

DEFENCE
CONSTRUCTION
CANADA



CONSTRUCTION
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CANADA

CORPORATE PLAN SUMMARY

2021–2022 TO 2025–2026

Including the Operating and Capital Budgets for 2021–2022





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EXECUTIVE SUMMARY

The COVID-19 pandemic has been the defining factor of the 2020–21 operating environment for Defence Construction Canada (DCC), and its effects are expected to continue into the 2021–22 to 2025–26 planning period.

In March 2020, DCC took significant emergency actions to protect its employees and their families, and lessen the impact of the pandemic on its business. As a result, at September 30, 2020, DCC's performance was consistent with targets and, in some cases, had surpassed expectations.

Demand for services from DCC's primary Client-Partner, the Department of National Defence (DND), and under two public-private partnership contracts DCC manages for the Communications Security Establishment and Shared Services Canada, was higher than projections and is expected to continue at current rates. DCC anticipates that contract expenditures will be close to \$1 billion each year from 2021–22 to 2025–26, as it provides support to the Future Fighter Capability Project, oversees construction of infrastructure for the Canadian surface combatant ships, and manages energy performance contracts at bases and wings across Canada, among other work.

At the end of the first half of 2020–21, DCC's cash level was higher than forecast for two main reasons: DCC's Client-Partners were paying invoices faster, since the government had suspended its practice of placing a 30-day hold on these payments to support Canadian suppliers during the COVID-19 pandemic; and some of the Corporation's expenditures, such as those for training, travel and hospitality, had decreased mostly due to COVID-19 restrictions. By the end of the fiscal year, the Corporation expects its cash level will be higher than forecasted. During the planning period, DCC will be reviewing its cash management strategy.

Employee productivity, as measured through the utilization rate, was higher than usual in the first six months of 2020–21, as staff worked to sustain operations. This rate is likely to return to the target level in the second half of the year, as operations stabilize and employees take vacation leave.

DCC's business is active and sustainable, and DCC does not intend to request special funding to compensate for any COVID-19-related losses.

Looking ahead, the government may require DCC's support during the pandemic recovery in the area of infrastructure investment. With contract expenditures of between \$900 million and \$1 billion per year, DCC already generates 3,600 to 4,000 full-time jobs in the infrastructure and environment industry and injects money into local communities through its payments to contractors and consultants.

Although the pandemic has changed how DCC works, the Corporation continues to progress on planned initiatives: Client-Partner relationship development; program



delivery and green defence initiatives; enhanced technology for service delivery; cyber security and awareness; accessibility; a healthy, diverse and inclusive workplace; gender balance and pay equity; transparency; business opportunities for Indigenous peoples; and procurement modernization.

In addition, DCC has one new corporate strategic initiative: managing the impact of the pandemic on its business operations. Senior management remains vigilant about monitoring the mental and physical health of staff, acknowledging that the pace employees set in the first half of 2020–21 is not sustainable. To mitigate the risk of burnout, DCC is providing extensive support to staff—including health and safety education, and mental health and wellness education and resources—and offering flexible work arrangements.

Another key risk relates to the Corporation's ability to recruit and retain top talent in a competitive labour market, including members of the four employment equity groups. DCC will launch its renewed Diversity and Inclusion Strategy that focuses on anti-racism training and unconscious bias awareness training for all employees 2021–22. DCC continues its Indigenous Work Experience Program during the planning period.

Technology is becoming ever-more important, especially in the virtual environments that form part of the pandemic workplace. DCC is mindful that falling behind in information technology (IT) investments will put service capability and the organization's overall viability at risk.

DCC must remain agile in resource planning, so it can respond quickly to any government decision to scale up or decrease DCC's capacity. Mitigating the associated risks remains at the forefront of DCC's tactical and strategic planning.

To meet its ambitious objectives for the planning period, DCC will draw on its strengths: expertise, experience and know-how; proven flexibility and agility; and the ability to have the right people in the right job at the right time. DCC will also accelerate its investment in business innovations—particularly its digital capability—to improve its efficiency and effectiveness and deliver further value to the Crown.

