 10 planned for award by 2022–23.

When collaborating with the Client-Partner in its procurement planning, DCC continues to consider how to create a positive social impact through purchasing. The Corporation continues to explore procurement tools and options that will support businesses owned by Indigenous people, in addition to Aboriginal Procurement Set Aside. Under a new initiative for 2020–21, DCC will work to develop a joint DCC-DND Indigenous Procurement Strategy, seeking to strengthen DND's efforts to engage Indigenous businesses.

The other new initiative relates to the impact of new innovations and technology on DCC's business. Employees expect to be able to work online and use mobile applications; Client-Partners want real-time, accessible data and reports; and industry partners want an easy and efficient way to do business with DCC. To that end, DCC will seek ways to leverage innovations and technology to better support Client-Partners in the areas of mobile applications, new work practices and methods, and industry-specific software, such as that for business information modelling and digital analytics.

Service Delivery: Key Performance Indicators

SERVICE DELIVERY RATING

DCC wants to ensure that it maintains high-quality service delivery and consequently, it seeks continuous improvement through a service delivery rating and feedback system.

DCC administers its work through service level arrangements (SLAs). Each SLA may comprise many projects, and there is one primary Client-Partner representative for each SLA. Each representative is interviewed annually and has the opportunity to comment on the service DCC provided on all projects in which he or she was involved.

The representatives rate DCC's performance on a scale from one to five, with a score of three indicating that DCC "met expectations" and a score of four or five indicating that the Corporation "surpassed expectations." Scores are weighted according to the value of each SLA. DCC defines satisfied clients as those who provide an overall rating of three or higher.

PROCUREMENT RESULTS

Procurement award success: DCC wants Client-Partners to have a timely procurement experience and does not want to waste industry's time with false starts, as this reduces competition. DCC works with Client-Partners to make each procurement as viable as possible. The goal is that a minimum of 95% of all procurements result in a contract.

Procurement competition: DCC wants industry to view it as a knowledgeable and fair company to work with, so that as many bidders as possible compete for work. This helps ensure the Corporation gets the best value possible. The Corporation tracks the number of bidders per procurement, one indication of its reputation among contractors and consultants. The goal is to have an average of four bidders per procurement.

Public access to business opportunities: DCC wants to encourage competition and ensure that all enterprises have an equal opportunity to bid on contracts. The goal is to award a minimum of 98% of DCC contracts through public opportunities. DCC conducts procurement in an industry known for incidents of fraud. All successful bidders are verified against DCC's Procurement Code of Conduct before contract award. This reduces the risk of working with non-compliant companies.

CONTRACT MANAGEMENT RESULTS

DCC's Contract Management service line measures its on-time completion rate for construction contracts. The business performance target is to have 85% of all contracts completed by the date scheduled for occupancy and readiness for intended use.

CONTRACTOR PERFORMANCE EVALUATIONS

To satisfy its Client-Partners, DCC wants to have the job done right. To satisfy the industry, DCC wants to provide useful and fair performance feedback to the contractors and consultants who perform the work. For two decades, DCC has used its contractor performance evaluation report form (CPERF) to ensure delivery of quality work and to achieve value for the Crown. This vendor management tool holds contractors accountable for poor performance or unacceptable behaviour. The goal is to evaluate 95% of all contractors that have completed their contracts with DCC.

PLANNING THEME: BUSINESS MANAGEMENT

Objective

To develop and maintain responsive, integrated business management structures, tools, teams and practices.

Outcomes

Business infrastructure, strategies and corporate frameworks ensure effective and efficient service delivery and strong resource management.

- This infrastructure relates to business planning, operations policy and procedures, human resources, corporate security, administrative services, finance, IT, and communications. Resource management includes management of staff, materials, money and assets.
- Corporate assets are safeguarded by sound internal control systems and practices, and management oversight and audit.

Initiatives

Under the theme of business management, work on three initiatives from 2019–20 continues into the planning period. Each one relates to specific areas of DCC's digital capability and the effort to modernize DCC's internal business systems.

DCC continues its efforts to fully embrace a digital workplace, and it will further enhance and optimize its document management system. Given the nature of its business and the importance of documentation, accurate record-keeping and easy access to archives are priorities. Refinements to the current online system, as well as user training, will continue in 2020–21, as this initiative enters its final phase of implementation.

Last year, DCC began to consider and identify its business requirements for an improved enterprise resource planning (ERP) system. Building on the work done last year, this initiative will continue to identify and create a resource and governance plan to improve DCC's digital business capability. DCC expects to replace its current ERP system over the next five to eight years.

The Information Technology Strategy, first conceived in 2016–17, progressed into the third year of its 10-year planned implementation during the first half of 2019–20. The first phase of this IT Strategy involves implementing the secure cloud and managed services project. This project schedule for this initiative was accelerated dramatically due to a cyber incident in September 2019 that disrupted DCC's IT systems. DCC was able to recover and restore its IT systems quickly, since most of the project work had already been completed on the secure cloud and managed services project. Subsequent phases of the IT Strategy are proceeding as expected. The Executive Management Group monitors the progress of the IT Strategy and receives reports on it regularly during DCC's Information Technology Steering Committee monthly meetings.

This plan to modernize DCC's IT infrastructure will ensure that the Corporation will keep pace with its industry and government partners in the use and application of technology for infrastructure and environment services.

Business Management: Key Performance Indicators

FINANCIAL RESULTS CONSISTENT WITH DCC'S CORPORATE PLAN

DCC expects to achieve financial results each year that are consistent with its Corporate Plan and Financial Management Policy. Unexpected changes in program services provided to Client-Partners, as well as DCC's success in achieving its own operating efficiencies, can result in margins and cash balances that vary from initial targets. The objective is to generate and maintain sufficient cash to meet the Corporation's anticipated operating and capital requirements, to settle financial obligations as they become due, and to meet contingencies that may arise. Based on various considerations, including increasing DCC's long-term employee benefits liability, DCC's cash management approach will be to maintain its cash and investments level at \$26 million to \$33 million within the planning period.

COST OF SERVICES

The indicator of overall cost of services to DND reflects how much of DND's infrastructure and environment (IE) program budget is spent on DCC's services—or, in other words, how much DCC services cost DND's IE community. Typically, DCC expects these costs to fall in the range of 9% to 15%. This is very cost-efficient since DCC's billing rates are significantly less than those of comparable North American private sector engineering firms, according to Deltek's 40th Annual Clarity Architecture and Engineering Industry study.

UTILIZATION RATE

DCC manages its business soundly by maintaining low internal overhead costs, keeping costs to DND low and meeting the terms of its own Financial Management Policy. As it is a service organization, DCC's largest overhead cost is employee salaries. The Corporation sets a target to recover 70% of employee salaries through its monthly invoices to its Client-Partners.

PLANNING THEME: LEADERSHIP AND GOVERNANCE

Objective

To provide strong leadership and be responsive to Government of Canada requirements.

Outcomes

DCC maintains a risk-based decision-making culture.

- To be efficient, comply with Government of Canada requirements and meet urgent needs, DCC uses a risk-based decision-making process. This allows the Corporation to carry out the complex and specialized defence construction projects that Client-Partners require.

DCC demonstrates high ethical standards, openness and transparency in the management of its business affairs.

- DCC seeks to operate in an ethical, transparent and responsible manner, and to ensure appropriate oversight of its daily operations.

DCC demonstrates value, integrity and innovation to stakeholders and Client-Partners.

- DCC wants to ensure that it maintains a credible reputation among its stakeholders.

DCC respects government policies and practices.

- DCC abides by Government of Canada regulatory and policy requirements, including policies related to diversity and inclusion; official languages; environmental stewardship; health and safety; security; access to information; and financial administration and reporting.

Initiatives

In 2020–21, DCC will continue to work on two initiatives carried over from 2019–20: strengthen collaborative relationships with Client-Partner leadership; and finalize the implementation of the Fraud Risk Management Strategic Plan.

DCC's stable, long-term relationship with DND allows the Corporation to serve as the corporate memory for its client groups, which often undergo frequent staff changes in key positions. DCC's mandate must be promoted regularly to new DND staff, so that DND can leverage DCC's expertise fully. DCC's senior management will continue to be very active in engaging the Client-Partner leadership as staffing changes occur. DCC follows a stakeholder engagement matrix to ensure regular communications with DND to keep knowledge of DCC's mandate top of mind with Client-Partner representatives.

Throughout the planning period, DCC will apply continuous improvement measures to its already robust fraud awareness, detection and prevention activities. The application of digital analytics to detect incidents of fraud and collusion in procurement will continue as the technology evolves, as will education and awareness activities among procurement staffers. DCC continues to collaborate with the Competition Bureau to mitigate the Government of Canada's risk of procurement fraud. In the first half of 2019–20, DCC published its Fraud Risk Management Strategic Plan. DCC's Contract service line updated relevant operations manuals with content related to fraud awareness, prevention, controls, processes and procedures. Other policies will be reviewed and updated as needed.

Under this planning theme, DCC will undertake two new initiatives. As part of ongoing business during the planning period, DCC will develop a new five-year internal audit plan to ensure that its business operations are robust and are compliant with all relevant legislation. In another initiatives, DCC will prepare a plan to respond to the requirements of the new federal *Accessible Canada* Act. DCC has assembled a working group to review matters related to DCC's compliance with the Act—including strategies, initiatives and policies—and to move them forward.

Leadership and Governance: Key Performance Indicators

CORPORATE REPORTING RESULTS

Reports that the Corporation produces to meet legislative requirements include the Annual Report, the Corporate Plan Summary, the Quarterly Financial Reports, and the annual reports on the administration of the *Access to Information Act* and the *Privacy Act*. DCC also provides reports to other government entities, such as Employment and Social Development Canada. The Corporation's success in meeting these reporting requirements—including timeliness of submissions, as well as the results contained in these reports—reflects DCC's success in meeting the objectives of the Leadership and Governance theme.

