DEFENCE CONSTRUCTION CANADA | CONSTRUCTION DE DÉFENSE CANADA

Corporate Plan Summary 2024–2025 to 2028–2029

INCLUDING THE OPERATING AND CAPITAL BUDGETS FOR 2024–2025

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EXECUTIVE SUMMARY

Despite the challenges posed by evolving defence and security needs, complex social issues, and accelerated generational change, Defence Construction Canada (DCC, or the Corporation) continues to achieve sustainable business results.

The Corporation'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 size and focus of DND's infrastructure and environment (IE) program.

By design, DCC's business model ensures value for money, strong service delivery for its Client-Partners and financial sustainability. As a Crown corporation, it has flexibility in its business management, in times of both expansion and restraint. The Corporation remains fully aligned with the government-wide shared goal of sound economic and fiscal stewardship.

The Corporation anticipates that contract expenditures will remain at $1.2 billion in 2024–25, then begin to increase to about $1.6 billion in 2025–26, $1.7 billion in 2026–27 and $2.0 billion in 2027–28, then drop slightly to about $1.9 billion at the end of the planning period. These fluctuations will be due mainly to the Canadian Surface Combatant Project, the Future Fighter Capability Project, and other Defence Capability Infrastructure (DCI) programs and projects. The Corporation also manages two public-private partnership contracts for the Communications Security Establishment and Shared Services Canada.

The value of DCC's current ongoing project portfolio is about $8.9 billion, and contract expenditures have historically averaged about $1.1 billion per year. DCC generates an estimated 3,600 to 4,000 full-time jobs in the Canadian infrastructure and environment industry, and it injects money into local communities through its payments to contractors and consultants.

DCC expects services revenue to increase by 6% in 2024–25, reflecting a 3.25% billing rate increase and a 2.7% increase in demand for DCC services. Revenue is anticipated to increase over the planning period, with demand from Client-Partners decreasing slightly in 2028–29, offset by the planned billing rate increase. If inflation continues to exceed the Bank of Canada's 2% target beyond the planning period, the Corporation's billing rates are expected to increase.

The supply chain disruptions of recent years have mostly abated. These impacts include escalating costs for some materials, and delays in shipping and receipt of goods and materials.

However, these disruptions can be variable, short and difficult to anticipate, making them hard to quantify and mitigate. DCC has been monitoring the situation since March 2020. At the macro level, competition has remained healthy, pricing has remained affordable in the context of historical trends, and disruptions have been localized and unique. Overall, the impact on project schedules has been manageable. DCC continues to monitor this issue at the macro level and to address situations on a case-by-case basis.

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. Real property support for SMART building, electric vehicle charging stations and net-zero carbon planning, along with energy performance contracts, are a few of the ways DCC will support Canada's greening, sustainability, and climate resiliency initiatives during the planning period.

An updated version of Canada's defence policy, Strong, Secure, Engaged, will likely be released early in the planning period. As always, DCC will work to ensure seamless delivery of the policy components that relate to its mandate.

The priorities of the Corporation's sole shareholder, the Government of Canada, also affect DCC's operating environment. In recent years, the federal government has implemented an ambitious agenda that includes supporting Indigenous reconciliation, official languages, pay equity, accessibility, cybersecurity, diversity and inclusion, workplace wellness and mental health, the digital workplace, and greening initiatives. DCC has already achieved positive results in these areas and the Corporation will continue to move these priorities forward in the planning period.

DCC is deeply committed to building strong partnerships with Indigenous peoples and to creating more opportunities for Indigenous businesses. The Corporation is implementing its Indigenous Relations Policy, based on the three pillars of people, business, and community. DCC is continuing to establish an outreach program in its Pacific Region. Later in the planning period, it will review the applicability of this model to community engagement across all regions.

In January 2024, DCC reached a milestone in its journey toward Progressive Aboriginal Relations certification from the Canadian Council for Aboriginal Business. Since our Phase 3 submission has been approved, we will be able to embark on the final work toward bronze certification in 2025.

DCC seeks to sustain its culture of diversity and respect by including a broad range of voices in its governance and decision-making. The Corporation's Pay Equity Committee is on target to develop a Pay Equity Plan by September 2024. As part of its work to help create an accessible and barrier-free Canada, DCC released its Progress Report on the Implementation of its Accessibility Plan in December 2023.

The Corporation works to enhance its ability to recruit and retain top talent, including members of the four employment equity groups and members of the 2SLGBTQI+ community. DCC's Diversity and Inclusion Strategy 2021–2026 includes activities such as developing regional diversity and inclusion plans, anti-racism training, and unconscious bias-awareness training. The Government of Canada recognized DCC in five categories in the 2023 Employment Equity Achievement Awards.

To ensure that DCC is on track with these important initiatives, the Corporation will conduct an Employee Engagement Survey early in the planning period.

DCC will also continue investing in business modernization—particularly its digital capability—to improve its efficiency and effectiveness and deliver further value to the Crown. Up-to-date technology with robust capacity makes the modern hybrid workplace viable. Employees, senior managers, and external stakeholders expect to conduct business in a well-functioning virtual environment. DCC will sustain its information technology (IT) investments to maintain service capability and the organization's viability. With modern IT infrastructure, solid policies and practices, and a dynamic employee cybersecurity awareness program, DCC is well equipped to combat digital attacks.

As described above, the Corporation has launched many major initiatives to reinvest in and rebuild itself over the past two years. These include initiatives to foster an equitable, healthy, diverse and inclusive workplace; develop Client-Partner relationships; improve program delivery and green defence; enhance technology for service delivery; modernize procurement; improve information management and digital business capabilities; and enhance business opportunities for Indigenous peoples. That work will continue into the planning period. One new initiative involves supporting the Office of the Auditor General as it carries out its Special Examination, likely in fall 2024.

To support the Government of Canada's openness and transparency objectives, DCC's website includes all corporate documents that have been tabled in the House of Commons, and all travel and hospitality expenses of senior officials.

To contribute to the Government of Canada's objective of fiscal restraint, DCC aims to reduce its travel and professional services expenditures in 2024–25. The reductions will fluctuate from year to year in relation to Client-Partner program volume. Professional services expenses are expected to increase later in the planning period due to legislative requirements and to improvements to DCC's enterprise resource planning (ERP) system.

DCC is reducing its planned billing rate increase by 0.2 percentage points for the next three years compared to last year's Plan for 2024–25, which will provide direct savings to the Client-Partners.

Capital adequate to support operations is anticipated to total $20 million as at March 31, 2024. This balance is below the target range of $39 million to $50 million, set in 2023–24. Throughout the planning period, DCC will accumulate cash in reserve accounts to fund investments in its business—particularly in capital projects, innovation and IT initiatives. In 2023–24, DCC transferred part of its operations contingency to its reserve accounts earlier than anticipated, to take advantage of higher market interest rates.

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 Canadian Forces Base (CFB) Borden.

Government of Canada Priorities and Public Policy Role

DCC contributes to the **security and defence of Canada** by ensuring adherence to the Policy on Government Security. That ensures 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 helps support the Government of Canada's **commitment to net-zero emissions** by supporting DND in meeting its climate change and sustainability objectives associated with its infrastructure holdings. In addition to helping Client-Partners achieve sustainability, DCC's Greening and Sustainability Working Group provides advice, knowledge and guidance on greening and sustainability issues, supports the integration of DCC's services to respond to evolving environmental requirements, engages in intergovernmental and industry-related committees, and ensures DCC continues to be a **responsible, resilient and sustainable steward of the environment**.

DCC plays a role in meeting the government's policy objective to create an ethical, fair and secure marketplace by respecting internal and international trade agreements, using sound procurement practices, ensuring competition by providing wide access to government business opportunities and complying with the *Federal Prompt Payment for Construction Work Act*. The Corporation provides fair, open access to approximately 2,000 contracts annually on behalf of its Client-Partners, thus stimulating **economic growth**.

DCC has systems and practices, such as its Code of Business Conduct and its Procurement Code of Conduct, to ensure all business is carried out with **openness and transparency**, high ethical standards, and integrity. It complies with the *Public Servants Disclosure Protection Act* and the *Conflict of Interest Act*. Following a recommendation arising from the *Standing Committee on Public Accounts Report on the 2021 Public Accounts of Canada*, DCC consulted with the Treasury Board of Canada Secretariat to explore enhanced reporting mechanisms that are compatible with the mandates of Crown corporations.

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.

Vision Statement

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

Service Lines

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

CONTRACT SERVICES

Planning and procurement for goods and professional, environmental, real property, construction and maintenance services.

CONTRACT MANAGEMENT SERVICES

Creation, renovation and maintenance of facilities for DND's IE program, and management of complex public-private partnership agreements.

ENVIRONMENTAL SERVICES

Activities to help DND meet environmental performance targets, comply with regulatory requirements, and manage due diligence and risk.

PROJECT AND PROGRAM MANAGEMENT SERVICES

Advice on matters such as infrastructure requirements, project and program planning, and schedule and document control.

REAL PROPERTY MANAGEMENT SERVICES

Efficient maintenance of DND's infrastructure—from needs planning to facility decommissioning.

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 the *Financial Administration Act* and listed in Schedule III.

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 minor repair and maintenance services at DND/CAF locations for defence projects valued at $100,000 or less, as 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. DCC manages its office space needs in ways that optimize overall value for the Crown. DCC operates as a lean and efficient organization. The intent is to operate on a slightly better than break-even basis, after adjusting for reserve funds for future capital projects and for innovation and research.

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 2022–2023*.

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), by the size and focus of DND's infrastructure and environment (IE) program, and by the business outlook for the architecture, engineering and construction industry.

External Factors

DND Infrastructure and Environment Program

The volume of business DCC receives under this program can change significantly from year to year, depending on DND priorities, and the amount of Government of Canada funding for defence infrastructure. Typically, DND spends between 9% and 15% of its 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 DCC is currently supporting or may support in the future include divesting of or demolishing underused or obsolete buildings; improving facilities on bases and wings, such as housing for military personnel; and building new infrastructure for major CAF programs. In the face of an evolving defence and security environment, the Government of Canada is expected to release an update of Strong, Secure, Engaged, and DCC stands ready to support it.

Similarly, DCC helps DND implement its Defence Energy and Environment Strategy by, for example, improving energy efficiency and building sustainable real property at installations across Canada.

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

According to Build Force Canada, construction employment opportunities continue to outpace labour force growth, and this industry labour market pressure is expected to continue through the planning period. This is due to a general increase in infrastructure investment, increased demand in the residential construction sector, immigration policies that do not support the selection of individuals with construction experience, challenges accessing the Temporary Foreign Workers Program to supplement domestic workforce requirements and the aging of the workforce. Canadian investment in construction increased dramatically as the economy recovered from the pandemic and many older construction workers left the workforce. Recruitment in the construction trades is increasingly challenging, as there is increased competition for skilled workers from other industries and youth are increasingly less interested in construction careers.

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.

Government of Canada Requirements

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 annual audits.

Internal Factors

Expectations for workplaces of the future have evolved rapidly over the past three years. In fall 2021, DCC's Flexible Workplace Policy came into effect. It provides for arrangements that can help employees meet personal needs while continuing to deliver key services to external and internal clients. By fall 2022, DCC had implemented this policy and employees had returned to the workplace under it.

In recent years, the Government of Canada has implemented an ambitious agenda that includes priorities for Indigenous reconciliation, official languages, pay equity, accessibility, cybersecurity, diversity, equity and inclusion, workplace wellness and mental health, future leadership development, the digital workplace, and greening and sustainability initiatives. DCC has worked very hard to support all these priorities and has achieved positive results over the past eight years.

The resources required to move these priorities forward has transformed the profile and make-up of DCC's internal business administration. The Corporation is moving away from people, processes and systems that simply support technical service delivery toward enhanced business management structures, tools, teams and practices that continue to manage the business while developing a modernized workplace and contributing to societal change.

Information technology (IT) systems are evolving rapidly to meet the demands of remote working. Employees, senior managers and external stakeholders alike expect to have a well-functioning, reliable and secure virtual environment.

To protect the Government of Canada cybersecurity posture, DCC has a robust cybersecurity program in place. It is based on the approach that, just like workplace health and safety, cybersecurity is everyone's responsibility. In fall 2022, DCC launched its cybersecurity awareness training using a cloud-based platform. The strategy is to inform and empower employees so they can effectively protect organizational and personal assets. All employees learn how to practise cybersecurity every day to safeguard their data and personal information against loss and theft. The goal of this education campaign is not just to ensure widespread completion of the training but also to affect the way DCC employees think about cybersecurity.

In alignment with Government of Canada cybersecurity actions, DCC has banned the use of TikTok, WeChat and the Kaspersky suite of applications on all DCC-owned mobile devices, due to unacceptable risks to privacy and security.

Like many other Canadian organizations, DCC faces ongoing challenges in 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 people entering the workforce. Moreover, many large construction projects are carried out in remote areas, where young 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.

DCC's compensation structure differs from that of unionized government organizations. Employees participate in the Public Service Pension Plan and have access to fully integrated health and dental plans, and short-term and long-term disability plans. However, salary increases are based on economic conditions and individual merit-based performance, with no negotiated or stepped increases. To ensure employee compensation continues to be comparable to industry standards, reflect best practices and provide value to the Crown, DCC regularly conducts a benchmarking study of compensation and benefit practices. The most recent study, in 2019–20, confirmed that DCC's job classification and compensation structure complies with pay equity regulations. Within the five-year planning period, DCC plans to conduct another compensation and benefits study. If needed, it may also do focused studies of specific business areas, to ensure DCC remains an employer of choice in the current competitive job market.

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 deploy its services tactically to meet those needs.

Each fall, DCC holds a strategic planning session that includes a strengths, weaknesses, opportunities and threats analysis. DCC considers this operating environmental analysis, together with 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 this 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 to its Client-Partners, focused on maintaining and improving the Corporation's service delivery capability.

DCC ensures performance through a results-based 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 does not expect these objectives to change during the 2024–25 to 2028–29 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. The most recent key performance indicator results can be found in DCC's *Annual Report 2022–23*.

Although DCC's business strategy has remained consistent over the decades, the changing operating environment influences the specific supporting activities DCC pursues each year. Nonetheless, DCC's initiatives typically relate to service delivery, or to the management 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, 2024–2025 TO 2028–2029

Government of Canada Key Priorities Supported by DCC			
Security and Defence	Environment	Economic Growth	Openness And Transparency
• Defence Policy: Strong, Secure, Engaged • Support for Canada's North • Support for Canada abroad • Support for Canada's cybersecurity posture	• Support Canada's Greening Government Strategy and commitment to net-zero emissions • Support for DND/CAF in meeting its climate change and sustainability objectives	• Investment in infrastructure • Opportunities for Canadians • Contribution to reconciliation efforts with Indigenous peoples • Innovation	• Ethical and fair procurement process • Sound fiscal stewardship • Commitment to social and cultural diversity and inclusion • Compliance with the *Official Languages Act* • Support for the creation of a barrier-free Canada

Mission	Vision
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	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 everyone in a fair and ethical manner, embraces equity and inclusion, and advocates for mutual respect and professionalism throughout its business.

Strategic Objectives and Outcomes				
Planning Theme	People	Service Delivery	Business Management	Leadership and Governance
Strategic Objective	To build and sustain a competent, engaged and diverse workforce	To deliver innovative, value-added services that meet Client-Partner requirements	To develop and maintain responsive, integrated business management structures, tools, teams and practices	To provide agile leadership and be responsive to Government of Canada objectives
Strategic Outcomes	• A diverse, productive and results-oriented workforce • A healthy, inclusive, accessible and respectful workplace • A culture of innovation • Positive employee engagement • Sustainable succession management	• Delivery of effective and efficient quality services • Collaborative relationships sustained though mutually aligned objectives and information-sharing • Leveraging of industry capability, capacity and innovation	• 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	• A risk-based decision-making culture • High ethical standards, openness and transparency in the management of DCC • Demonstration of value, integrity and innovation
2024–25 Corporate Plan Initiatives	• Develop and deliver a new Human Resources Strategic Plan, including a Diversity and Inclusion Strategy, a Workplace Wellness and Mental Health Strategy, and a Talent Acquisition and Retention Strategy • Develop DCC's Pay Equity Plan	• Enhance DCC's capabilities to support DND in its program delivery and IE strategic portfolio management • Support DND's greening, sustainability and climate resiliency initiatives • Implement innovative project delivery options • Leverage technology to better support service delivery	• Implement the Information Technology Strategic Plan, including an Information Management Policy and a Cybersecurity Awareness Program • Carry out the Digital Business Capabilities Project	• Strengthen collaborative relationships with Client-Partners • Contribute to the economic betterment of Indigenous peoples • Support the Office of the Auditor General's Special Examination
Key Performance Indicators	• Employment diversity results • Recruitment results • Employee retention rate • Innovation results • Investment in training and development	• Service delivery rating • Procurement results • Contract management results • Contractor performance evaluations	• Financial results consistent with DCC's Corporate Plan • Cost of services • Utilization rate	• 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 employees across the country develop more efficient ways of working—the essence of innovation. Innovation in day-to-day operations leads 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.

DCC prepares the next generation of leaders.

- DCC invests in its people through a robust leadership development program that prepares high-potential talent for future leadership opportunities using formal and informal learning opportunities.

INITIATIVES

The Government of Canada has many ambitious objectives related to its commitment to social and cultural diversity and inclusion. Aligned with the Call to Action on Anti-Racism, Equity, and Inclusion in the Federal Public Service, DCC supports this priority through two strategic initiatives unfolding over the planning period. These initiatives address the risk associated with DCC's ability to recruit and retain people, such as members of the four employment equity groups (women, visible minorities, persons with disabilities and Indigenous people) and members of the 2SLGBTQI+ community.

The Human Resources Strategic Plan 2024–2025 to 2028–2029—which includes a robust Diversity and Inclusion Strategy, a Workplace Wellness and Mental Health Strategy, and a Talent Acquisition and Retention Strategy—will be developed. It will continue to build on the significant accomplishments of the Human Resources Strategic Plan 2019–2020 to 2023–2024. This strategic plan is fully reviewed and updated once every five years.

The three strategies include meaningful activities, milestones and objectives that span the planning period—most notably, the development and rollout of regional implementation plans.

Within two to four years, DCC expects to have an employee population that reflects the diversity of the communities where it operates. It will aim for diversity within a target range falling between the labour market availability mix of the construction, architecture and engineering sectors and the labour market availability mix of other federally regulated employers, as per the Workplace Equity Information Management System (WEIMS).

DCC works to maintain pay equity in its job evaluation and classification system. Since November 2021, DCC has been meeting all milestones required by the *Pay Equity Act*. It established a Pay Equity Committee and is on track to develop a Pay Equity Plan by September 2024.

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 60 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 tracks ideas submitted by employees as they move through the evaluation process and into implementation. The target is to have 20% 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.

The target for spending on professional development as a percentage of base salary costs is 4.5%. 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 and delivery method of professional development activities in 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 organizations 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 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 carry forward four service delivery initiatives in 2024–25: support DND in its program delivery and IE strategic portfolio management; support DND's greening, sustainability and climate resiliency initiatives; implement innovative procurement and delivery options; and leverage technology to better support service delivery.

DCC is supporting DND in modernizing its infrastructure in two ways. First, the Corporation supports the development of real property program and procurement plans, and their associated tracking tools, to help the Client-Partner acquire and lease sites and carry out other transactions. Second, DCC works with DND to make requirements for facilities maintenance more consistent, as well as to reform joint procurement methods so that they encourage innovation.

When collaborating with the Client-Partner in its procurement planning, DCC continues to consider ways to create a positive social impact through purchasing. The planning period will see DCC implement its Indigenous Relations Policy to support DND's efforts to engage Indigenous businesses. In each region, DCC will work to build its stakeholder engagement capacity and commit to building trust with Indigenous communities. This policy aims to help stimulate economic growth, create career opportunities and contribute to the Indigenous communities where DCC works.

A clear indicator of DCC's success in supporting DND's greening and sustainability initiatives is the fact that DCC has put 11 energy performance contracts in place since 2018. Eight more are in the procurement stage, two are in the planning stage and a further seven will undergo an opportunity assessment during the planning period.

DCC continues to seek ways to better support its service delivery in the areas of mobile applications, new work practices and methods, and industry-specific software, such as that used for business information modelling and digital analytics. Employees expect to be able to use mobile applications; Client-Partners want real-time, accessible data and reports; and industry partners want easy and efficient ways to do business with DCC.

SERVICE DELIVERY: Key Performance Indicators

Service Delivery Rating

DCC wants to maintain high-quality service delivery. 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 they were 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 that perform the work. For two decades, DCC has used its contractor performance evaluation report form 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.

- Business 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 by management oversight and audit.

INITIATIVES

The two initiatives in this planning theme both relate to DCC's digital capability and the effort to modernize DCC's internal business systems. They have been carried forward from last year and will continue into the planning period.

DCC's IT Strategic Plan includes a cybersecurity awareness program and an information management policy. These support the Government of Canada's cybersecurity posture and are aligned with the guiding principles of the Policy on Service and Digital. The digital business capability resource project includes improvements to DCC's enterprise resource planning (ERP) system. DCC expects to replace its current ERP system within the planning period at a total cost of approximately $28.5 million, including contingencies.

The Executive Management Group monitors the progress of the five-year IT Strategic Plan and receives reports on it regularly during DCC's IT Steering Committee monthly meetings.

This plan to modernize DCC's IT infrastructure will ensure that the Corporation keeps pace with its industry and government partners in its use of technology to provide infrastructure and environment services, as well as to meet employee expectations for a hybrid, virtual work environment.

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 DCC's increasing liability for long-term employee benefits, DCC's capital management approach will be to maintain its cash and investments level to fund operations at $22 million to $30 million during the planning period. More information on DCC's approach to capital management can be found in the Financial Overview on page 20.

Cost of Services

The indicator of overall cost of services to DND reflects how much of DND's IE major and minor capital program budget is spent on DCC's services—or, in other words, how much DCC services in contracting, contract management, and project and program management cost DND's IE community. Typically, DCC expects these costs to fall in the range of 9% to 15% of the budget.

DCC operates as a lean and efficient organization, and its billing rates are significantly lower than those of comparable North American private sector engineering firms, according to Deltek's 44th 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 DCC is a service organization, its 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 agile 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 operates in an ethical, transparent and responsible manner, and ensures appropriate oversight of its daily operations.

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

- DCC maintains a credible reputation.

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

DCC is carrying forward two strategic initiatives from 2023–24 under the theme of leadership and governance: strengthening collaborative relationships with the Client-Partner leadership; and contributing to the economic betterment of Indigenous peoples. A third initiative is to support the work of the Office of the Auditor General in carrying out its Special Examination.

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 must regularly promote its mandate 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 among Client-Partner representatives.