Separate from its corporate reporting requirements, DCC receives a variety of inquiries from its government stakeholders each year. These include order paper questions, constituent inquiries and ministerial questions. DCC responds to all requests in a timely manner. The volume of these requests fluctuates, depending on the current business environment. The target is to respond to 100% of all requests on time.

DCC CODE OF BUSINESS CONDUCT RESULTS

The Code of Business Conduct (the Code) supports DCC's strategic objectives of integrity and ethical business conduct. DCC employees are to perform their duties and arrange their private affairs so that public confidence and trust in the integrity, objectivity and impartiality of DCC are preserved and enhanced. The Corporation requires all employees to review the Code each fall.

DCC PROCUREMENT CODE OF CONDUCT RESULTS

DCC's Procurement Code of Conduct ensures that DCC's contractors and consultants meet the expected integrity requirements for doing business with the Government of Canada. DCC aims to verify all firms before awarding contracts, to ensure that all contractors and consultants comply with the Procurement Code of Conduct.

ENVIRONMENTAL RESULTS

DCC tracks environmental incidents resulting from DCC personnel actions and reports them to its Board of Directors. Incidents that involve third-party contracted activities are also recorded. DCC strives to have zero incidents related to the actions of DCC personnel.

HEALTH AND SAFETY RESULTS

Under its Corporate Health and Safety Program, DCC tracks, reports on and follows up on hazardous occurrences, accidents and safety incidents involving its employees that result in lost work time. Annually, DCC reports the number, severity and outcome of these events to

Employment and Social Development Canada. DCC strives to have no safety accidents or incidents that result in lost time.

SECURITY RESULTS

DCC adheres to the Policy on Government Security to protect government information and assets from compromise. In its Corporate Security Policy, DCC refers to industrial security requirements and corporate security requirements.

“Industrial security requirements” are the security requirements that a Client-Partner has for one of its projects. Client-Partners communicate these requirements to DCC during the procurement phase of a project. DCC ensures that these requirements are met and managed appropriately. The Corporation tracks all instances of non-compliance.

When there is an incident of non-compliance, DCC ensures that corrective actions are implemented. DCC coordinates all efforts with applicable stakeholders, such as the deputy security officer, the Canadian and International Industrial Security Directorate, and/or other local security authorities, as appropriate.

“Corporate security requirements” are DCC’s internal security requirements for its corporate information, assets and employees. DCC reviews and manages all incidents and takes required corrective measures.

DCC strives to have no compromises of either corporate or industrial security requirements.

Financial Overview

The Corporation operates on a fee-for-service basis and receives no government appropriations. Its financial management approach is based on the fundamental assumption that the Corporation is a going concern and that its stated mandate will continue in the future. This Plan contains information based on the most current assumptions as of February 10, 2020. Such information involves known and unknown risks that may cause actual results to differ materially from planned results. DCC senior management believes it has identified any material risk factors that could affect actual results at this time.

FINANCIAL HIGHLIGHTS

The key highlights of the Financial Plan are as follows.

DCC's financial position remains strong due to projected constant demand for services from its Client-Partner. The Financial Plan demonstrates an increase in billing rates in order to meet DCC's operational requirements. Throughout the planning period, DCC will invest in its business—particularly in IT and process improvements—to improve efficiency.

2020–2021 Planning Year

DCC expects services revenue to increase by 5.6% in 2020–21, reflecting a 7.5% billing rate increase and a slight decrease in demand for DCC services. Compared to the 2019–20 Plan, the billing rate is expected to rise from 3.5% in 2019–20 to 7.5% in 2020–21, when DCC expects to achieve a higher gross margin, as required for break-even operations.

Salaries and employee benefits are expected to increase by 0.5% in 2020–21, reflecting a 1.5% economic increase and a 2.0% average merit-based salary increase, offset by a decrease due to salary mix and efficiencies.

The gross margin on services revenue is expected to increase to 40.0% in 2020–21 from a projected 37.2% in 2019–20, in order to cover the operating and administrative costs.

Operating and administrative expenses are expected to increase as a result of continued investment in IT infrastructure and the transition of data centre management to a platform as a service (PaaS) model to increase operational efficiency and network security. DCC is making these investments to improve security and modernize the Corporation's IT infrastructure. As well, furniture and equipment expenses are expected to increase in 2020–21 due to Head Office renovations to make more efficient use of space. Operating and administrative and expenses related to investment in Indigenous student recruitment to support Indigenous representation are also expected to increase.

The total comprehensive loss at the end of 2020–21 is projected to be \$70,000. Even though the Corporation is reporting a loss, DCC will be at a cash-flow break-even level at the end of this

period. This break-even point will occur later than the break-even point projected in the 2019–20 Corporate Plan. This is due to the requirement to modernize IT capability and security, along with continued investment in IT infrastructure.

Cash and investments are anticipated to total \$26 million at March 31, 2021. This is within the target range of \$26 million to \$29 million set in 2019–20. The Corporation has determined that the target range for cash on hand to support operations will increase over the planning period to \$26 to \$33 million. That projected rise is due to two factors: increasing liabilities for employee future benefits, which must be self-funded by the Corporation; and the need to maintain sufficient cash on hand to cover two to three months of salary costs. The liability for employee future benefits is expected to reach \$39.8 million by the end of the planning period.

2021–22 to 2024–25 Planning Years

Revenue is anticipated to increase over the planning period. The billing rate is projected to increase by 7.5% in 2020–21 and 5.2% in 2021–22. The billing rate increase will drop to 3.5% for the last three years of the Plan. This lower billing rate is due to DCC's break-even operating margin in 2021–22, projected constant demand for DCC services by the Client-Partner and a consistent corporate utilization rate of 77% to 79%. The expected billing rate changes reflect anticipated constant demand for services from the Client-Partner.

DCC operations—primarily compensation—will also affect the billing rate increases. If inflation increases faster than the Bank of Canada's 2.0% target, this will have an impact on future billing rates. The Corporation is also looking at modernizing systems and processes, and at adopting new innovations and technologies. DCC assesses these factors annually when finalizing the billing rates for the coming year. Here are some assumptions it has used in developing the forecasted billing rates above:

- Compensation increases will remain consistent from 2021–22 to 2024–25.
- Gross margin will be 40.0% in 2021–22 to 2024–25.
- Cash and investments will gradually increase to \$33 million in 2024–25.

Key Assumptions

The following tables summarize the key assumptions in this Plan, compared to those in the prior year's Plan.

Revenue assumptions in the 2020–21 to 2024–25 Corporate Plan

Revenue assumptions in the 2019–20 to 2023–24 Corporate Plan

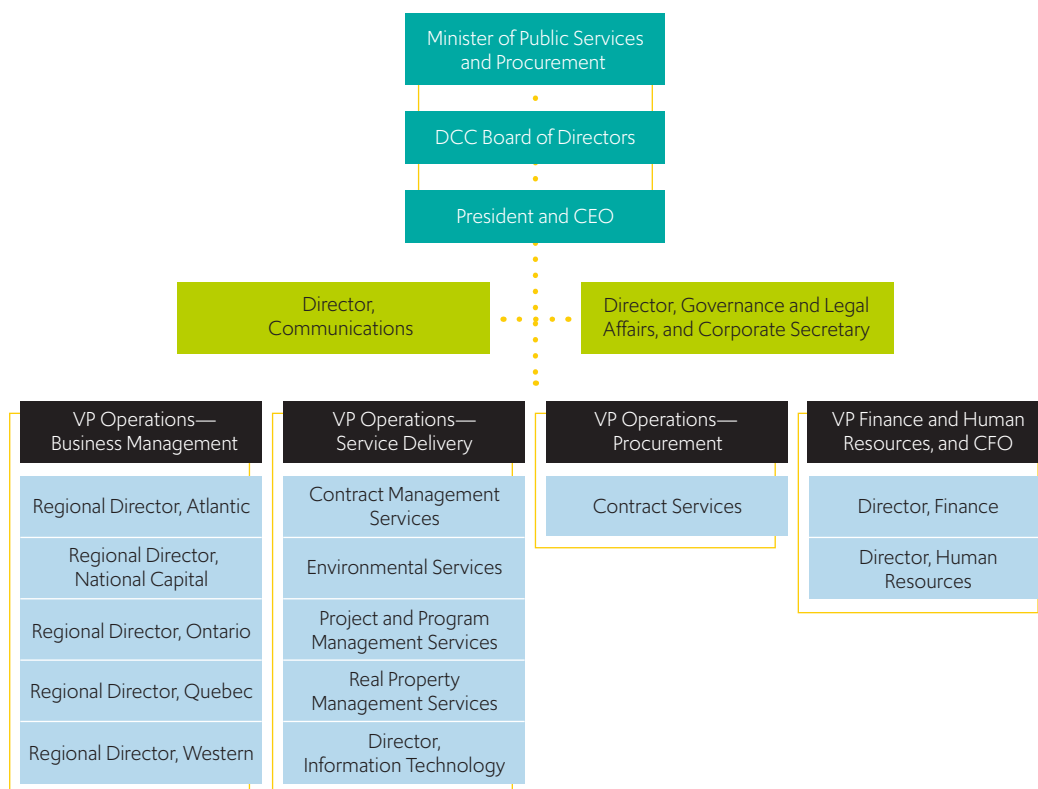
COMPENSATION ASSUMPTIONS

Compensation assumptions in the 2019–20 to 2023–24 Corporate Plan

	Estimated	Planned				
	March 31/19	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24
Economic increase	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Merit-based salary increases	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Total salary and employee benefit increase assumption	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Appendix I

Corporate Governance and Structure



BOARD OF DIRECTORS

DCC's Corporate Governance Framework summarizes the corporate governance structure, principles and practices for DCC and its Board of Directors. It defines board accountabilities and responsibilities, identifies key roles, and provides guidance.