To contribute to the economic betterment of Indigenous peoples and to support the Government of Canada's reconciliation efforts, DCC has an Indigenous Relations Policy based on the pillars of people, business and community. The Corporation will continue its outreach program in its Pacific Region and will review the applicability of this model to community engagement across all regions throughout the planning period.

DCC expects that the Special Examination will begin in October 2024 and the Corporation stands ready to fully support the Office of the Auditor General in undertaking this important work.

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*, quarterly financial reports, and 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 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's Code of Business Conduct Results

DCC's 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's 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

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 all 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 with respect to its own assets and employees.

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 Corporate Plan contains information based on the most current assumptions as of November 17, 2023. 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

DCC's financial position remains strong due to projected increased demand for services from its Client-Partner, as DCC provides support to the Future Fighter Capability Project and oversees construction of infrastructure for Canadian Surface Combatant ships, among other work. The Financial Plan reflects an increase in billing rates in order to meet DCC's operational and future capital requirements. Throughout the planning period, DCC will accumulate cash in reserve accounts to fund investments in its business—particularly in capital projects, innovation and research, IT initiatives and other government priorities.

2024–2025 Planning Year

DCC expects services revenue to increase by 6% in 2024–25, reflecting a 3.3% billing rate increase and a 2.7% increase in demand for DCC services. In the Corporate Plan 2023–2024, the billing rate increased by 3.5% to cover planned operating costs at that time. The reduction of 0.2 percentage points in the planned 2024–25 billing rate increase will help DCC's Client-Partner reduce its spending over the next three years.

Salaries and employee benefits are expected to increase by 8.6% in 2024–25, reflecting a 2.5% economic increase and a 2.5% average merit-based salary increase, as well as a combined increase of 3.6% in salaries and benefits.

Part of the latter increase is due to the need to hire more experienced, senior-level personnel with specialized expertise to handle anticipated higher demand for DCC services. It will be offset by increased Client-Partner revenues and additional work volume. The rest of the combined increase is due to salary mix and benefit changes. DCC will leverage any efficiencies gained in salary mix to fund innovation and research, IT initiatives and capital reserves.

The gross margin on services revenue is expected to decrease slightly to 41% in 2024–25 from a projected 42% in 2023–24. It will continue to be sufficient to cover DCC's obligations pursuant to its capital management approach.

Operating and administrative expenses are expected to increase for several reasons: expected increases in in-person training; modernization of IT infrastructure and business applications; initiatives in line with Government of Canada priorities; and planned workforce increases to support the projected increase in demand for services from Client-Partners.

Total comprehensive income at the end of 2024–25 is projected to be $4 million. It will be used to fund future capital projects, innovation and research, IT initiatives, and other government priorities.

Capital to support operations is anticipated to total $22 million at March 31, 2025. The goal is to maintain sufficient reserves to cover short-term salary costs. This balance is below the target range of $39 million to $50 million, set in 2023–24. Over the planning period, the Corporation will decrease its target range for capital to support operations to $22 million to $30 million. It plans to make that decrease for two reasons: to help the Client-Partner reduce budgets by offering a lower billing rate increase than planned over the next three years, and to carry the contingency for supplemental long-term salary coverage as part of DCC's reserves in its investment strategy.

2025–2026 to 2028–2029 Planning Years

Revenue is anticipated to increase over the planning period. The billing rate is projected to increase by 3.3% annually until 2026–27, after which the billing rate will increase by 3.5%. The planned billing rate increases, the projected increase in demand for DCC services and a consistent regional utilization rate of 77% to 79% will generate surpluses that DCC will hold in cash reserves.

DCC operations—primarily compensation—will also affect billing rate increases. If inflation continues to exceed the Bank of Canada's 2% target beyond the planning period, this will have an impact on future billing rates. The Corporation is also looking at modernizing systems and processes, and at creating and adopting new technologies. DCC assesses these factors annually when finalizing billing rates for the coming year. Here are some assumptions DCC has used in developing the forecasted billing rates above.

- Compensation economic increases will gradually decline each year after 2024–25, as inflation is expected to normalize over time.
- DCC plans to use comprehensive income to accumulate funds for future capital projects. These include the new enterprise resource planning (ERP) system project, which DCC expects to carry out over the next five years, with most design and implementation occurring in 2026–27 and 2027–28.
- During the planning period, cash held for operations will be in the $22 million to $30 million range. Cash accumulated for future capital purchases will range from $28 million to $45 million, which is slightly higher than the range of $25 million to $35 million set in 2023–24, to account for the new ERP system project in 2026–27 and 2027–28 and to fund future capital projects. Total accumulated cash and investments may increase to $63 million by the end of the planning period, due to rising compensation requirements driven by inflation and an increase in workforce size. DCC will spend $28.5 million of the reserve on the new ERP system between 2024–25 and 2028–29. The reserve will be replenished in 2028–29 for future capital projects, investments in innovation and research, investments in IT initiatives, and other government priorities.

Key Assumptions

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

Revenue Assumptions

Revenue assumptions in the 2024–25 to 2028–29 Corporate Plan

	Estimated	Planned				
	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Volume change	14.1%	2.7%	13.7%	2.0%	6.7%	-2.2%
Billing rate change	3.5%	3.3%	3.3%	3.3%	3.5%	3.5%
Total anticipated increase	**17.6%**	**6.0%**	**17.0%**	**5.3%**	**10.2%**	**1.3%**

Revenue assumptions in the 2023–24 to 2027–28 Corporate Plan

	Estimated	Planned				
	March 31/23	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28
Volume change	18.0%	6.7%	16.1%	2.6%	-4.4%	-4.3%
Billing rate change	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Total anticipated increase (decrease)	**21.0%**	**10.2%**	**19.6%**	**6.1%**	**-0.9%**	**-0.8%**

Compensation Assumptions

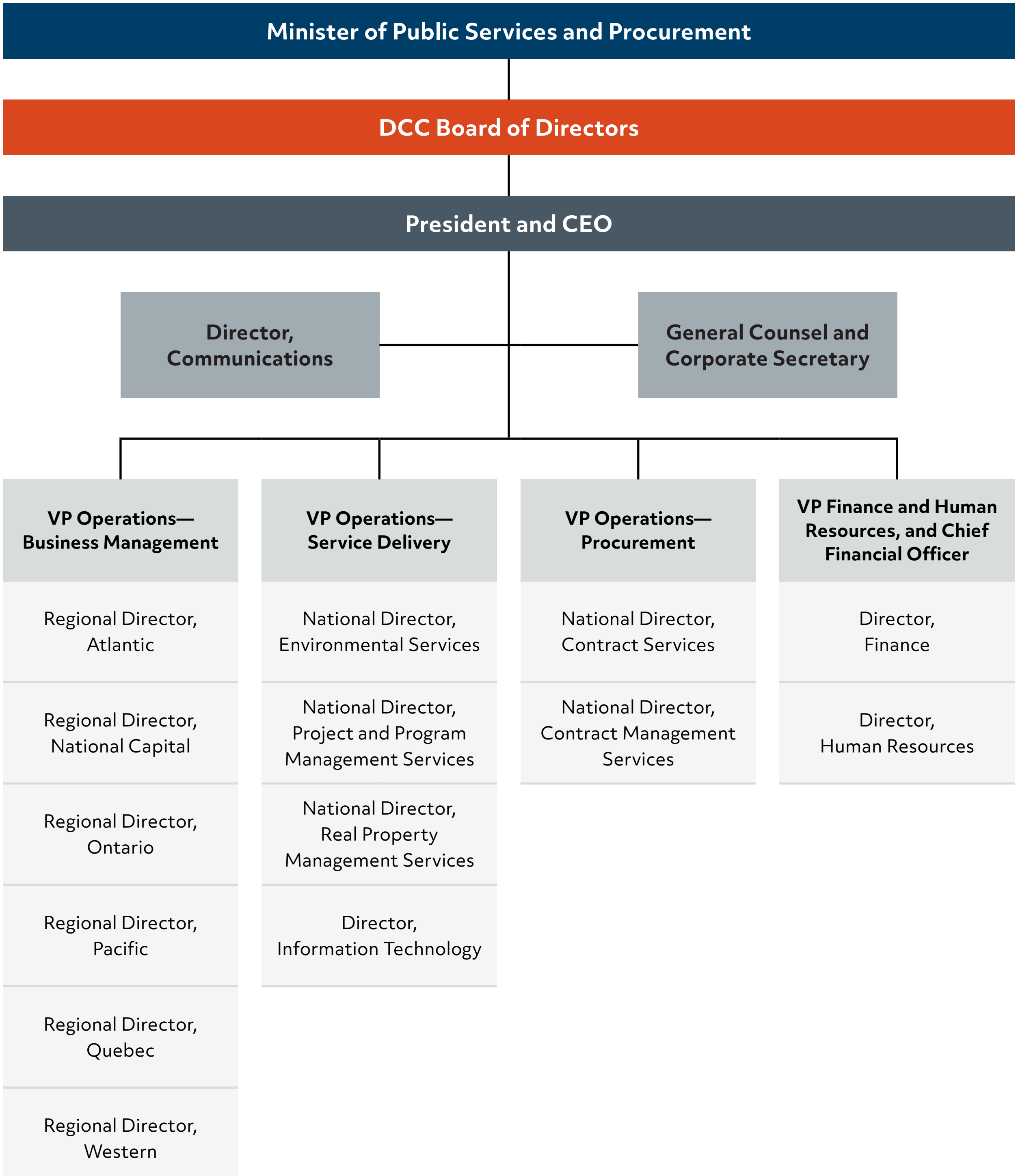
Compensation assumptions in the 2024–25 to 2028–29 Corporate Plan

	Estimated	Planned				
	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Economic increase	2.5%	2.5%	2.3%	2.0%	1.8%	1.5%
Merit-based salary increases	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Increased (decreased) workforce and changes due to salary mix, efficiency and other	7.8%	3.6%	11.7%	1.9%	6.1%	-2.1%
Total salaries and employee benefits increase	**12.6%**	**8.6%**	**16.5%**	**6.4%**	**10.4%**	**1.9%**

Compensation assumptions in the 2023–24 to 2027–28 Corporate Plan

	Estimated	Planned				
	March 31/23	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28
Economic increase	2.5%	3.0%	2.8%	2.5%	2.3%	2.0%
Merit-based salary increases	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Increased (decreased) workforce and changes due to salary mix, efficiency and other	10.1%	3.7%	14.0%	2.5%	-4.7%	-4.5%
Total salaries and employee benefits increase	**14.9%**	**9.2%**	**19.2%**	**7.5%**	**0.1%**	**0.0%**

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 is ultimately accountable, through the Minister of Public Services and Procurement, to Parliament for the conduct of its affairs. 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.

The Chair of the Board of Directors, and the President and Chief Executive Officer (CEO), are appointed by the Governor in Council, upon the recommendation of the Minister of Public Services and Procurement. All other members of the Board of Directors are appointed by the Minister of Public Services and Procurement with the approval of the Governor in Council. Members of DCC's Board hold office during pleasure of the Governor in Council and are eligible for reappointment. The allowable number of members on DCC's Board is seven, including the Chair.

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 businesses, 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. The Board meets at least quarterly.

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 Governance and Human Resources 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.

Attendance	Board	Audit Committee	Goverance and Human Resources Committee
Miller, Moreen	7/7	4/5	4/4
Anderson, Steve	7/7	–	4/4
Burbridge, Stephen	7/7	–	3/4
Ene, Cynthia	7/7	5/5	–
Lloyd, Claude	7/7	–	4/4
Watt, Angus	7/7	5/5	–
Cheung, Derrick	6/6	–	4/4

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 primarily 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 for three 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 of the Contract Services and the Contract Management Services service lines.

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 Services, Contract Services, Environmental Services, Real Property Management Services, and Project and Program Management Services; and corporate services directors. Regional directors manage activities in the Pacific, Western, Ontario, National Capital, Quebec and Atlantic regions through regional offices located in Victoria, 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, human resources, information technology, and a General Counsel are accountable for the corporate leadership and management of their respective function and group.

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

Annual Public Meeting

Members of the public are invited to participate in DCC's annual public meetings so that they can communicate with and find out about DCC. DCC holds the Annual Public Meeting virtually, and one was held in July 2023.

APPENDIX II
FINANCIAL STATEMENTS AND BUDGET

Capital Management and Financial Statements

Capital Management Approach

DCC's Financial Management Policy is to ensure that DCC is appropriately capitalized to generate and maintain sufficient funds 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. To that end, the Corporation holds operating accounts to fund normal operations, future capital projects, investments in innovation and research, investments in information technology (IT) initiatives, and activities related to various government priorities.

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

The intent of the Corporation is to operate on a slightly better than break-even basis after setting aside funds for future capital projects, innovation and research, and IT initiatives. The Corporation sets billing rates based on expected program and operating costs, including a reasonable inflation factor. 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. DCC assesses its capital adequacy by comparing the supply of capital to the demand for capital. DCC strives to ensure that its risk and capital management policies are aligned with industry standards and are appropriate for DCC's risk profile and business operations. The Corporation's capital position is regularly identified, measured, managed, and reported on to DCC's Board of Directors.

In preparing its operating plans, the Corporation prudently manages its capital 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 capital management approach is to keep sufficient funds available—recognizing the potential for short-term interruptions in collections of receivables—to meet DCC's obligations.

Capital Requirements and Uses

The Corporation considers several factors when determining its capital requirements in terms of the adequacy of the amount of reserves that are required to maintain DCC's operations. The actual amount of the reserves may change over time, depending on a variety of factors. Potential factors include the amount of working capital required; payroll obligations (salaries and benefits); receivables collection risk; approvals processes; long-term obligations; and capital expenditures; as well as external factors such as election periods and fiscal restraint measures.

By the end of the planning period, the estimated cash reserves for operating purposes should be between $22 million and $30 million. During the planning period, cash reserves to fund long-term capital projects, the advancement of innovation and research, and IT initiatives should be between $28 million and $45 million, with $28.5 million of that balance expected to be spent over the next five years to acquire the new ERP system. DCC management deems that the Corporation will need total cash reserves up to $69 million between 2023–24 and 2028–29—mainly, because it will need $30 million in operating funds for short-term obligations and $28.5 million for the new ERP system. These amounts will change over time as DCC's financial position changes. The total reserve levels are based on the increase in long-term unfunded liabilities for employee future benefits, increased compensation costs, and requirements to fund long-term capital projects, research and innovation, and IT initiatives. The following factors help DCC determine adequate cash reserves.

- Payables: DCC typically has $17 million to $24 million in trade payables, increasing each year due to inflation and increases in compensation, which it manages on a timely basis.
- Payroll: The Corporation's monthly payroll costs will reach $20 million by the end of the planning period. The cash reserves should be sufficient to cover at least three months to six 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. These include delays in Client-Partner approvals and processing of invoices, and changes in Government of Canada cash payment terms.
- Greater risks occur in the situations below, which DCC manages through capital management planning.
  - Election periods: During a writ period, Client-Partners rely 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. The Client-Partners' ability to pay receivables could easily be affected for a single cycle, which is equivalent to approximately a 45-day payroll coverage period.
  - Forecast uncertainty: DCC has not received a firm forecast of expected infrastructure program expenditures for 2024–25 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: In 2023–24, DCC must self-fund $37 million in employee future benefits, including retirement, health and sick leave benefits. Due to an expected workforce increase during the planning period, these obligations are expected to grow to $57 million over the next five years. The Corporation must also fulfill other commitments, such as paying for lease obligations. 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 ERP system. DCC plans to replace its ERP system in 2026–27 at an estimated cost of $28.5 million, inclusive of contingencies, so the Corporation is accumulating cash during the planning period to fund this future requirement.

It is unlikely that all 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. It also reviews its capital management strategy and options, including lines of credit and other vehicles, on an ongoing basis.

There are no external 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. DCC invests cash in excess of short-term operational and capital requirements 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 capital 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.

- Fixed-fee arrangements: There are relatively few of these arrangements; however, they represent approximately 61% 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.

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 numerous 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 determining actions to take regarding its cash level.

Financial Statements, Budgets and Notes

This financial projection reflects the Corporation's sustainable financial position in 2024–25. As a result, DCC plans to increase billing rates by 3.3% for the next three years, a decrease from 3.5% from the Plan 2023-24, and 3.5% thereafter to 2028–29. However, the following factors could affect the projected billing rates:

- significant variances in program spending or demand for services from the Client-Partners;
- changes in the inflation rate, which would directly affect compensation and operating costs; and
- DCC's investments in process and system improvements, capital expenditures, and research and innovation to meet operational requirements.

Operating expenses include investments planned from 2024–25 to 2028–29 to continue modernizing DCC's operational IT infrastructure and network security. These investments will be required to respond to an ever-changing security environment, as well as to the expiry of DCC's current ERP system in 2026–27.

These projections reflect the current most-likely scenario for demand from Client-Partners, based on information available as of November 2023, and related spending requirements to meet operational needs. The Corporation has projected surpluses for the entire planning period. In line with the cash management approach, after adjusting for funds needed for future capital projects, innovative research and IT initiatives, the Corporation expects to achieve break-even operations.

Statement of Financial Position

For the years ending March 31, 2023, to March 31, 2029

	Actual	Corporate Plan	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
ASSETS								
Cash and cash equivalents	$ 16,563	$ 39,337	$ 19,923	$ 21,527	$ 25,084	$ 26,695	$ 29,484	$ 30,043
Investments	7,057	5,740	7,500	7,500	7,500	12,000	7,500	7,500
Trade receivables	31,961	28,271	37,701	39,945	46,751	49,247	54,262	54,948
Prepaid and other assets	1,366	1,135	1,413	1,459	1,502	1,544	1,582	1,618
Other receivables	1,607	1,456	1,845	1,777	1,714	1,656	1,602	1,551
Current assets	**58,554**	**75,939**	**68,382**	**72,208**	**82,551**	**91,142**	**94,430**	**95,660**
Investments	32,316	22,183	33,635	37,661	34,849	30,554	20,256	25,000
Property, plant and equipment	1,925	2,672	3,771	3,756	4,063	3,331	2,477	1,665
Intangible assets	27	9	9	999	5,989	12,971	30,778	32,110
Right-of-use assets	6,196	5,730	6,562	5,947	6,786	6,068	4,853	3,639
Non-current assets	**40,464**	**30,594**	**43,977**	**48,363**	**51,687**	**52,924**	**58,364**	**62,414**
Total assets	**$ 99,018**	**$ 106,533**	**$ 112,359**	**$ 120,571**	**$ 134,238**	**$ 144,066**	**$ 152,794**	**$ 158,074**
LIABILITIES								
Trade and other payables	$ 17,097	$ 19,814	$ 19,388	$ 20,345	$ 21,851	$ 22,735	$ 23,956	$ 24,463
Deferred revenue	1,299	535	102	–	–	–	–	–
Employee benefits	2,403	1,957	2,471	2,551	2,628	2,700	2,768	2,830
Lease obligations	1,310	1,324	1,018	964	1,023	1,117	1,362	1,307
Current liabilities	**22,109**	**23,630**	**22,979**	**23,860**	**25,502**	**26,552**	**28,086**	**28,600**
Employee benefits	31,519	36,112	34,949	38,481	42,125	45,876	49,726	53,670
Lease obligations	5,287	4,875	5,949	5,625	6,661	6,045	4,687	3,385
Non-current liabilities	**36,806**	**40,987**	**40,898**	**44,106**	**48,786**	**51,921**	**54,413**	**57,055**
Total liabilities	**58,915**	**64,617**	**63,877**	**67,966**	**74,288**	**78,473**	**82,499**	**85,655**
EQUITY								
Retained earnings	40,103	41,916	48,482	52,605	59,950	65,593	70,295	72,419
Total equity	**40,103**	**41,916**	**48,482**	**52,605**	**59,950**	**65,593**	**70,295**	**72,419**
Total liabilities and equity	**$ 99,018**	**$ 106,533**	**$ 112,359**	**$ 120,571**	**$ 134,238**	**$ 144,066**	**$ 152,794**	**$ 158,074**

Statement of Profit and Other Comprehensive Income

For the years ending March 31, 2023, to March 31, 2029

	Actual	Corporate Plan	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Services revenue	$ 160,682	$ 179,282	$ 183,244	$ 194,152	$ 227,233	$ 239,362	$ 263,740	$ 267,073
Travel and disbursement revenue	3,255	1,464	3,145	3,145	3,145	3,145	3,145	3,145
Investment revenue	1,756	1,892	2,515	2,688	2,849	2,731	2,371	2,096
Total revenue	**165,693**	**182,638**	**188,904**	**199,985**	**233,227**	**245,238**	**269,256**	**272,314**
Salaries and employee benefits	140,834	155,208	158,571	172,214	200,674	213,563	235,874	240,345
Operating and administrative expenses	11,908	16,952	16,822	17,858	19,071	19,828	23,014	23,299
Travel and disbursement expenses	3,255	1,464	3,145	3,145	3,145	3,145	3,145	3,145
Depreciation of property, plant and equipment	426	562	482	1,130	1,443	1,532	854	812
Depreciation of right-of-use assets	1,289	1,429	1,250	1,253	1,225	1,219	1,215	1,214
Amortization of intangible assets	22	18	18	10	10	18	193	1,168
Lease interest expense	203	213	237	252	314	290	259	207
Total expenses	**157,937**	**175,846**	**180,525**	**195,862**	**225,882**	**239,595**	**264,554**	**270,190**
Net income	**7,756**	**6,792**	**8,379**	**4,123**	**7,345**	**5,643**	**4,702**	**2,124**
OTHER COMPREHENSIVE INCOME								
Actuarial gain on employee benefit obligation	2,387	–	–	–	–	–	–	–
Total comprehensive income	**$ 10,143**	**$ 6,792**	**$ 8,379**	**$ 4,123**	**$ 7,345**	**$ 5,643**	**$ 4,702**	**$ 2,124**