DCC's Board of Directors is accountable to Parliament through the Minister of Public Services and Procurement. The Board participates, as required, in the Government of Canada's Governor in Council appointments process, which ensures open, transparent and merit-based appointments to commissions, boards, Crown corporations, agencies and tribunals.

All members of the Board of Directors, and the President and Chief Executive Officer, are appointed by the Governor in Council, upon the recommendation of the Minister of Public Services and Procurement. Members of DCC's Board hold office at the pleasure of the Governor in Council and may remain as board members until successors are appointed, should they wish.

The Chair of the Board is a separate position from that of the President and CEO, and the Board conducts its business independently of DCC management. The Chair is responsible for the effective functioning of the Board. The Board is responsible for the management of the business, activities and other affairs of the Corporation, pursuant to the *Financial Administration Act*. The Board provides oversight on matters such as strategic planning, corporate risk management and internal controls. The Board Charter outlines how board members are expected to oversee the Corporation.

Table 1 lists the current members of DCC's Board of Directors and their terms of office.

TABLE 1

Board Member	Appointed	Length of Term	Expiry Date of Term
Moreen Miller	November 22, 2017	Five-year term	November 21, 2022
Derrick Cheung	September 8, 2019	Five-year term	September 7, 2024
Steve D. Anderson	January 2, 2019	Four-year term	January 1, 2023
Stephen Burbridge	June 11, 2018	Four-year term	June 10, 2022
Cynthia Ene	June 11, 2018	Four-year term	June 10, 2022
Claude Lloyd	June 11, 2018	Three-year term	June 10, 2021
Angus Watt	June 11, 2018	Three-year term	June 10, 2021

COMMITTEE STRUCTURE

To help it fulfill its oversight functions, the Board relies on two committees: the Audit Committee, and the Governance and Human Resources Committee, each of which has its own charter.

The Audit Committee oversees DCC management's maintenance of appropriate financial and management controls, ensures that DCC's assets are safeguarded, and ensures that DCC's transactions comply with the appropriate legislation and policies. The Committee also oversees matters related to financial reporting, and the Office of the Auditor General's annual financial audits and special examinations, as well as DCC's internal audits. Pursuant to the *Financial Administration Act*, all members of the Audit Committee are independent of DCC management, in that no corporate officers or employees of DCC are members of the Committee.

The mandate of the Governance and Human Resources Committee encompasses governance and human resources. The Committee develops DCC's approach to corporate governance; evaluates DCC's corporate governance practices, including its Code of Business Conduct for employees, to ensure they reflect current best practices; and assesses the Board's effectiveness. The Committee

ensures that DCC's human resources policies are appropriate for the Corporation and that related processes are in place. It also oversees the performance management process for DCC's President and CEO, pursuant to the Privy Council Office's Performance Management Program, and ensures that DCC has an appropriate succession plan for its corporate officers.

EXECUTIVE MANAGEMENT STRUCTURE

The President and CEO is accountable to the Board of Directors for the overall management and performance of the Corporation. DCC's President reports to the Chair of the Board. The Executive Team—made up of the President and CEO and four vice-presidents—is located at DCC's Head Office in Ottawa. In addition to their day-to-day interactions, members meet regularly as the Executive Management Group, supported by the Corporate Secretary, to review strategic, operational, financial and human resources matters for the Corporation.

Three vice-presidents, operations, are responsible for DCC service delivery, business management and procurement activities. The Vice-President, Operations—Business Management is responsible for business management in all regions. The Vice-President, Operations—Service Delivery is responsible for service delivery of four of DCC's five service lines, plus oversight of the Information Technology Department, and acts as the Corporate Security Officer. The Vice-President, Operations—Procurement is accountable for the leadership and oversight and delivery of the procurement services across the Corporation.

The Vice-President, Finance and Human Resources and Chief Financial Officer is responsible for the financial affairs of the Corporation and the executive leadership of DCC's finance and human resources function.

Members of the Senior Management Group include regional directors; the national directors for Contract Management and Real Property Management Services, and Contract Services; and directors. Regional directors manage activities in the Western, Ontario, National Capital, Quebec and Atlantic regions through regional offices located in Edmonton, Kingston, Ottawa, Montréal and Halifax, respectively. The national directors ensure all service line activities meet corporate objectives and they are accountable for the efficiency and quality of service delivery at the national level. Directors of communications, finance, governance and legal affairs, human resources, and information technology are accountable for the corporate leadership and management of their respective function and group.

The Corporate Secretary is responsible for governance-related matters; ensures that DCC complies with all relevant legislation, regulations and government policies; supports the Board of Directors; and communicates with the Corporation's stakeholders.

Appendix II

Financial Statements and Budgets

CASH MANAGEMENT AND FINANCIAL STATEMENTS

Cash Management Approach

DCC's Financial Management Policy is to generate and maintain sufficient cash reserves to meet the Corporation's anticipated operating and capital requirements, to settle its financial obligations as they become due, and to meet contingencies that may arise.

The Corporation operates on a fee-for-service basis and receives no cash funding through government appropriations. Thus, the Corporation's cash is generated solely from fees collected from its Client-Partners for services provided. DCC intends to review options to support short-term cash level fluctuations due to the timing of receivables and the optimization of its investment portfolio, such as lines of credit or other vehicles.

The intent of the Corporation is to operate on a slightly better than break-even basis. The Corporation sets billing rates based on expected program and operating costs. However, unexpected changes in program services provided to Client-Partners, as well as DCC's success in achieving its own operating efficiencies, can result in margins and cash balances that vary from initial targets. Cash levels are constantly monitored, and any cash surpluses judged to exceed operating requirements are reduced through future operating plans and budgets, particularly through the setting of billing rates for services provided and/or through the extraordinary payment of a dividend to the Government of Canada.

In preparing its operating plans, the Corporation prudently allows for reasonable levels of cash reserves in its financial projections to ensure that it can continue to fulfill its mandate and serve its Client-Partners in an effective and timely manner. The objective of the cash management approach is to keep sufficient cash reserves available—recognizing the potential for short-term interruptions in collections of receivables—to meet DCC's obligations. Potential obligations considered in the cash management approach include salaries, benefits and other current operating costs for a period of 60 to 90 days; payments of long-term employee benefits, which include employee sick leave costs, and health and life insurance benefits for DCC retirees; the collection of accounts receivable; and other areas, which could include costs associated with personnel adjustments, relocation costs and additional capital costs to comply with new Government of Canada directives.

Cash Requirements and Uses

The Corporation considers several factors in determining the amount of cash reserves to maintain, including the planning and operating risks inherent in its operations. In particular, the risks associated with potential and unanticipated changes to the amount or timing of DND's construction project expenditures directly affect the amount or timing of DCC services and the cash generated.

The current cash reserve level that DCC management deems necessary is between \$26 million and \$29 million. These amounts will change over time as DCC's financial position changes over the planning period. By the end of the planning period, the estimated cash reserve level should be \$26 million to \$33 million, based on the increase in long-term unfunded liabilities for employee future benefits and increased compensation costs. The following factors help DCC determine adequate cash reserves.

- Working capital: DCC typically has \$12 million to \$15 million in trade payables, which it manages on a timely basis.
- Payroll: The Corporation's monthly payroll costs will reach \$12.1 million by the end of the planning period. The cash reserves should be sufficient to cover approximately two to three months of payroll. This is seen as an appropriate amount for a viable business to have on hand.
- Receivables collection risk: Although DCC has a secure client base from which it regularly collects receivables, several things can affect the timing of those collections. Routine delays in Client-Partner approvals and processing of invoices affect collections of some receivables. Greater risks occur in the situations described below, which DCC manages through cash planning.
- Election periods: During a writ period, DND relies on special funding mechanisms (warrants), which allow payments to continue in a 45-day cycle. There can be uncertainty about the timing of these mechanisms. DND's ability to pay receivables could easily be affected for a single cycle, which is equivalent to half of the 90-day payroll coverage period.
- Forecast uncertainty: DCC has not received a firm forecast of expected infrastructure program expenditures for 2020–21 and beyond. This uncertainty increases the risk of material fluctuations in demand for DCC services, which could require unanticipated investments to add or reduce resources. Such costs might include recruiting, relocation and training expenses—or, conversely, severance and other termination costs. DCC self-funds such costs and must keep sufficient cash reserves on hand.
- Long-term obligations: DCC must self-fund over \$29.8 million in employee future benefits, including retirement, health and sick leave benefits. These obligations are expected to grow to \$39.8 million over the next five years. The Corporation must also fulfill other commitments, such as paying for facility leases. DCC cannot predict with certainty when it may be required to pay for its long-term liabilities and must ensure that sufficient cash is available for these purposes when needed.
- Capital expenditures: DCC must self-fund all capital expenditures, such as the costs of modernizing its information management systems and enterprise resource planning systems.

It is unlikely that all of these financial contingencies would occur at the same time. If they did, the Corporation's current reserves would be grossly inadequate. To mitigate this financial risk, DCC conducts prudent forward planning of its resource levels and ongoing active business operations, and plans to review its cash management strategy and options including lines of credit or other vehicles.

There are no restrictions on the use of the Corporation's funds, and no legal or statutory obligations to segregate funds for any current or future liabilities, including employee future benefits. As such, the Corporation does not have any segregated or restricted funds, and cash in excess of short-term operational and capital requirements is invested in accordance with the Investment Policy approved by the Board of Directors.