Statement of Cash Flows

For the years ending March 31, 2023, to March 31, 2029

	Actual	Corporate Plan	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Net income	$ 7,756	$ 6,792	$ 8,379	$ 4,123	$ 7,345	$ 5,643	$ 4,702	$ 2,124
ADJUSTMENTS TO RECONCILE NET INCOME TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Employee benefits expensed	3,708	3,212	3,995	4,125	4,249	4,366	4,475	4,576
Employee benefits paid	(731)	(797)	(497)	(513)	(528)	(543)	(557)	(570)
Depreciation of property, plant and equipment	426	562	482	1,130	1,443	1,532	854	812
Depreciation of right-of-use assets	1,289	1,429	1,250	1,253	1,225	1,219	1,215	1,214
Amortization of intangible assets	22	18	18	10	10	18	193	1,168
Accretion of investment premiums	–	–	(194)	(200)	(190)	(185)	(160)	(150)
Amortization of investment premiums	30	40	60	65	60	55	50	45
Increase (decrease) in non-working capital balances related to operating activities	(12,575)	(1,583)	(4,931)	(1,367)	(5,280)	(1,596)	(3,778)	(164)
Net cash flows provided by operating activities	(75)	9,673	8,562	8,626	8,334	10,509	6,994	9,055
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES								
Redemption (acquisition) of investments	(18,803)	(4,490)	(1,628)	(3,891)	2,942	(75)	14,908	(4,639)
Acquisition of property, plant and equipment	(197)	(1,088)	(2,328)	(1,115)	(1,750)	(800)	–	–
Acquisition of intangible assets	(12)	–	–	(1,000)	(5,000)	(7,000)	(18,000)	(2,500)
Net cash flows used in investing activities	(19,012)	(5,578)	(3,956)	(6,006)	(3,808)	(7,875)	(3,092)	(7,139)
CASH FLOWS USED IN FINANCING ACTIVITIES								
Repayment of lease obligations	(1,268)	(1,378)	(1,246)	(1,016)	(969)	(1,023)	(1,113)	(1,357)
Net cash flows used in financial activities	(1,268)	(1,378)	(1,246)	(1,016)	(969)	(1,023)	(1,113)	(1,357)
Increase (decrease) in cash and cash equivalents during the year	(20,355)	2,717	3,360	1,604	3,557	1,611	2,789	559
Cash and cash equivalents at the beginning of the year	36,918	36,620	16,563	19,923	21,527	25,084	26,695	29,484
Cash and cash equivalents at the end of the year	**$ 16,563**	**$ 39,337**	**$ 19,923**	**$ 21,527**	**$ 25,084**	**$ 26,695**	**$ 29,484**	**$ 30,043**

Statement of Changes in Equity

For the years ending March 31, 2023, to March 31, 2029

	Actual	Corporate Plan	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Opening retained earnings	$ 29,960	$ 35,124	$ 40,103	$ 48,482	$ 52,605	$ 59,950	$ 65,593	$ 70,295
Net income	7,756	6,792	8,379	4,123	7,345	5,643	4,702	2,124
Actuarial gain on employee benefit obligation	2,387	–	–	–	–	–	–	–
Closing retained earnings	**40,103**	**41,916**	**48,482**	**52,605**	**59,950**	**65,593**	**70,295**	**72,419**
Total equity	**$ 40,103**	**$ 41,916**	**$ 48,482**	**$ 52,605**	**$ 59,950**	**$ 65,593**	**$ 70,295**	**$ 72,419**

2023–24 Corporate Plan Versus 2023–24 Estimated Results

Statement of Financial Position

When one compares the estimated results for the year ending March 31, 2024, in the Statement of Financial Position to the 2023–24 Corporate Plan forecast for the year ending March 31, 2024, the variances are primarily due to higher-than-anticipated demand from the Client-Partners. That, in turn, is expected to result in a higher gross margin than planned and increased returns on cash and investments, due to high interest rates. These factors will be combined with anticipated lower training costs, lower-than-expected professional services costs and decreased cloud services costs. Trade receivables are expected to exceed the planned results. DCC estimates that cash and cash equivalents will to be lower than planned, because the Client-Partners ceased the Interim Directions on Prompt Payment of Invoices that supported Canadian suppliers during the COVID-19 pandemic. The Corporation is on track to exceed the remaining Plan forecasts, assuming it collects trade receivables as anticipated and pays trade payables at the appropriate time, as is normal.

Statement of Profit and Other Comprehensive Income

Services revenue for 2023–24 is estimated to be $183 million, compared to the Corporate Plan amount of $179 million, an increase of $4 million or 2% from the Corporate Plan. The increase is due to higher-than-anticipated demand for services from the Client-Partners.

Salaries and benefits are expected to total $159 million, an increase of $3 million or 2% from the Corporate Plan, due to higher-than-anticipated workforce growth due to higher demand from the Client-Partners, partially offset by lower-than-planned economic and merit increases.

Operating and administrative expenses for the period ending March 31, 2024, are estimated to be the same as the Corporate Plan at $17 million. DCC estimates lower training costs due to lower-than-expected levels of employee training and development; lower professional services costs, as some initiatives will be delayed until next fiscal year; and decreased cloud services costs. These decreases will be partially offset by higher-than-planned recruiting costs due to the highly competitive labour market; one-time purchases of furniture and equipment for the new Pacific Regional Office; and increased equipment rental due to the increase in workforce to meet Client-Partners' demand.

Depreciation and amortization are expected to decrease due to three factors related to the Pacific Regional Office: extended lease negotiations, extended local government timelines, and the contractor's project schedule for the office fit-up.

The Corporation is estimating a total comprehensive income of $8 million, compared to a planned total comprehensive income of $7 million in the prior-year Plan. The higher estimated income is mainly due to higher revenue as a result of increased demand from Client-Partners.

Capital Budget
For the year ending March 31, 2024

(in thousands of dollars)	Estimated	Planned	Variance
Computer equipment	$ 1,000	$ –	$ 1,000
Intangible assets	–	–	–
Furniture and equipment	242	80	162
Leasehold improvements	1,086	1,008	78
Right-of-use assets	1,616	1,443	173
	$ 3,944	**$ 2,531**	**$ 1,413**

Overall, capital expenditures for 2023–24 are estimated to be 56% above Plan. The increase is mainly due to $1 million for IT firewall upgrades at DCC sites scheduled to be completed before March 31, 2024. The firewall upgrades were planned for 2024–25 but were moved up to the current fiscal year due to possible procurement savings.

2024–25 to 2028–29 Planning Periods

Services Revenue

For the period ending March 31, 2024, services revenue is estimated to total $183 million, representing an increase of approximately $23 million or 14% over the previous fiscal year. The increase in services revenue from 2022–23 to 2023–24 is due to a higher-than-expected increase in demand for services from the Client-Partners, coupled with the planned increase in billing rates.

For 2024–25, the Corporation forecasts that demand for DCC's services will be higher than it was in 2023–24. This increase, combined with the anticipated billing rate increase, will lead to a rise in services revenue of $11 million or 6% above the estimate for 2023–24, to $194 million.

The Corporation is anticipating an increase in billing rates of 3.3% in 2024–25. This is in line with the Corporation's Financial Management Policy, under which DCC aims to maintain a sustainable financial position while operating at a slightly better than break-even position basis, after adjusting for reserve funds for future capital projects, innovation and research, and IT initiatives.

The Corporation estimates that the gross margin required for sustainability at the projected revenue levels discussed earlier is between 39% and 41%, which it expects to achieve in the planning period. The planned billing rate increases reflect anticipated demand from Client-Partners, anticipated inflation, and requirements to invest in operations, training, capital projects, innovation and research, and IT initiatives. DCC evaluates 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, comprehensive income (loss), equity, cash and cash equivalents, and investments from 2018–19 to 2028–29.

Billing Rate, Comprehensive Income (Loss), Retained Earnings and Cash History, Compared to Plan

For the years ending March 31, 2019, to March 31, 2029

	Actual					Estimated	Planned				
	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29
Billing rate increase	4.5%	3.5%	7.5%	4.5%	3.0%	3.5%	3.3%	3.3%	3.3%	3.5%	3.5%
Gross margin percentage	35.5%	36.9%	40.1%	40.9%	41.4%	42.0%	41.3%	40.6%	39.9%	39.6%	39.2%
(in thousands of dollars)											
Comprehensive income (loss)	$ 6,686	$ (2,566)	$ 3,136	$17,506	$10,143	$ 8,379	$ 4,123	$ 7,345	$ 5,643	$ 4,702	$ 2,124
Retained earnings	11,884	9,318	12,454	29,960	40,103	48,482	52,605	59,950	65,593	70,295	72,419
Cash and cash equivalents and investments	$28,170	$25,340	$45,936	$57,518	$55,936	$61,058	$66,688	$67,433	$69,249	$57,240	$62,543

The Corporation is forecasting an increase in volume in the first four years of the planning period, followed by a decrease in the last year of the planning period. The anticipated billing rate rises have been decreased from 3.5% to 3.3% for the next three years to help the Client-Partners reduce budgets while still delivering on planned programs. The billing rates will increase by 3.5% starting in 2027–28 and will be held steady throughout the remaining planning years, as shown in the following table.

Revenue Assumptions

Revenue assumptions in the 2024–25 to 2028–29 Corporate Plan

	Estimated	Planned				
	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Volume change	14.1%	2.7%	13.7%	2.0%	6.7%	-2.2%
Billing rate change	3.5%	3.3%	3.3%	3.3%	3.5%	3.5%
Total anticipated increase	**17.6%**	**6.0%**	**17.0%**	**5.3%**	**10.2%**	**1.3%**

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, 2024, salaries and employee benefits are estimated to total $159 million, representing an increase of approximately $18 million or 13% over the previous fiscal year. The increase from 2022–23 to 2023–24 is due to two factors: 8 percentage points of the increase is due to an increase in Client-Partner demand for services and a change in salary mix; and 5 percentage points of the increase is due to combined economic and merit-based salary increases.

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. The total salary amount is affected by the fluctuating mix of individual salary amounts within each range, due to new hires or employee movement between ranges.

In 2024–25, salaries and employee benefits are anticipated to increase by $14 million or 9%. Of that increase, 4 percentage points is due to an increase in Client-Partner demand for services and a change in salary mix; and 5 percentage points is due to combined economic and merit-based salary increases. The increase in salaries and benefits of 9% is higher than the anticipated increase in services revenue of 6%, due to changes in demand from Client-Partners. DCC will generate enough revenue to cover operating and administrative expenses and maintain the gross margin required to recognize sufficient surpluses for future capital projects, innovation and research, IT initiatives, and other government priorities.

Salaries and Employee Benefits Assumptions

Compensation assumptions in the 2024–25 to 2028–29 Corporate Plan

	Estimated	Planned				
	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Economic increase	2.5%	2.5%	2.3%	2.0%	1.8%	1.5%
Merit-based salary increases	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Changes due to increased (decreased) workforce, salary mix, efficiency and other	7.8%	3.6%	11.7%	1.9%	6.1%	-2.1%
Total salaries and employee benefits increase	**12.6%**	**8.6%**	**16.5%**	**6.4%**	**10.4%**	**1.9%**

For the remainder of the planning period, the Corporation has assumed that the annual economic increase, based on an estimate by Statistics Canada of the change in the consumer price index (CPI) year over year, will be between 1.5% and 2.5%. A difference in the actual CPI change will affect this assumption. Merit-based salary increases are forecasted to remain constant at 2.5% from 2024–25 to 2028–29, based on historical and current market trends.

Operating And Administrative Expenses

For the year ending March 31, 2024, operating and administrative expenses are estimated to total $17 million, representing an increase of approximately $5 million or 41% over the previous fiscal year. This increase is due mainly to the following factors:

- an increase in professional services costs of $1.5 million due to IT consultant costs to support service line capability enhancements, requirements-gathering for the future enterprise resource planning (ERP) system, and cybersecurity and human resources initiatives to support DCC's employees and align with Government of Canada priorities;
- an increase in employee training and development costs and related travel of $1.5 million, due to an increase in DCC's workforce and fully lifted pandemic-related restrictions;
- an increase in cloud computing services of $417,000, due to an increased workforce needed to meet Client-Partner demand;
- an increase in furniture and equipment of $359,000, due to the completion of renovations at the new Pacific Regional Office; and
- an increase in recruiting costs of $320,000, due to a highly competitive labour market and the difficulty of attracting specialized expertise.

For 2024–25, the Corporation has forecasted operating and administrative expenses of $18 million, an increase of 6% over the estimate for 2023–24. The increase is partly due to continued investments in employee training and development and in IT application user licences as DCC expands its workforce to meet Client-Partner demand and further enhances IT infrastructure and business applications, such as DCC's intranet.

For the remainder of the planning period, the Corporation has assumed an inflation increase between 2% and 3%, based on an estimate of the change in the CPI year over year and on the Bank of Canada achieving its mandate of returning Canada to a 2% target inflation rate. The Corporation's operating and administrative expenses are also forecasted to increase as a result of workforce increases, mainly in cloud computing services, software maintenance, equipment rental, computer hardware, and employee training and development. Cloud computing services expenses are expected to increase in 2027–28 for annual user licences related to the new ERP system. In 2028–29, operating and administrative expenses will increase by 1% as inflation continues, offset by a reduction in workforce aligned with expected decreases in programs.

Depreciation and Amortization

Depreciation and amortization—including amortization of intangible assets, depreciation of right-of-use assets, and depreciation of property, plant and equipment—are estimated to total $2 million in the year ending March 31, 2024, which is consistent with the previous fiscal year.

For the year ending March 31, 2025, depreciation and amortization are expected to total $2 million, representing an increase of $644,000 or 37% from the current fiscal year estimate. This increase is mainly due to the depreciation on leasehold improvements, furnishings and leases relating to the new Pacific Regional Office.

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

Net Income and Total Comprehensive Income

A net income of $8 million, or 5% of services revenue, is estimated for the year ending March 31, 2024, compared with a net income of $8 million or 5% of services revenue, in the previous fiscal year. Total comprehensive income of $8 million, or 5% of services revenue, is estimated for the current fiscal year, compared with total comprehensive income of $10 million or 6% of services revenue, in the previous fiscal year. The estimated net income in 2023–24 is due primarily to the planned increase in billing rates and to higher demand for DCC's services. These increases are countered partially by an increase in salary costs, related to the workforce increases made to support higher demand for services; higher professional fees for IT and human resources initiatives; and higher training and development costs related to the increase in DCC's workforce and increases in post-COVID-19 pandemic business travel and training.

For the year ending March 31, 2025, total comprehensive income of $4 million is projected, which represents a decrease of about 51% from total comprehensive income estimated for the current fiscal year. Net income is planned for each year from 2025–26 to 2028–29.

Cash and Investments

In 2021–22, the Corporation started accumulating cash to fund future long-term capital projects and the advancement of innovation and research. The amounts of these cash reserves will change over the planning period, as DCC's financial position changes. Over the planning period, cash reserves to fund long-term capital projects, the advancement of research and innovation, and IT initiatives should total between $28 million to $45 million. Cash held for operations should be in the $22-million to $30-million range. During the planning period, total accumulated cash and investments may rise to $69 million.

Currently, the Corporation's liquidity and capital resources position, represented by its cash and investments balances, is strong. These balances normally allow DCC to meet its operating and future capital needs, although the balances vary widely, based on the timing of receipt of trade receivables. Cash and investments are estimated to be $61 million at March 31, 2024. This balance represents $20 million for operations and $41 million for future capital purchases.

DCC expects its total cash reserves to be between $57 million and $69 million annually throughout the planning period. Cash and investments will continue to increase over the years of the Plan, as the Corporation increases its cash reserves to take into account the large unfunded liability for employee future benefits, as well as funding for future capital projects (to be spent mainly in 2026–27 and 2027–28), innovation and research, and IT initiatives.

Trade Receivables

Trade receivables are expected to vary during the planning period in direct proportion to the fluctuations in services revenue from year to year and to the usual variations in the timeliness of payments by Client-Partners.

Property, Plant and Equipment, Intangible Assets, and Right-Of-Use 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 amount for intangible assets represents the net book value of purchased software licences for desktop computers and for the planned purchase of the ERP system and the enterprise content management system. The amount for right-of-use assets represents office space and IT facilities (data warehouses).

The estimated value of property, plant and equipment, and intangible assets for the year ending March 31, 2024, is expected to increase by $2 million or 94% from the previous fiscal year. The increase is due to renovations and furnishings required to retrofit the new Pacific Regional Office space, and upgrades to site firewalls. For the year ending March 31, 2025, the value of property, plant and equipment, and intangible assets is expected to increase by 26% from the previous fiscal year. That increase is due to the expected launch of the procurement process for the new ERP system and to additional IT purchases needed to ensure sites can meet current and future Client-Partner demand.

For the current year ending March 31, 2024, the estimated value of right-of-use assets is expected to increase by 6% from the previous fiscal year, due to the new Pacific Regional Office lease and renegotiation of DCC's Head Office leases. For the year ending March 31, 2025, the value of right-of-use assets is expected to decrease due to depreciation, partially offset by planned IT data warehouse renewal.

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 depreciation and amortization amounts incurred from year to year, based on the Corporation's depreciation and amortization policies, as described in the Corporation's *Annual Report*.

Trade and Other Payables

Trade and other payables for the year ending March 31, 2024, are expected to increase by 13% from the year ending March 31, 2023. 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 $37 million at March 31, 2024, representing an increase of approximately 10% over the figure in the previous fiscal year, due to the increase in workforce size and related accrual of sick leave and other benefits. At March 31, 2025, employee future benefits are expected to be $41 million. For the remaining Plan years, the amount is expected to increase by between 8% to 10% annually. 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 benefits payments for employees as they become due. The assumptions the actuary uses to calculate these benefits are summarized in the Corporation's *Annual Report*.

Lease Obligation

The lease obligation is expected to increase by $370,000 in 2023–24, compared to March 31, 2023, due to the new Pacific Regional Office lease, partially offset by continued repayment of the lease obligation.

Staff Strength

Staff Strength

For the years ending March 31, 2023, to March 31, 2029

	Actual	Estimated	Planned				
	March 31/23	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Employees based on full-time equivalents	1,157	1,277	1,334	1,514	1,545	1,648	1,611

Staff strength, presented on a full-time equivalent (FTE) basis, is estimated to be 1,277 for the year ending March 31, 2024. For the year ending March 31, 2025, it is forecasted to be 1,334. This figure represents an increase of approximately 4% from the previous fiscal year, to support increased demand for DCC services from the Client-Partners.

FTE staff strength for the remaining planning years is expected to fluctuate in relation to expected demand from the Client-Partners.

Capital Budget

Capital Budget

For the years ending March 31, 2023, to March 31, 2029

	Actual	Corporate Plan	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Computer equipment	$ –	$ –	$ 1,000	$ 1,000	$ –	$ 500	$ –	$ –
Intangible assets	12	–	–	1,000	5,000	7,000	18,000	2,500
Furniture and equipment	105	80	242	65	250	50	–	–
Leasehold improvements	182	1,008	1,086	50	1,500	250	–	–
Right-of-use assets	452	1,443	1,616	638	2,064	501	–	–
	$ 751	**$ 2,531**	**$ 3,944**	**$ 2,753**	**$ 8,814**	**$ 8,301**	**$ 18,000**	**$ 2,500**

The Corporation is expecting capital expenditures for the fiscal year ending March 31, 2024, to be $4 million, an increase of $3 million or 425% from the previous fiscal year. This is mainly due to the new Pacific Regional Office and planned upgrades to the site firewalls.

In the 2024–25 planning period and beyond, DCC will incur costs to upgrade its site IT equipment, and it will incur additional costs to upgrade its IBM servers in 2026–27. The $1-million planned expenditure for intangible assets in 2024–25 is the first installment payment for the new ERP system. DCC expects to pay the remaining costs for the ERP system over the remaining planning period, peaking with $18 million planned in 2027–28. These costs will be funded through the cash reserves accumulated over the planning period. In 2027–28, DCC expects to replace its current enterprise content management system. In the 2024–25 planning period and beyond, the Corporation will also incur leasehold improvements and new lease costs for the National Capital and Quebec regional offices, and lease renewal costs for existing regional offices.

Travel, Hospitality And Conferences

The Corporation's total annual expenditures on travel, hospitality and conference fees are disclosed on DCC's website. For 2022–23, DCC forecasted expenditures for travel, hospitality and conferences to be $1 million. However, due to COVID-19 pandemic restrictions on travel, the actual expenditures were $718,000. The increase in hospitality expenditures from 2022–23 to 2023–24 is the result of a post-pandemic resumption of in-person activities. The decrease in travel expenditures from 2023-24 to 2024-25 align with Government of Canada priorities to reduce travel expenditures. Increases forecasted for 2025–26 through 2028–29 are related to inflation only. DCC will reduce its travel expenditures by decreasing the average travel spend from $1,000 to $750 per FTE over the planning period. The previous year's Plan expected the average travel spend per FTE to increase from $900 to $1,100.

Travel, Hospitality and Conference

For the years ending March 31, 2023, to March 31, 2029

	Actual	Estimated	Planned				
(in thousands of dollars)	March 31/23	March 31/24	March 31/25	March 31/26	March 31/27	March 31/28	March 31/29
Travel	$ 558	$ 1,232	$ 1,083	$ 1,116	$ 1,146	$ 1,175	$ 1,201
Hospitality	160	357	404	416	428	438	448
Conferences	–	–	–	–	–	–	–
	$ 718	**$ 1,589**	**$ 1,487**	**$ 1,532**	**$ 1,574**	**$ 1,613**	**$ 1,649**

Leases

DCC will not be entering into any leases in 2024–25 or 2025–26 that will require ministerial approval.

APPENDIX III
COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

DCC was created as an agent Crown corporation 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. Similarly, DCC adheres to the requirements of the *Privacy Act* in the way it collects, uses and discloses employees' personal information. DCC submits its *Access to Information Act Annual Report* and *Privacy Act Annual Report* on time each year. DCC posts its Proactive Publications to the Open Government Portal in addition to posting them on its website. DCC's internal ATIP office follows a Proactive Publication standard operating procedure and uses a Proactive Publication Tracker to ensure compliance with new Government of Canada ATIP proactive disclosure requirements issued in June 2023.

DCC's employees are aware of the 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 with policies and legislation related to employee conduct, through regular reports. DCC's Procurement Code of Conduct for suppliers is aligned with Public Services and Procurement Canada's Code of Conduct for Procurement. It ensures that DCC's suppliers know what is required of them in order to do business with DCC and that DCC adheres to the Government of Canada's Ineligibility and Suspension Policy.

Board members comply with the *Conflict of Interest Act* and DCC's Board Code of Conduct. All board members must sign a declaration that they are aware of the requirements of both 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. In 2022–23, all employees took workplace violence and harassment prevention training. New employees take this 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. Like all DCC employees, they 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 complies with 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 is in the second phase of implementing its Diversity and Inclusion Strategy and Action Plan, which build on the progress and positive results of the program's first phase. In addition, DCC's job classification and compensation structure complies with Canada's *Pay Equity Act*, which ensures equal compensation for work of equal value.

Numerous policies, tools and resources enable the Corporation to comply with the *Official Languages Act*. To ensure contractors and consultants receive contract documents in the language of their choice, DCC offices have established local, open-source lists for contractors and consultants that want to bid on construction contracts worth $10 million or less. To qualify for the source list, potential bidders provide the legal name of their company and their language preference for the tender documents, the contract documents and communication during the execution of the contract. Tender documents are issued in both official languages unless all potential bidders at that site have indicated the same language preference.

Resources that help employees comply with the *Official Languages Act* include the Official Languages Accountability Framework, as well as an internal Translation Portal that makes translation services and resources accessible to all DCC offices. DCC's Language Policy supports and encourages its employees to seek education and training in both official languages and to communicate in the official language of their choice. Each year, DCC reports to Treasury Board of Canada Secretariat (TBS) on activities that support Parts IV, V and VI of the *Official Languages Act* and to both TBS and Canadian Heritage on activities related to Part VII of the Act.