DCC has adopted a proactive approach to its ongoing fee arrangements to ensure that it manages cash levels going forward. Traditionally, DCC establishes fee arrangements with Client-Partners at the start of each fiscal year through several hundred service-level arrangements (SLAs). There are two types of fee arrangements: fixed fee and time based.

Client-Partner representatives have been reluctant to revisit these arrangements during the year due to the administrative burden and costs involved, as well as the fact that amendments could create uncertainty around billing rates. However, with the increase in volume of services delivered through fixed-fee arrangements (versus the more common time-based arrangements), DCC could address this issue by taking different approaches for each type of arrangement. DCC will continue to review its monthly cash, break-even profit and gross margin results when deciding actions to take regarding its cash level.

Fixed-fee arrangements: There are relatively few of these arrangements; however, they represent approximately 50% of services revenue. Going forward, when DCC approaches its planned operating target for the year, the Corporation can adjust the gross margin on its fixed-fee arrangements by varying the payroll gross-up factor (fixed-fee multiplier) to affect the amount of revenue generated. Changes can be made quickly with little disruption, while minimizing the administrative burden and costs to DCC and Client-Partners.

Time-based arrangements: DCC will maintain consistent billing rates for time-based arrangements during the year. This will help Client-Partner representatives avoid the administrative burden, costs and uncertainty associated with amending them. When setting billing rates for time-based arrangements each year, DCC will establish a higher or lower billing rate, as needed to achieve its target results. Among other factors, it will consider the prior year's results, the current year program forecast from the Client-Partner, and the gross margin required to fund DCC's operating and capital requirements.

Financial Statements, Budgets and Notes

This financial projection reflects the Corporation's sustainable financial position in 2020–21. As a result, DCC plans to increase billing rates by 7.5% in 2020–21, 5.2% in 2021–22, then reduce the increases to 3.5% per year for the remaining three years of the Plan. However, the following factors could affect the projected billing rates:

- significant variances in program spending or demand for services from the Client-Partner;
- changes in the inflation rate, which would directly affect compensation; and
- DCC's investment in process and system improvements to meet operational requirements.

Operating expenses include investments planned from 2021–22 to 2024–25 to modernize the Corporation's IT infrastructure by making operational improvements and improving network security. These investments will be required to respond to an ever-changing security environment, along with the expiry of DCC's enterprise resource planning system in 2025–26.

These projections reflect the current most likely scenario for demand from Client-Partners and related spending requirements to meet operational needs. In line with the cash management approach, the Corporation has projected losses for the planning period, as DCC increases its billing rate to break-even operations.

STATEMENT OF FINANCIAL POSITION

For the years ending March 31, 2019, to March 31, 2025

(in \$ thousands)	Actual	Corporate Plan	Estimated	Planned				
	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
ASSETS								
Cash	\$ 9,788	\$ 7,109	\$ 12,287	\$ 13,800	\$ 15,343	\$ 16,959	\$ 18,561	\$ 20,072
Bid security account	278	—	76	281	281	281	281	281
Investments	2,502	2,000	2,000	502	2,125	1,716	3,757	2,134
Trade receivables	21,321	24,240	20,442	21,813	23,011	24,592	26,477	28,574
Other receivables	1,805	1,800	1,697	1,511	1,383	1,265	1,158	1,059
Prepays and other assets	1,487	2,938	1,860	1,983	2,043	2,104	2,167	2,232
Current assets	37,181	38,087	38,362	39,890	44,186	46,917	52,401	54,352
Investments	15,602	16,197	9,437	11,163	9,774	10,421	8,622	10,493
Right-of-use assets (leases)	—	—	7,531	9,474	8,162	6,850	5,538	4,293
Property, plant and equipment	838	9,688	795	1,722	1,651	1,379	1,114	849
Intangible assets (software)	131	—	50	—	—	—	—	—
Assets under capital lease	141	—	—	—	—	—	—	—
Non-current assets	16,712	25,885	17,813	22,359	19,587	18,650	15,274	15,635
Total assets	\$53,893	\$63,972	\$ 56,175	\$62,249	\$63,773	\$65,567	\$ 67,675	\$69,987

STATEMENT OF FINANCIAL POSITION (CONT'D)

For the years ending March 31, 2019, to March 31, 2025

(in \$ thousands)	Actual	Corporate Plan	Estimated	Planned				
	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
LIABILITIES AND EQUITY								
Trade payables and accruals	\$ 13,664	\$ 13,211	\$ 11,928	\$ 13,873	\$ 14,290	\$ 14,718	\$ 15,160	\$ 15,616
Deferred revenue	—	—	—	—	—	—	—	—
Right-of-use lease liability	—	2,106	2,226	1,370	1,447	1,469	1,486	1,405
Finance lease obligation	80	—	—	—	—	—	—	—
Employee future benefits	2,863	2,300	2,000	1,975	2,000	2,025	2,050	2,075
Total current liabilities	16,607	17,617	16,154	17,218	17,737	18,212	18,696	19,096
Right-of-use lease obligation	—	7,153	5,029	8,083	6,837	5,585	4,283	3,121
Lease obligation	67	—	—	—	—	—	—	—
Employee future benefits	25,335	35,565	27,815	29,841	31,816	33,791	35,766	37,741
Total long-term liabilities	25,402	42,718	32,844	37,924	38,653	39,376	40,049	40,862
EQUITY								
Retained earnings	5,198	3,822	11,884	7,177	7,107	7,383	7,979	8,930
Other comprehensive gain (loss)	6,686	(185)	(4,707)	(70)	276	596	951	1,099
Total equity	11,884	3,637	7,177	7,107	7,383	7,979	8,930	10,029
Total liabilities and equity	\$53,893	\$63,972	\$ 56,175	\$62,249	\$63,773	\$65,567	\$67,675	\$69,987

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AND LOSS

For the years ending March 31, 2019, to March 31, 2025

	Actual	Corporate Plan	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Services revenue	\$110,389	\$124,198	\$114,990	\$120,502	\$ 126,714	\$ 131,148	\$135,740	\$140,488
Travel and disbursement revenue	3,831	2,587	3,248	1,892	1,892	1,892	1,892	1,892
Investment revenue	708	650	504	500	500	500	500	500
Total revenue	114,928	127,435	118,742	122,894	129,106	133,540	138,132	142,880
Salaries and employee benefits	100,823	111,283	105,491	104,965	109,956	113,805	117,788	121,911
Operating and administrative expenses	9,362	10,481	11,751	13,775	15,071	15,422	15,722	16,238
Travel and disbursement expenses	3,831	2,587	3,248	1,892	1,892	1,892	1,892	1,892
Depreciation of right-of-use (RoU) assets	—	2,034	2,202	1,439	1,313	1,313	1,313	1,313
Depreciation of property, plant and equipment	862	756	448	544	321	272	265	265
Depreciation of assets under finance lease	91	—	—	—	—	—	—	—
Amortization of intangible assets	135	150	83	50	—	—	—	—
Finance costs	5	329	226	299	277	240	201	162
Total expenses	115,109	127,620	123,449	122,964	128,830	132,944	137,181	141,781
Gain (loss) for the year	(181)	(185)	(4,707)	(70)	276	596	951	1,099
OTHER COMPREHENSIVE LOSS								
Actuarial loss on employee benefit obligations	6,867	—	—	—	—	—	—	—
Total comprehensive income (loss)	\$ 6,686	\$ (185)	\$(4,707)	\$ (70)	\$ 276	\$ 596	\$ 951	\$ 1,099

STATEMENT OF CHANGES IN EQUITY

For the years ending March 31, 2019, to March 31, 2025

	Actual	Corporate Plan	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Opening retained earnings	\$ 5,198	\$ 3,822	\$ 11,884	\$ 7,177	\$ 7,107	\$ 7,383	\$ 7,979	\$ 8,930
Gain (loss) for the year	(181)	(185)	(4,707)	(70)	276	596	951	1,099
Actuarial gain on employee benefit obligations	6,867	—	—	—	—	—	—	—
Ending retained earnings	\$11,884	\$3,637	\$ 7,177	\$7,107	\$7,383	\$ 7,979	\$8,930	\$10,029

STATEMENT OF CASH FLOWS

For the years ending March 31, 2019, to March 31, 2025

	Actual	Corporate Plan	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES								
Gain (loss) for the year	\$ (181)	\$ (185)	\$ (4,707)	\$ (70)	\$ 276	\$ 596	\$ 951	\$ 1,099
ADJUSTMENTS TO RECONCILE PROFIT FOR THE YEAR TO CASH PROVIDED BY OPERATING ACTIVITIES								
Depreciation of property, plant and equipment	862	756	448	544	321	272	265	265
Depreciation of RoU assets	—	2,034	2,202	1,439	1,313	1,313	1,313	1,313
Depreciation of assets under finance lease	91	—	—	—	—	—	—	—
Amortization of intangible assets	135	150	83	50	—	—	—	—
Amortization of investment premiums	90	130	90	90	90	90	90	90

STATEMENT OF CASH FLOWS (CONT'D)

For the years ending March 31, 2019, to March 31, 2025

	Actual	Corporate Plan	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Loss on sale of property, plant and equipment	37	—	73	—	—	—	—	—
Loss on disposal of assets under finance lease	3	—	—	—	—	—	—	—
Interest paid on lease obligations	—	(329)	(226)	(299)	(277)	(240)	(201)	(162)
Increase in non-working capital balances related to operating activities	4,746	1,430	164	2,741	1,493	1,054	712	397
Net cash flows provided by (used in) operating activities	\$ 5,783	\$ 3,986	\$ (1,873)	\$ 4,495	\$ 3,216	\$ 3,085	\$ 3,130	\$ 3,002
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES								
Redemption (acquisition) of investments	\$ 553	\$ (429)	\$ 6,667	\$ (228)	\$ (233)	\$ (238)	\$ (243)	\$ (248)
Acquisition of property, plant and equipment and RoU assets	(114)	(11,528)	(9,453)	(3,404)	(250)	—	—	—
Acquisition of intangible assets	(13)	—	—	—	—	—	—	—
Gain on disposition of investments	(18)	—	—	—	—	—	—	—
Net cash flows provided by (used in) investing activities	\$ 408	\$(11,957)	\$ (2,786)	\$(3,632)	\$ (483)	\$ (238)	\$ (243)	\$ (248)
CASH FLOWS (USED IN) FINANCING ACTIVITIES								
Repayment (write off) of finance lease obligations	\$ (96)	\$ 180	\$ (147)	\$ 22	\$ (20)	\$ (2)	\$ —	\$ —
Addition of RoU assets	—	10,928	9,081	1,904	—	—	—	—

STATEMENT OF CASH FLOWS (CONT'D)

For the years ending March 31, 2019, to March 31, 2025

	Actual	Corporate Plan	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Repayment of RoU obligation	—	(1,878)	(1,979)	(1,071)	(1,170)	(1,229)	(1,285)	(1,243)
Net cash flows provided by (used in) financial activities	\$ (96)	\$ 9,230	\$ 6,955	\$ 855	\$ (1,190)	\$ (1,231)	\$ (1,285)	\$ (1,243)
Increase in cash during the year	\$ 6,095	\$ 1,259	\$ 2,296	\$ 1,718	\$ 1,543	\$ 1,616	\$ 1,602	\$ 1,511
Cash at the beginning of the year	3,972	5,850	10,067	12,363	14,081	15,624	17,240	18,842
Cash at the end of the year	\$10,067	\$ 7,109	\$12,363	\$14,081	\$15,624	\$17,240	\$18,842	\$20,353

2019–20 CORPORATE PLAN VERSUS 2019–20 ESTIMATED RESULTS

Statement of Financial Position

When comparing the estimated results for the year ending March 31, 2020, in the Statement of Financial Position to the 2019–20 Corporate Plan forecast for the year ending March 31, 2020, the significant variances are primarily due to a lower demand for services than anticipated, combined with some additional payroll costs resulting from an IT disruption related to a cyber attack. As a result, DCC liquidated \$5 million in investments to fund three payroll cycles and other payables. The Corporation is hoping to recover some of these payroll expenses through insurance. The decrease in estimated property, plant and equipment occurred because DCC disposed of computer hardware and started leasing personal computing devices. The Corporation is on track to meet the remaining Plan forecasts, assuming it collects accounts receivable as anticipated and pays accounts payable at the appropriate time, as is normal.

Statement of Profit and Loss and Other Comprehensive Income

Services revenue for 2019–20 is estimated to be \$115.0 million, compared to the Corporate Plan amount of \$124.2 million, a decrease of \$9.2 million or 7.4% from the Corporate Plan. The decrease occurred because the Client-Partner initiated project procurements later in the year than expected, resulting in lower-than-anticipated demand for services in 2019–20.

Salaries and benefits are expected to total \$105.5 million, a decrease of \$5.8 million or 5.2% from the Corporate Plan, due to the delayed start of project procurements. Salaries and benefits decreased less quickly than revenue because the utilization rate also decreased slightly during the delay period.

Operating and administrative expenses for the estimated period ending March 31, 2020, are estimated to be \$11.8 million, compared to \$10.5 million in the Corporate Plan. The increase is due mainly to costs related to IT infrastructure and applications planned for 2020–21.

Depreciation and amortization are expected to decrease due to the write-off of computer hardware as the Corporation started leasing personal computing devices.

The Corporation is estimating a total comprehensive loss of \$4.7 million, compared to a planned total comprehensive loss of \$185,000 in the prior-year Plan. The higher estimated loss is due to a number of factors, including lower-than-anticipated revenue, and lower-than-anticipated staff utilization due to a slower-than-anticipated implementation of DND's capital program.

CAPITAL BUDGET

For the year ending March 31, 2020

<i>(in \$ thousands)</i>	Estimated	Planned	Variance
Computer systems hardware	\$ —	\$ —	\$ —
Intangible assets	—	—	—
Office furniture and equipment	—	150	(150)
Leasehold improvements	372	600	(228)
RoU assets: Office space	9,081	10,928	(1,847)
	\$ 9,453	\$11,678	\$(2,225)

Overall, capital expenditures for 2019–20 are estimated to be 19.1% below Plan. The variance is mainly due to one asset category: RoU assets for office space. New and extension of current leases for the Atlantic Regional Office and NCR Regional Office will begin in 2021 and will therefore be recorded in 2020–21.

2020–21 TO 2024–25 PLANNING PERIODS

Services Revenue

For the period ending March 31, 2020, services revenue is estimated to total \$115.0 million, representing an increase of approximately \$4.6 million or 4.2% over the previous fiscal year. The increase in services revenue from 2018–19 to 2019–20 is due to an increase in billing rates countered by a slight decrease in Client-Partners' demand for services.

For 2020–21, the Corporation forecasts that demand for DCC's services will be slightly lower than it was in 2019–20. This decrease, combined with the anticipated billing rate increase, will lead to a rise in services revenue of \$5.5 million or 4.8% above the estimate for 2019–20, to \$120.5 million.

The Corporation is anticipating an increase in billing rates of 7.5% in 2020–21. This is in line with the Corporation's Financial Management Policy to maintain a sustainable financial position while operating at a slightly better than break-even position.

The Corporation estimates that the gross margin required for sustainability at the projected revenue levels discussed earlier is approximately 40%, which it expects to achieve in the planning period. The planned billing rate increases reflect anticipated demand from Client-Partners, anticipated inflation and requirements for investing in operations. DCC evaluates the billing rates annually and may raise or lower them, based on these factors. DCC's Client-Partner representatives are aware of the planned billing rate increases and will incorporate them into their annual project budgets.

The following table illustrates the impact of billing rates on the gross margin percentage, profit and loss, retained earnings, and cash and investments from 2014–15 to 2024–25.

BILLING RATE, PROFIT AND LOSS, RETAINED EARNINGS AND CASH HISTORY, COMPARED TO PLAN

	Actual					Forecast	Planned				
	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Billing rate increase	0.0%	0.0%	0.0%	4.5%	4.5%	3.5%	7.5%	5.2%	3.5%	3.5%	3.5%
Gross margin percentage	32.9%	31.2%	30.8%	33.1%	35.5%	37.2%	40.0%	40.0%	40.0%	40.0%	40.0%
(in \$ thousands)											
Profit (loss)	\$ (5,834)	\$ (451)	\$ (5,556)	\$ (11,301)	\$ 6,686	\$ (4,707)	\$ (70)	\$ 276	\$ 596	\$ 951	\$ 1,099
Retained earnings	\$ 31,006	\$ 30,555	\$ 16,499	\$ 5,198	\$ 11,884	\$ 7,177	\$ 7,107	\$ 7,383	\$ 7,979	\$ 8,930	\$ 10,029
Cash and investments	\$ 38,886	\$ 38,168	\$ 27,252	\$ 22,701	\$ 28,170	\$ 23,800	\$ 25,746	\$ 27,523	\$ 29,377	\$ 31,221	\$ 32,980

For the remaining years of the planning period, the Corporation is forecasting no increase in business volume. The anticipated billing rate rises are shown in the following table.

REVENUE INCREASE ASSUMPTIONS

	Estimated	Planned				
(in \$ thousands)	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Business volume change	-0.1%	-1.9%	0.0%	0.0%	0.0%	0.0%
Billing rate change	3.5%	7.5%	5.2%	3.5%	3.5%	3.5%
Total anticipated increase	3.4%	5.6%	5.2%	3.5%	3.5%	3.5%

Investment Revenue

Investment revenue is generated from cash reserves held in bank accounts and from the Corporation's investment portfolio. During the planning period, investment revenue will fluctuate in relation to cash reserves and investments.

Salaries and Employee Benefits

For the period ending March 31, 2020, salaries and employee benefits are estimated to total \$105.5 million, representing an increase of approximately \$4.7 million or 4.6% over the previous fiscal year. The increase in salaries and employee benefits from 2018–19 to 2019–20 is due mainly to salary increases of 3.5%. DCC calculates billing rates based on the maximum amount for each of its job profile salary ranges. Often, employees take advantage of internal or external opportunities and transition to new positions. Revenue increased faster than salaries and employee benefits because many new hires in the past year started at the lower end of the salary ranges. Gross margins rose due to these lower labour costs.

In 2020–21, salaries and employee benefits are anticipated to decrease by \$527,000 or 0.5%; of that decrease, 3.0 percentage points decrease is due to a change in salary mix and efficiencies which are partially offset by a 1.5 percentage points increase due to the economic increase and 2.0 percentage points increase due to merit-based salary. DCC anticipates a slight decrease in Client-Partner demand for services. The increase in salaries and benefits of 3.5% is lower than the anticipated increase in services revenue of 5.6%, because billing rates will increase faster than salaries and employee benefits will, to cover operating and administrative expenses. DCC plans to continue to increase billing rates faster than salaries and employee benefits until 2022–23, to maintain the gross margin required to break even.

SALARIES AND EMPLOYEE BENEFIT INCREASE ASSUMPTIONS

(in \$ thousands)	Estimated	Planned				
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Economic increase	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Merit-based salary increases	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salary and employee benefits increases due to higher revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other changes due to salary mix and efficiency difference	1.1%	-3.0%	1.3%	0.0%	0.0%	0.0%
Total salaries and employee benefits increase assumption	4.6%	0.5%	4.8%	3.5%	3.5%	3.5%

For the remainder of the planning period, the Corporation has assumed that the annual economic increase, based on an estimate of the change in the consumer price index (CPI) year over year, will be 1.5%. A difference in the actual CPI change will affect this assumption. Merit-based salary increases are forecasted to remain constant at 2.0% over the 2022–23 to 2024–25 periods, based on historical trends.