DCC is aware of the recent passage of Bill S-211, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, and* it will incorporate the requirements into its business policies and procedures. A review and evaluation are underway to determine the impact this new legislation will have on procurement policy, documents and processes.

Directive on Travel, Hospitality, Conference and Event Expenditures

DCC aligns with Treasury Board of Canada Secretariat's Directive on Travel, Hospitality, Conference and Event expenditures. In its 2017–18 financial audit and all subsequent audits, the Office of the Auditor General has 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.

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—such as the Canada–United States–Mexico Agreement—using sound procurement practices and ensuring competition by providing wide access to government business opportunities.

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 was the first Canadian federal organization to establish an e-procurement system and it has a longstanding contractor performance evaluation system.

DCC sets a key performance indicator to award a minimum of 98% of DCC contracts through public opportunities. During the first half of 2023–24, it awarded 100% of all procurements through public opportunities.

DCC also receives 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. The volume of these requests fluctuates, depending on the business environment. During the first six months of 2023–24, DCC received and responded to 20 requests.

Following a recommendation in the *Standing Committee on Public Accounts Report on the 2021 Public Accounts of Canada*, DCC participated in a consultation process led by Treasury Board of Canada Secretariat with Crown corporations to explore enhanced reporting mechanisms that are compatible with the mandates of Crown corporations.

Supporting the Government of Canada's openness and transparency objectives, DCC's website contains copies of all corporate documents that have been tabled in the House of Commons, and all travel and hospitality expenses of senior officials.

Gender-Based Analysis Plus

DCC supports the Government of Canada's commitment to gender-based analysis plus (GBA+) and maintains an all-employee mandatory GBA+ training package.

This training helps DCC employees develop a broader understanding of how groups of women, men and gender-diverse people may experience policies, programs and initiatives; how employees can foster a respectful and inclusive workplace; and what their rights and responsibilities are as members of the DCC team.

DCC undertakes all of its human resources policies and initiatives in alignment with the Government of Canada's approach to GBA+. That work includes asking some basic questions to challenge personal assumptions about groups of women, men and gender-diverse people.

Diversity and Employment Equity

In 2023, for the fourth time, Employment and Social Development Canada recognized DCC for its achievements in employment equity. The award recognizes employers that are inspirational role models, that champion employment equity in their sector and that have succeeded notably in implementing employment equity in their organization. Notably, in 2023, DCC was recognized in all five categories: Outstanding Commitment to Employment Equity; Innovation; Sector Distinction; Employment Equity Champion; and Indigenous Reconciliation.

Work continues into the planning period to ensure that DCC's workplace is diverse and inclusive. For example, DCC is reaching out to and developing partnerships with national and local organizations that can help DCC recruit and retain employees who identify as persons with disabilities. During its 2023 summer student employment campaign, DCC entered into a partnership agreement with Specialisterne, a government-funded organization that helps match neurodiverse engineers with jobs. In total, DCC hired nine students with disabilities (including neurodiverse students) across all regions in 2023, which represents 11.25% of DCC's student population.

Through the close attention of senior management, DCC is closing the employment equity gaps in representation and retention at leadership levels throughout the Corporation.

Regional diversity and inclusion plans will identify gaps and address them at the local level. DCC will use a diversity and inclusion lens to analyze the entire employee lifecycle, which includes advertising for new hires; interview, selection and onboarding procedures; succession planning and retention; career growth and development; and ways in which DCC can celebrate and recognize the diversity of its employees.

Diversity of the DCC Employee Population

Designated Group	Percentage of the Total Employee Population as of March 31, 2023	Labour Market Availability Target (WEIMS) as of December 31, 2022
Women	43.2%	34.1%
Persons with disabilities	7.5%	8.1%
Indigenous peoples	3.8%	3.4%
Visible minorities	14.4%	17.8%
2SLGBTQI+	3.2%	N/A

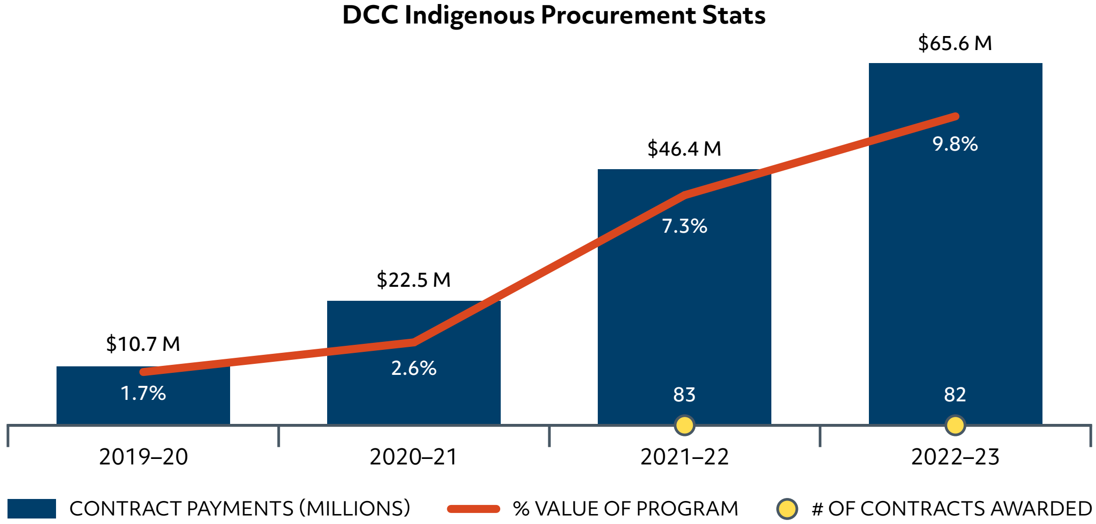
Although it is not a requirement to submit representation data for the 2SLGBTQI+ community for employment equity reporting purposes, DCC included this group in its Diversity and Inclusion 2.0 Strategy. To determine a baseline representation for this group, the category was included in the 2021 annual Count Yourself In Survey. As of March 31, 2022, the 2SLGBTQI+ community represented 2.3% of DCC employee population. Based on that result, a minimum target of 2% was set. As of March 31, 2023, DCC has significantly increased representation for this group at 3.2%.

Supporting Business Opportunities for Indigenous Peoples

DCC is exceeding the Government of Canada's target for 5% of the total value of federal contracts to be awarded to businesses managed and operated by Indigenous peoples. In 2022–23, DCC awarded 82 contracts to Indigenous businesses, for a total of $65.6 million, equivalent to 9.8% of the total value of contract awards. DCC received an average of 3.2 bids per Procurement Strategy for Indigenous Business (PSIB) tender, exceeding the threshold target for a competitive process.

In the last half of 2023–24, DCC is planning to revise its corporate Procurement Policy to encourage employees to consider Indigenous suppliers when sourcing goods and services to support DCC's corporate activities.

DCC Indigenous Procurement Stats



DCC has partnered with other federal government departments and outside organizations at events across the country, to help Indigenous suppliers find opportunities. At these events, DCC has presented information on how to find and bid on our opportunities and shared its approach to increasing Indigenous business participation in our projects.

With DND, DCC is working to develop relationships with Indigenous communities near our site offices to promote positive dialogue, inform the communities about DCC business and employment programs and opportunities, establish points of contact, and assist DND in sharing information about its projects. The new Pacific Indigenous Coordination Committee, the first of its kind formed by DCC, promotes cross-organizational collaboration to advance Indigenous consultation, reconciliation and engagement within the Pacific Region and British Columbia. The forum is a venue for DND/CAF, DCC, and Public Services and Procurement Canada representatives to discuss collaboration opportunities or friction points and to coordinate engagement efforts across the region. It has quickly become a model for other regions to follow.

For any solicitations where deliverables include final delivery or performance in a Comprehensive Land Claim Area (CLCA), DCC meets the procurement obligations of the applicable CLCA. These vary with each location but may include the following:

- providing advance notification of the procurement to land claimant groups and/or CLCA businesses;
- limiting bidding to businesses in CLCA directories; and
- including evaluation criteria for socio-economic Indigenous benefits (employment, training and subcontracting opportunities for CLCA beneficiaries) in the solicitation document.

Outside of CLCAs, contracts awarded on behalf of DND for major capital projects, facilities maintenance and support services, and energy performance typically include an Indigenous Benefits Plan. That plan sets aside part of the contract value for Indigenous subcontractors and suppliers. To determine the size of the set-aside, DCC researches Indigenous business capability and capacity in the relevant region. For contracts valued at less than $5 million, at least 5% of solicitations (by value) are set aside for Indigenous contractor bids, as the Procurement Strategy for Indigenous Business requires. Set-aside contracts are chosen by analyzing the market capacity and capability of Indigenous businesses that have expressed interest in the work location.

DCC is committed to meeting CLCA procurement obligations. It is also committed to supporting federal initiatives that leverage government spending to help grow Indigenous businesses and sustainably improve the socio-economic conditions of Indigenous communities.

The Joint DND-DCC Indigenous Procurement Strategy describes the policies, regulations and trade agreements that affect the ways DND and DCC can increase opportunities for Indigenous businesses to bid on DCC tenders. The Corporation advises DND on the application of the Procurement Strategy for Indigenous Business (PSIB) and Indigenous Benefit Plans (IBPs). DCC has developed an Indigenous business database and an innovative directory and mapping tool to provide quick access to information about Indigenous businesses across the country. This tool helps DND determine which opportunities may be suitable for the PSIB and IBPs. All DCC employees in Contract Services take the Aboriginal Considerations in Procurement course, and all PSIB tenders are handled by a small, specialized team at DCC's Head Office.

DCC conducted 21 virtual information sessions for Indigenous businesses over the past several years. It keeps track of these firms, the type of work they are interested in and their locations, and seeks their feedback from time to time. Contract Services specialists do a market survey before each project launch to determine which Indigenous businesses have the expertise and capacity to participate in a contract.

DCC is currently piloting augmented community outreach in the Pacific Region, where it created a new role—Regional Advisor, Indigenous Relations. The incumbent joined DCC in June 2023. Outreach activities and engagement with stakeholders will evolve over time, as DCC becomes more familiar with the interests and needs of the communities.

In 2021, DCC embarked on a multi-year journey to gain Progressive Aboriginal Relations (PAR) certification through the Canadian Council for Aboriginal Business. PAR is the premier corporate social responsibility program emphasizing Indigenous relations and providing third-party, independent evaluation of corporate performance in four key areas: leadership actions, employment, business development and community relationships. Working toward PAR certification is one of the steps DCC is taking to demonstrate its long-term commitment to enhancing relations with Indigenous peoples and businesses. DCC has successfully completed phases 1 and 2 and will deliver its Phase 3 submission for evaluation in December 2023. The Corporation plans to apply for bronze certification in April 2025.

All DCC employees and board members complete cultural competency training through NVision Insight's The Path: Your Journey Through Indigenous Canada. DCC has partnered with NVision Insight to provide The Path: Building Indigenous Cultural Capacity (Level 2) training to select groups of DCC employees.

DCC is emphasizing building relationships with Indigenous communities, friendship centres, Indigenous employment agencies, and Indigenous resource centres at Canadian post-secondary institutions. DCC posts its career ads on recruiting websites that target Indigenous groups, such as AMIK—Canada's Indigenous Peoples Job Board. Where possible, DCC participates in Indigenous career fairs. As of December 2022, representation of Indigenous peoples at DCC was 3.8%, compared to their labour market availability of 3.4%. DCC's National Indigenous Youth Work Experience Program offers young Indigenous people meaningful work experiences at DCC offices and sites. In 2022–23, DCC hired 14 Indigenous students across the country.