Operating and Administrative Expenses

For the period ending March 31, 2020, operating and administrative expenses are estimated to total \$11.8 million, representing an increase of approximately \$2.4 million or 25.5% over the previous fiscal year. This increase is due mainly to the following factors:

- an increase in professional services costs of \$1,097,004, mainly related to implementing the platform as a service (PaaS) transition, as outlined in the Information Technology Strategy;
- an increase in cloud services costs of \$891,502, because DCC migrated to the cloud earlier than anticipated, after the cyber incident;
- an increase in furniture and equipment of \$331,743, due to Head Office renovations to make more efficient use of space; and
- an increase in office equipment rental costs of \$544,593, because DCC has decided to lease all personal computing devices.

These increases are partially offset by a decrease in rental costs of \$831,546, which is the portion of rent expenses DCC accounted for as depreciation expense after implementing changes related to IFRS 16.

For 2020–21, the Corporation has forecasted operating and administrative expenses of \$13.8 million, an increase in operating expenses of 17.2% over the estimate for 2019–20. The increase in operating and administrative expenses is due to continued investments in IT infrastructure and applications, including a new ERP. DCC is making these investments to respond to internal and Government of Canada requirements for increased security measures, and to modernize DCC's IT infrastructure and applications.

The Corporation is ahead of schedule in moving its data centre management to a PaaS model to increase operational efficiency and network security. DCC began investing in this model in 2018–19 and fast-tracked the move in 2019–20 as a result of the cyber incident. The PaaS replaces ongoing capital upgrades to DCC's data centre, thereby decreasing future capital costs and depreciation expense.

In 2021–22, the Corporation's operating and administrative expenses are forecasted to increase by 9.4%, due to investment in IT infrastructure and innovation. Between 2022–23 and 2024–25, operating expenses are anticipated to increase by 2.0% annually, due to inflation, including \$2.6 to \$2.9 million per year estimated for IT infrastructure and innovation.

Depreciation and Amortization

Depreciation and amortization—including depreciation of RoU assets; depreciation of property, plant and equipment; depreciation of assets under finance lease; and amortization of intangible assets—are estimated to total \$2.7 million in the year ending March 31, 2020, representing an increase of approximately 151.3% from the previous fiscal year. This increase is related to the implementation of IFRS 16, depreciation of assets of \$2.1 million and lower capital expenditures in the prior fiscal year. The increase is partially offset by a decrease in property, plant and equipment, mainly related to computer hardware, as the Corporation has started leasing personal computing devices and made limited investments in the data centre before moving to the PaaS model.

For the year ending March 31, 2021, depreciation and amortization are expected to total approximately \$2 million, representing a decrease of 25.6% from the current fiscal year estimate. This decrease is mainly due to the lease renewal of the NCR location for reduced space requirements due to restructuring of DND's lease agreements.

Future annual projections of capital expenditures, highlighted in the Capital Budget section, will also affect the fluctuation in depreciation and amortization over the remaining years of the Plan.

Profit and Loss and Total Comprehensive Income (Loss)

A loss and other comprehensive loss of \$4.7 million, or 4.1% of services revenue, is estimated for the year ending March 31, 2020, compared with a gain and other comprehensive gain of \$6.7 million or 6.1% of services revenue in the previous fiscal year, due primarily to the actuarial gain on employee future benefits obligations. As a percentage of services revenue, a small loss is expected to continue through the planning period, therefore achieving a close to break-even position.

For the year ending March 31, 2021, other comprehensive loss of \$70,000 is projected, which represents an increase of about 98.5% from the estimated other comprehensive loss for the current fiscal year. The other comprehensive loss in the planning period represents a return to break even. There is a small gain in the Plan each year from 2021–22 to 2024–25, due to DCC's efforts to keep cash in the \$26-million to \$33-million range.

Cash and Investments

Currently, the Corporation's liquidity and capital resources position, represented by its cash and investments balances, is strong and normally meets its operating needs, although it varies widely based on timing of receipt of trade receivables. Cash and investments are estimated to be \$23.8 million at March 31, 2020 and \$25.7 million at March 31, 2021. Cash and investments will continue to increase over the years of the Plan, as the Corporation increases its cash reserve to take into account the large unfunded liability for employee future benefits. Cash and investments are expected to total \$33 million at the end of the planning period.

Trade Receivables

Trade receivables are expected to vary during the planning years in direct proportion to the fluctuations in services revenue from year to year and the timeliness of payments by Client-Partners. The timing of receipts vary on an ongoing basis.

Property, Plant and Equipment, Assets under Finance Lease, and Intangible Assets

The amount for property, plant and equipment represents the net book value of purchased computer equipment, office furniture and equipment, and leasehold improvements. The figure for assets under finance lease represents the net book value of copiers and printers purchased under finance leases. The amount for intangible assets represents the net book value of purchased software licences for desktop computers and for the enterprise resource planning system.

The estimated value of property, plant and equipment, assets under finance lease, and intangible assets for the current year ending March 31, 2020, is expected to decrease by \$199,000 or 17.9%

from the previous fiscal year, due to DCC's adoption of the leasing and PaaS models discussed earlier. For the year ending March 31, 2021, the value of property, plant and equipment, assets under finance lease, and intangible assets is expected to increase by 89.0% from the previous fiscal year. The increase in the value of fixed assets is due to leasehold improvements forecasted for the Corporation's Head Office at 350 Albert Street in Ottawa.

These fluctuations, and those for the remaining Plan years, are directly tied to projected levels of capital spending, as highlighted in the Capital Budget section, and to the amortization amount from year to year, based on the Corporation's amortization policies, as described in its Annual Report.

Trade and Other Payables

Trade and other payables for the year ending March 31, 2020, are expected to decrease by 12.7% from the year ending March 31, 2019. These fluctuations, and those of the subsequent Plan years, are largely tied to changes in operating expenditures from year to year and to the anticipated timing of payments to creditors.

Employee Future Benefits

The figure for employee future benefits represents the Corporation's liability for the estimated costs of severance for its employees and health care benefits for its retirees. This amount is actuarially determined and fluctuates from year to year based on a number of factors, including staff changes and the actuarial assumptions used. Employee future benefits, including the current portion, are expected to total \$29.8 million at March 31, 2020, representing an increase of approximately 5.7% over the figure in the previous fiscal year, due to the accrual of benefits. At March 31, 2021, employee future benefits are expected to be \$31.8 million. For the remaining Plan years, the amount is expected to increase year over year by rates varying from 5% to 6%. Although the actuary projects a current payout amount for each year, the exact timing of payouts is not determinable. The Corporation is under no obligation to segregate funds for this liability and does not do so. However, the Corporation's Financial Management Policy and planning ensure that sufficient funds are available to meet future benefit payments for employees as they become due. The assumptions the actuary uses to calculate these benefits are summarized in the Corporation's Annual Report.

Right-of-Use Lease Obligation

The right-of-use lease obligation is expected to increase by \$7.3 million in 2019–20, compared to March 31, 2019, due to the adoption of IFRS 16, Leases, as stated above. It is expected to fluctuate over the planning period due to anticipated changes in business activity, and to additional payments for and renewals of leases for copiers and office space.

STAFF STRENGTH

For the years ending March 31, 2019, to March 31, 2025

	Actual	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Employees based on full-time equivalents (FTEs)	958	973	942	942	942	942	942

Staff strength, presented on an FTE basis, is estimated to be 942 for the year ending March 31, 2021. This figure represents a decrease of approximately 3.3% from the previous fiscal year due to a decrease in work volume.

FTE staff strength for the remaining planning years is not expected to fluctuate, due to consistent work volumes.

CAPITAL BUDGET

For the years ending March 31, 2019, to March 31, 2025

	Actual	Estimated	Planned				
(in \$ thousands)	March 31/19	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Office furniture and equipment	\$ 68	—	—	—	—	—	—
Computer systems hardware	41	—	—	—	—	—	—
Leasehold improvements	5	372	1,500	250	—	—	—
Intangible assets	13	—	—	—	—	—	—
RoU assets: Office space	—	9,081	1,904	—	—	—	—
	\$127	\$ 9,453	\$3,404	\$250	\$—	\$—	\$—

The Corporation is expecting capital expenditures for the fiscal year ending March 31, 2020, to be \$9.5 million, an increase of \$9.3 million or 7,343% from the previous fiscal year. This is mainly due to the adoption of IFRS 16, Leases, which added \$8.5 million in RoU assets for office space to the balance sheet. Before adopting IFRS 16, DCC recorded that figure under rent expense. The increase in RoU assets will be offset by an equivalent right-of-use lease obligation. The figure for leasehold improvements has also increased, due to the relocation of the Corporation's Western Regional Office, Ontario Regional Office, and Atlantic Regional Office in 2019–20.

For the 2020–21 planning period and beyond, the Corporation will be required to renovate office space and incur leasehold improvement costs to accommodate employees at Head Office. The Quebec Regional Office will incur leasehold-related costs in 2021–22. The costs related to purchasing computer hardware will decrease to \$0 over the planning period, because DCC will be leasing all of its personal computing devices by the end of 2019–20 and moving to a PaaS model for the data centre; that reduction will be offset by an increase in operating costs in 2019–20 and beyond. The adoption of IFRS 16, Leases, will also increase capital assets. The additional \$1.9 million anticipated in 2020–21 is related to the NCR and Atlantic regional offices entering new and extension of current leases. No additional RoU assets are expected in the remaining planning period.