In August 2022, DCC established the DCC Indigenous Bursary Program, in partnership with Indspire, a national Indigenous charity. The bursary supports Indigenous students who are pursuing qualifications to enter a career in engineering, planning, environmental sciences, construction, information technology or finance with an award of $2,500 each. The 2023 recipients were selected in November. One of the students is studying for a diploma in Engineering Technology at the Northern Alberta Institute of Technology and the other is studying for a master's degree in Planning at the University of British Columbia.

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 emissions targets without reducing these defence-related emissions. DND is pursuing opportunities to use clean power at all bases and wings by 2025.

DCC is supporting the following DND green infrastructure initiatives during the planning period:

- the development of net-zero residential building designs for the Canadian Forces Housing Agency;
- real property operations that feature SMART building and electric vehicle charging stations;
- additional assessment and remediation activities at 5 Wing Goose Bay, expected to continue until 2026, with a total estimated value of $35 million (the initial $141-million site remediation—one of the largest contaminated site clean-ups ever undertaken by DND—was completed in 2020);
- the $100-million program to clean up Esquimalt Harbour;
- 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);
- 18 energy performance contracts, to be put in place by 2024–25 at a project cost of about $485 million, at locations including Bagotville, Quebec; Petawawa, Kingston and Borden, Ontario; Halifax and Greenwood, Nova Scotia; and Comox and Esquimalt, British Columbia (these will help DND reduce the greenhouse gas emissions of its real property portfolio by 40% from 2005 levels by 2025);

- the Genet Building Green Heat Project at CFB Kingston, valued at $5 million (due to be completed in 2025–26, this project will test a design-build team's ability to design, install, operate and test a low-cost, low-carbon energy generation and transfer system using innovative engineering or emerging technology, and to integrate it with existing systems);
- a pilot project to incorporate low-carbon concrete in walkways, stairs and other applications across CFB North Bay (DCC will continue to explore the use of this material);
- the geothermal heating-cooling system in the 5th Canadian Rangers Patrol Group Headquarters Building at 9 Wing Gander, which will reduce heating and cooling costs, as well as greenhouse gas emissions (the $5.1-million project is due to be completed in October 2024); and
- the $10-million remediation of the Highbury Complex—a military vehicle assembly complex during the Second World War—in London, Ontario (due to be finished in 2023–24, the project involves designing and implementing a site-specific program to remediate chlorinated volatile organic compounds in both soil and groundwater, so that levels fall below provincial limits).

For its own operations, DCC has an Environmental Management Framework that provides its employees with guidance on managing 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.

DCC's Greening and Sustainability Working Group provides guidance on sustainability issues, supports the integration of DCC's services to respond to evolving environmental requirements, engages in intergovernmental and industry-related committees, and ensures DCC continues to be a responsible, resilient and sustainable steward of the environment—all while supporting the Client-Partners in their own sustainability journeys.

DCC is aware of the requirement for Crown corporations to adopt the Task Force on Climate-related Financial Disclosures standards. Since DCC owns less than $1-billion worth of assets, it expects to start reporting in the 2024 calendar year, as required in the standards. Since DCC is a professional services provider, a key opportunity for environmental improvement involves reducing the greenhouse gas emissions associated with business travel.

Safe Workspaces

DCC is committed to providing all individuals in its workplaces with an environment and a culture that embrace equity, inclusion and respect, free from harassment and violence. The Corporation keeps its workplaces safe and respectful through many programs and activities, such as mandatory respectful workplace training, the Workplace Violence Prevention Survey, the Employee Family Assistance Program, and a conflict prevention and resolution process.

DCC's Policy on Harassment and Violence Prevention is aligned with the regulations in Bill C-65 on the prevention of harassment and violence in the workplace.

Accessibility

DCC has been working toward implementing the requirements of the *Accessible Canada Act* since 2019. The Vice-President, Finance and Human Resources, and Chief Financial Officer leads the Corporation's Accessibility Working Group, composed of Senior Management Group members. In December 2023, DCC published a *Progress Report on its Accessibility Plan* on its website.

Pay Equity

DCC has built its employment equity program on a solid foundation. Its compensation structure and job evaluation system comply with Canada's *Employment Equity Act*, which ensures equal compensation for work of equal value. DCC has met all the milestones required by the pay equity legislation to date, and its Pay Equity Committee is on track to develop and publish a Pay Equity Plan by September 2024.

APPENDIX V
DEFENCE INFRASTRUCTURE AND ENVIRONMENT PROJECTS, 2024–2025 TO 2028–2029

Deployed Operations

LOCATIONS: Latvia, Kuwait
PROGRAM COST: $201 million
COMPLETION DATE: Ongoing

DCC's work in Latvia includes supporting the infrastructure requirements for the Task Force Latvia program in Camp Adazi, Camp Ceri and the Multi-National Headquarters Buildings in Riga, in addition to planning for future camps. DCC plans to procure facility management contracts for all facilities being built at three different camps. In addition, the Corporation manages the construction of compounds supporting nations (Canada, Italy, Spain and other sending nations) operating in Latvia. DCC is also supporting multiple construction projects at the Operational Support Hub—Southwest Asia in Kuwait. Primarily, DCC is contracting for, and managing the leasing and installation of, power generation services, as well as the construction of several facilities, such as accommodations, civil works, electro-mechanical upgrades, warehouses, a fitness facility and modular offices. Additionally, DCC is in the initiation phase to provide project and program management, contract management, and contract services in other international locations, as required by DND.

Northern Facilities

LOCATIONS: Whitehorse, Yukon;
Inuvik and Yellowknife, Northwest Territories;
Rankin Inlet and Iqaluit, Nunavut
PROJECT COST: $127 million
COMPLETION DATE: 2026

DCC is managing an eight-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.

Defence Research And Development Canada Complex

LOCATION: DRDC Valcartier, Quebec
PROGRAM COST: $144 million
COMPLETION DATE: 2024

DCC awarded the contract for Phase 1 of the renewed research infrastructure at DRDC Valcartier on August 31, 2020. This long-awaited, $144-million contract will help the region's scientific community strengthen defence capabilities. The new research and development pavilion will be built on DRDC Valcartier land and will include approximately 25,000 square metres of office, laboratory and support space.

A/B Jetty Recapitalization Phase 2

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. The jetty will be home to the new Arctic/Offshore Patrol Ships and Joint Support Ships. This $743-million project to replace aging 70-year-old jetties consists of three contracts to demolish the old jetties and to design and construct the new jetty. Work includes extending the utility corridor, dredging the seabed, preparing the site, building a new seawall and relocating several elements of the Oily Water Waste Treatment Plant.

Health Services Centre Expansion

LOCATION: Valcartier Garrison, Quebec
PROJECT COST: $34 million
COMPLETION DATE: 2024

DCC awarded the contract for Phase 1 of the expansion of the Health Services Centre at Valcartier Garrison in November 2021. This long-awaited, $34-million contract will help consolidate all dental and medical services into one integrated, central facility. The new facility will include an expansion of approximately 6,800 square metres to the existing centre.

Canadian Surface Combatant, Land-Based Test Facility (LBTF)

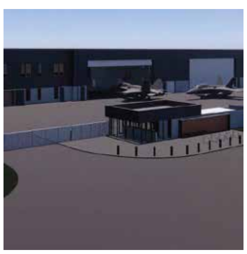
LOCATION: Hartlen Point, CFB Halifax, Nova Scotia
PROGRAM COST: $64 million
COMPLETION DATE: 2025

The Land-Based Test Facility (LBTF) will mimic specific combat and platform components of an operational ship for test and evaluation activities. The LBTF is a new capability that DCC is developing for the CAF. The Royal Canadian Navy and contractors on the Atlantic coast are expected to occupy the 11,000-square-metre facility. It is intended to accommodate approximately 150 full-time staff members. The goal is to achieve a LEED Silver certification and net-zero carbon emissions, to support the government's greening strategy. DCC has awarded the initial $485,000 modified design-build contract, which includes costs for the development phase.

Quinte West Training Centre (QWTC)

LOCATION: 8 Wing Trenton, Ontario
PROJECT COST: $204 million
COMPLETION DATE: 2029

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



New Quick Reaction Area (QRA)

LOCATION: CFB Bagotville, Quebec
PROJECT COST: $80 million
COMPLETION DATE: 2026

The New QRA project will include an aircraft shelter, mission-planning facilities, housing and security. The new facility will help 3 Wing Bagotville continue to meet its air defence contingency commitments, in accordance with Defence Command directives.

VC31 Genet Building

LOCATION: CFB Kingston, Ontario
PROJECT COST: $5 million
COMPLETION DATE: 2025–26

The VC31 Genet Building has been chosen as the test building for an innovative green heating solution to reduce DND/CAF's greenhouse gas emissions. Using the Innovation for Defence Excellence and Security (IDEaS) program, DCC is managing the project and the design-build team to design, install, operate and test an integrated, low-carbon energy generation and transfer system. With the design phase now complete, the project is currently moving into implementation, with a planned start of 2024.

Air Force Expeditionary Capability (AFEC) Program

LOCATION: CFB Bagotville, Quebec
PROJECT COST: $110 million
COMPLETION DATE: 2027

The AFEC Main Facility Project involves construction of a facility to accommodate the administrative and operational requirements of 2 Wing Bagotville, the Royal Canadian Air Force's dedicated, high-readiness, air expeditionary support unit.

Remotely Piloted Aircraft System (RPAS) Infrastructure

LOCATION: 14 Wing Greenwood, Nova Scotia
PROJECT COST: $100 million
COMPLETION DATE: 2028

The RPAS is a new capability being developed by the CAF and the Air Maintenance Detachment East, and 14 Wing Greenwood will be its primary operating base. Tendered in 2022, this modified design-build contract provides for the construction of a new 9,939-square-metre hangar and 16,000-square-metre exterior apron and parking. Designed to LEED Silver standards, the maintenance facility will house eight remotely piloted aircraft and will include workshops, offices, administrative spaces, meeting rooms, classrooms, maintenance bay facilities, specialty aircraft maintenance labs, shops, and spaces for communications, IT and storage.

Future Fighter Capability Project

LOCATIONS: 3 Wing Bagotville, Quebec, and 4 Wing Cold Lake, Alberta
PROJECT COST: Over $500 million
COMPLETION DATE: 2030

New fighter squadron 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.

Dwyer Hill Training Centre

LOCATION: Ottawa, Ontario
PROJECT COST: $1.4 billion
COMPLETION DATE: 2033

DCC has awarded the contract to replace the facility's 89 aging buildings with 23 modern, reliable, state-of-the-art ones. Existing facilities will also be renovated. The $1.4-billion project aims to make the Dwyer Hill Training Centre carbon neutral and environmentally friendly. The facility on Ottawa's southwest edge is home to the CAF's Joint Task Force 2 elite unit.

Edward Drake Building

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

Built as a P3 project, the $4.1-billion Edward Drake Building is a modern and efficient facility for the Communications Security Establishment, spanning 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.

Enterprise Data Centre

LOCATION: CFB Borden, Ontario
PROJECT COST: $332 million
COMPLETION DATE: 2042 (contract)

The expansion of Shared Services Canada's enterprise data centre has helped to modernize and standardize federal IT infrastructure. DCC's second P3 procurement, this $332-million contract was announced in May 2016. As part of a consortium, DCC committed to supporting the design, building, financing, operations and maintenance of the data centre for 25 years. With construction complete, the data centre achieved LEED Silver certification in 2019, and the contract is currently in the maintenance phase.