Report on Annual Expenditures for Travel, Hospitality and Conferences

The Corporation's total annual expenditures on travel, hospitality and conference fees are disclosed on DCC's website. For 2018–19, DCC forecasted expenditures for travel, hospitality and conferences to be \$943,000. However, due to timing changes for anticipated national training, the actual expenditure was \$729,000. The increase in hospitality expenditures from 2018–19 to 2019–20 is the result of higher activity. The following table provides a summary.

TRAVEL, HOSPITALITY AND CONFERENCE FORECAST

For the years ending March 31, 2019, to March 31, 2025

	Actual	Forecast	Planned				
<i>(in \$ thousands)</i>	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Travel	\$529	\$593	\$707	\$ 721	\$736	\$750	\$765
Hospitality	\$200	\$240	\$248	\$253	\$258	\$263	\$268
Conferences	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Leases

DCC will not be entering into any leases in 2020–21 or 2021–22 that will require ministerial approval.

Appendix III

Compliance with Legislative and Policy Requirements

Defence Construction Canada (DCC) was created under a clause of the *Defence Production Act* to provide infrastructure and environmental services for the defence of Canada. It fulfills this mandate through the daily operation of its five service lines: Contract Services, Contract Management Services, Environmental Services, Project and Program Management Services, and Real Property Management Services.

DCC is governed by the provisions of Part X of the *Financial Administration Act*. DCC's Board of Directors adheres to the governance, planning, reporting and audit practices established in that legislation.

In compliance with the *Access to Information Act* and the *Privacy Act*, DCC responds to access to information and privacy requests. In the first half of 2019–20, DCC responded to 27 requests with a total of 2,100 pages. DCC responded to 46 such requests in 2018–19 with a total of 7,664 pages retrieved, and to 34 in 2017–18 with a total of 9,505 pages. Similarly, DCC adheres to the requirements of the *Privacy Act* in the way it collects, uses and discloses of employees' personal information. DCC submits its *Access to Information Act* annual report and *Privacy Act* annual report on time each year. Both are available to the public on DCC's website.

DCC's employees are aware of expectations placed on them in such areas as ethics, conflict of interest, disclosure of wrongdoing, and compliance with legislation and governmental policies.

DCC's Integrity Management Framework includes both the Code of Business Conduct for employees and the Procurement Code of Conduct for suppliers. In addition to obligations under the *Public Servants Disclosure Protection Act*, DCC employees must comply with the Code of Business Conduct. DCC's Board of Directors monitors compliance with that code, as well as policies and legislation related to business and employee conduct, through regular reports. DCC's Code of Procurement Conduct for suppliers is aligned with Public Services and Procurement Canada's Code of Conduct for Procurement and ensures that DCC's suppliers know what is required of them in order to do business with DCC.

Board members comply with the *Conflict of Interest Act* and DCC's Board has its own Board Code of Conduct. All board members must sign a declaration that they are aware of the requirements of the Act and of the Code, and that they will continue to comply with them. All new board members signed the declaration upon appointment.

In compliance with the *Canadian Human Rights Act*, DCC ensures that its policies and practices reflect the concepts of respect and value in the workplace. The Corporation has specific policies on harassment, duty to accommodate, and health and wellness, to name a few. New employees take workplace violence and harassment prevention training during their orientation, and all employees take similar training once every three years.

Depending on Client-Partner requirements, a few DCC employees are deployed abroad each year in support of CAF missions. These employees must sign and adhere to DCC's Code of Business Conduct, which supports their compliance with the *Corruption of Foreign Public Officials Act*.

DCC has built its employment equity program on a solid foundation and is in a good position to support Canada's *Employment Equity Act*. Together, diversity and inclusion are a strategic initiative in the Corporate Plan. DCC has secured strong senior- and executive-level support for the program, and it has developed and implemented a three-year Diversity and Inclusion Strategy and Action Plan.

Numerous policies, tools and resources enable the Corporation to comply with the *Official Languages Act*. For instance, the Hello! Bonjour program helps ensure that DCC serves all Canadians in their chosen official language at their first point of contact with DCC. Other resources that help employees comply with the *Official Languages Act* include the Official Languages Accountability Framework, an internal Translation Portal that makes translation services accessible to all DCC offices and a corporate lexicon.

DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

DCC complies with the Directive on Travel, Hospitality, Conference and Event expenditures. In its 2017–18 financial audit, the Office of the Auditor General reviewed DCC's new travel, hospitality, conference and event expenditure directive and policies for compliance with the Treasury Board of Canada Secretariat Directive and found no significant items to report. On its website, DCC voluntarily discloses the travel and hospitality expenses of the Chair and all members of the Board of Directors, as well as its CEO and all vice-presidents.

TRADE AGREEMENTS

DCC plays a role in meeting the government's policy objective to create a fair and secure marketplace by respecting internal and international trade agreements, using sound procurement practices, and ensuring competition by providing wide access to government business opportunities. The Corporation also complies with trade agreements, such as the North American Free Trade Agreement.

Appendix IV

Government Priorities and Direction

TRANSPARENCY AND OPEN GOVERNMENT

DCC wants to encourage open and transparent competition, and to ensure that all enterprises have equal access to DCC procurement opportunities. DCC sets a key performance indicator to award a minimum of 98% of DCC contracts through public opportunities. During the first half of 2018–19, it awarded 99.8% of all procurements through public business opportunities.

DCC also receives a variety of inquiries from its government stakeholders each year, including order paper questions, constituent inquiries and ministerial questions. DCC responds to all requests in a timely manner. In 2018–19, DCC responded to 50 inquiries. The volume of these requests fluctuates, depending on the business environment. During the first six months of 2019–20, DCC received and responded to 16 requests.

GENDER-BASED ANALYSIS PLUS

DCC supports the Government of Canada's commitment to gender-based analysis plus (GBA+). DCC released an all-employee GBA+ training package in March 2019 and during the first half of 2019–20, more than 85% of DCC employees completed it. This training was in addition to the GBA+ training that all DCC senior managers received in 2017–18.

Through this training, DCC will help its employees develop a broader understanding of sexual diversity and gender; show how they can foster a respectful and inclusive workplace; and make them aware of their rights and responsibilities as members of the DCC team.

DIVERSITY AND EMPLOYMENT EQUITY

In 2020–21, DCC will have the opportunity to evaluate and measure the impact of the three-year Diversity and Inclusion Strategy and Action Plan it developed in 2016–17. Led by DCC's Senior Management Group, this impact assessment will determine DCC's future approach to diversity and inclusion, and associated activities.

This work has had visible impacts over the past three years. For example, DCC received a Government of Canada Employment Equity Achievement Award in 2017 and 2018 in the sector distinction category. The award recognizes role-model employers that champion employment equity in their sector while successfully implementing employment equity internally.

In the first half of 2019–20, DCC carried out various activities outlined in the plans for diversity and inclusion, and for workplace wellness and mental health. For instance, it produced a fourth internal national webcast for DCC's Women's Information Network and participated in the international Virgin Pulse Global Challenge. At the end of the first half of 2019–20, approximately 85% of all employees had received gender-based awareness training. In the second half of 2019–20, all employees will have completed training on disability management, a component of DCC's Absence Support Program.

DIVERSITY OF THE DCC EMPLOYEE POPULATION

As at March 31, 2019

Designated Group	Percentage of the Total Employee Population	Labour Market Availability in the Construction Industry
Women	42.4%	12.5%
Persons with disabilities	5.3%	4.9%
Indigenous people	4.4%	4.5%
Visible minorities	11.2%	9.6%

SUPPORTING BUSINESS OPPORTUNITIES FOR INDIGENOUS PEOPLES

For any contracts due to be posted in a geographic area where there are Indigenous beneficiaries, DCC sends out an advance notice of procurement. Contracts awarded on behalf of DND for facilities maintenance and support services in Canada's North require the contractor to provide at least 10% of the contract value by hiring Indigenous Peoples and subcontracting with Indigenous firms. The objective is to achieve long-term, sustainable and meaningful economic benefits for Indigenous Peoples.

DCC posts its career ads on recruiting websites that target Indigenous groups, such as Indigenous Link—the Canadian Indigenous Peoples Job Seekers Portal. DCC has also participated in a Montréal Indigenous employment fair organized by the First Nations Human Resources Development Commission of Quebec. In the upcoming planning period, DCC will develop a joint DCC-DND Indigenous Procurement Strategy and a DCC Indigenous Peoples Recruitment and Retention Strategy.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

DND manages one of the largest and most complex infrastructure portfolios in the federal government. As a result, it is the single largest contributor to federal greenhouse gas emissions, and the Government of Canada cannot meet its greenhouse gas emission targets without DND's help. DCC is supporting DND in meeting its environmental goals.

DND aims to reduce the greenhouse gas emissions of its real property portfolio by 40% from 2005 levels by 2030. DCC has put four energy performance contracts in place on behalf of DND since 2017–18 and plans to implement 10 more by 2022–23.

DND plans to invest \$225 million by 2020 in infrastructure projects to reduce its carbon footprint. New projects must meet the Silver Leadership in Energy and Environmental Design (LEED) standard or equivalent. DCC stands ready to support the procurement and contract management of these projects.

Additionally, DCC is supporting the following DND green infrastructure initiatives:

- the development of net-zero residential building designs for the Canadian Forces Housing Agency;
- the \$7-million site remediation at the Highbury Complex in London, Ontario that will see soil and groundwater decontamination;
- the \$239-million site remediation at 5 Wing Goose Bay—one of the largest contaminated site clean-ups ever undertaken by DND—due to be completed in 2020;
- the \$100-million program to clean up Esquimalt Harbour; and
- the \$200 to \$500-million project to refurbish heating plant infrastructure at CFB Halifax, which includes rehabilitating attached buildings and distribution systems to reduce emissions (CFB Halifax represents 17% of DND's greenhouse gas emissions, and the upgrades at the plant will reduce emissions by up to 7%, improve energy efficiency and reduce heating costs).

For its own operations, DCC has an Environmental Management Framework that provides its employees with guidance on how to manage the environmental aspects of DCC's day-to-day business activities. This guidance helps DCC minimize environmental effects, track environmental performance, promote sustainable practices and set out requirements for environmental incident reporting for employees. DCC provides all employees with education and training on environmental policies, procedures and practices to help them respect the environment and their community.

Appendix V

Defence Infrastructure and Environment Projects, 2020–2021 to 2024–2025



CANADIAN SPECIAL OPERATIONS REGIMENT

LOCATION: Garrison Petawawa, Ontario
PROGRAM COST: \$319 million
COMPLETION DATE: 2020

DCC is contracting for and managing the 10-building complex on the Mattawa Plains, replacing existing facilities currently scattered in some 30 to 40 older buildings across the base. The new complex will provide modern, robust training facilities needed to protect Canadian interests at home and abroad. Facilities include a headquarters building, a gym, an ambulance bay, machine shops, a security hut, vehicle maintenance areas, warehouses, a shooting range and medical facilities.



HOUSE 5 COMBAT ENGINEER REGIMENT

LOCATION: Valcartier Garrison, Quebec
PROJECT COST: \$84 million
COMPLETION DATE: 2020

DCC is managing the construction contract for a new 20,850-square-metre facility that will house 5 Combat Engineer Regiment—the highest-value contract ever awarded at Valcartier Garrison. The design-bid-build contract was awarded in May 2017 with an anticipated completion date of 2020. The contract includes the renovation of two existing temporary shelters and demolition of an outdated building.



TRANSPORTATION, ELECTRICAL AND MECHANICAL ENGINEERING ACCOMMODATION

LOCATION: CFB Bagotville, Quebec
PROJECT COST: \$82 million
COMPLETION DATE: 2020

DCC is providing contract management for a new facility to house the Transportation, Electrical and Mechanical Engineering sections. The project includes the demolition of four outdated buildings, and project planning, environmental, technical, procurement and contract management services.



CONSOLIDATED SEAMANSHIP TRAINING FACILITY

LOCATION: Stadacona, Halifax, Nova Scotia
PROJECT COST: \$43 million
COMPLETION DATE: 2020

DCC contracted for and is managing this modified design-build contract, comprising two phases. The first phase included demolition of a four-storey barracks and realignment of the main Stadacona Base entrance. The second phase consists of construction of a new three-storey, 9,500-square-metre LEED-Silver training facility comprising a drill hall, classrooms, offices and several specialized training areas.



DEPLOYED OPERATIONS

LOCATIONS: Latvia and Kuwait
PROGRAM COST: \$6 million
COMPLETION DATE: 2020–21

DCC's work in Latvia includes supporting the infrastructure requirements for the Enhanced Forward Presence. DCC is currently managing the construction of the Multi-National Headquarters Building, due to be completed in June 2020. DCC is also providing support for multiple construction projects at the Operational Support Hub—Kuwait. Primarily, DCC is contracting for and managing the lease and installation of various power generation services.



NORTHERN FACILITIES

LOCATIONS:	Inuvik, Northwest Territories; and Rankin Inlet and Iqaluit, Nunavut
PROJECT COST:	\$80 million
COMPLETION DATE:	2021

DCC is managing a five-year facilities maintenance and support services contract covering 80 buildings in forward-operating locations and communities. The Corporation will also handle various capital construction, minor new construction, maintenance and repair, and environmental projects.



KAPYONG DEMOLITION PROGRAM

LOCATION:	17 Wing Winnipeg, Manitoba
PROJECT COST:	\$10.3 million
COMPLETION DATE:	2021

DCC is managing the contracts for phases 1 and 2 of the demolition of the Kapyong Barracks compound. Completed in March 2019, Phase 1 involved demolishing 13 buildings at an overall cost of \$3.3 million. The Phase 2 contract includes the demolition of the remaining 21 buildings, as well as roads, parking areas, surface slabs, utilities and contaminated sites. The CAF no longer had an operational need for the property, formerly part of CFB Winnipeg. The procurement of the demolition was contracted under the Federal Government Set-Aside for Aboriginal Business, in accordance with the Procurement Strategy for Aboriginal Business (PSAB).



EXPANSION OF PHYSICAL TRAINING FACILITIES

LOCATION:	St. Jean Garrison, Quebec
PROJECT COST:	\$41 million
COMPLETION DATE:	2022

DCC is providing contract management to construct a new 10,217-square-metre building to expand physical training facilities for approximately 4,700 military personnel. The construction contract also includes the renovation of 674 square metres of the Mega training complex, as well as the demolition of an outdated former hangar. When finished, the project will have expanded the garrison's physical training facilities by 8,300 square metres (gross).



ROYAL CANADIAN DRAGOONS

LOCATION: Garrison Petawawa, Ontario
PROJECT COST: \$70 million
COMPLETION DATE: 2022

DCC signed an integrated project delivery contract with five parties: a general contractor, an architectural firm, an engineering joint venture, an electrical trade contractor and a mechanical trade contractor. This is the first of its kind for DCC and the federal public sector. This collaborative LEAN construction approach will help to minimize waste, maximize efficiency and reduce risks of unanticipated cost and schedule overruns. Under this project, several single-storey buildings—to be used for materiel storage, and vehicle storage and maintenance, as well as offices—will be built or retrofitted. The project is currently in the design-procurement phase, with a scheduled completion date of March 2020. Site prep work began in mid-October to help ensure the aggressive construction schedule will be met.



ENERGY PERFORMANCE CONTRACTS

LOCATIONS: Bagotville, Quebec; Petawawa, Ontario; Greenwood, Nova Scotia; Esquimalt, British Columbia
PROJECT COST: \$71 million
COMPLETION DATE: 2022–23

DND aims to reduce the greenhouse gas emissions of its real property portfolio by 40% from 2005 levels by 2030. DCC has put four energy performance contracts in place on behalf of DND and plans to implement 10 more by 2022–23.



INTEGRATED HEALTH CARE CENTRE

LOCATION: 5 CDSB Gagetown, New Brunswick
PROJECT COST: \$28.5 million
COMPLETION DATE: 2023–24

The new Integrated Health Care Centre will bring all necessary services for CAF members—including medical, dental, physiotherapy and mental health services—into one location. DCC will contract for and manage the construction of the new 4,000-square-metre facility and retrofit the existing 3,000-square-metre building.



CANADIAN JOINT INCIDENT RESPONSE UNIT (CJIRU) FACILITY

LOCATION: 8 Wing Trenton, Ontario
PROJECT COST: \$100 million
COMPLETION DATE: 2024

This modified design-build project will provide the necessary infrastructure for the full operational capability of the CJIRU at 8 Wing Trenton. DCC is contracting for and managing the site development and construction of the 30,000-square-metre facility that will accommodate the CJIRU. The new facility will consist of office areas, planning areas, technical workshops, vehicle maintenance areas, meeting rooms, a wash bay, training facilities and warehousing.



A/B JETTY RECAPITALIZATION

LOCATION: CFB Esquimalt, British Columbia
PROJECT COST: \$743 million
COMPLETION DATE: 2024

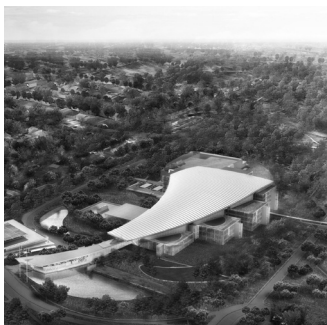
The A/B Jetty project supports Canada's National Shipbuilding Procurement Strategy—which will deliver modern ships to the Royal Canadian Navy over the next 30 years—and will be home to the new Arctic/Offshore Patrol Ship and Joint Support Ship. This \$743-million project to replace aging 70-year-old jetties consists of three contracts for the design, demolition and construction of the new jetty. The demolition contract includes extending the utility corridor, dredging the seabed, demolishing B Jetty, preparing the site, building a new seawall and relocating several elements of the Oily Water Waste Treatment Plant.



FUTURE FIGHTER CAPABILITY PROJECT

LOCATIONS: Cold Lake, Alberta, and Bagotville, Quebec
INITIAL PROJECT COST: \$270 million
COMPLETION DATE: 2030

DCC supports the RCAF's infrastructure needs to accommodate the new aircraft it will receive through the Future Fighter Capability Project. Under this project, new hangar space and high-security operations facilities will be constructed at 3 Wing Bagotville and 4 Wing Cold Lake to accommodate Canada's next-generation fighter aircraft. DCC will use a phased design-build delivery approach to ensure infrastructure is ready for the first aircraft in 2026. The Corporation will also be ready to respond to additional requirements, once the Future Fighter aircraft is selected in 2022.



THE EDWARD DRAKE BUILDING

LOCATION: Ottawa, Ontario
PROJECT COST: \$4.1 billion
COMPLETION DATE: 2040 (contract)

Built as a public-private partnership (P3) project, the \$4.1-billion Edward Drake Building provides a modern and efficient facility for the Communications Security Establishment (CSE). The building spans over 72,000 square metres. The associated design-build-finance-maintain contract includes unique security, infrastructure and financing arrangements. DCC is involved with the operations and maintenance of the facility as part of the 30-year contract.



SHARED SERVICES ENTERPRISE DATA CENTRE

LOCATION: CFB Borden, Ontario
PROJECT COST: \$330 million
COMPLETION DATE: 2041 (contract)

The expansion of Shared Services Canada's enterprise data centre will help to modernize and standardize federal IT infrastructure. DCC's second P3 procurement, this \$330-million contract was announced in May 2016. As part of a consortium, DCC will support the design, building, financing, operations and maintenance of the data centre for 25 years.