The pandemic is changing societal norms, employee expectations, the economic outlook and the way collaboration occurs. In the future workplace—likely a hybrid of on-site and remote environments—DCC will continue to improve how it serves its Client-Partners, while engaging and supporting its workforce.

OVERVIEW

MANDATE

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

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

PUBLIC POLICY ROLE

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

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

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

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

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

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

Contract Management Services

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

Environmental Services

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

Project And Program Management Services

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

Real Property Management Services

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

BUSINESS MODEL

The Corporation's business model combines the best characteristics of the private and public sectors. DCC's everyday operations are like those of an engineering consultancy firm. However, as a Crown corporation, it is governed by Part X of the *Financial Administration Act* and listed on 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 contracts valued at \$60,000 or less, per the memorandum of understanding, or to request support for other projects, as agreed to by DCC.

FINANCIAL CONDITION

The Corporation earns revenue on a fee-for-service basis and receives no government appropriations. It does not maintain or have access to any lines of credit or other sources of borrowings, although the Corporation plans to review its cash management strategy and explore available options, including investments, lines of credit or other vehicles. DCC manages and pursues its office space needs in ways that optimize and present the best overall value for the Crown. 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 41st Annual Clarity Architecture and Engineering Industry study. 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 2019–2020*.



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 and Government of Canada priorities. Typically, DND spends approximately 10% of its IE program budget on DCC's service fees. In 2020–21, the program volume from the Client-Partner has remained steady, without any significant delay to IE projects due to pandemic-related restrictions imposed by federal or provincial jurisdictions. Based on this trend, by the 2020–21 year end and beyond into the planning period, DCC expects to meet its forecasted targets for program delivery.

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

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

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

External Economic and Business Environment

In March 2020, the COVID-19 pandemic had an immediate impact on the Canadian construction industry. Contractors and consultants were forced to incorporate new safety protocols into their operations; the use of e-procurement for consultants accelerated; owners had to deal with supply chain interruptions; and the timeliness of security clearances changed, affecting some contractors.

DCC's management of project work sites and of its return-to-work plan has followed all federal and provincial health protocols. Trends in the volume and amounts of contract claims that DCC manages on behalf of its Client-Partners have remained consistent with past years' levels. In an approach consistent with other Government of Canada

Departments, DCC will amend contracts to cover certain direct costs—such as expenses for personal protective equipment—that contractors have incurred to respond to provincial and territorial emergency orders.

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

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

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

Government of Canada Priorities and Requirements

DCC has provided key supports to workers and their families, especially during the extraordinary time of the COVID-19 pandemic. Health and safety—including the mental health and wellness of its employees, Client-Partners, contractors and consultants—is top of mind for the Corporation. DCC follows all federal and provincial health guidance and its approaches are aligned with those of the Public Health Agency of Canada and directives from the Treasury Board of Canada Secretariat.

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

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



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

The Strategic Plan Overview chart on page 12 illustrates how DCC's mission, vision, values, strategic objectives and outcomes, initiatives, and key performance indicators flow from Government of Canada priorities.

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

INTERNAL FACTORS

In March 2020, DCC employees pivoted to a work-from-home model. DCC was able to swiftly execute that model, mainly due to a robust IT infrastructure put in place after a major cyber disruption in September 2019. Like many workplaces across Canada, DCC has changed its perspective and policies to run its business during a pandemic. This new approach includes enhanced employee health and wellness benefits, such as additional mental health benefits and resources; an updated policy for alternate work arrangements; and an updated ergonomic policy. It is not clear what typical workplaces will look like one, two or even three years from now. Information and technology systems are evolving rapidly to meet the demands of remote working. Employee expectations for the workplace are evolving as well.

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

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

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

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



BUSINESS STRATEGY

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

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

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

DCC ensures performance through a 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 expects that these objectives will not change during the 2021–22 to 2025–26 planning period. With qualitative and quantitative key performance indicators in place for each of them, DCC can gauge the health of any aspect of its business. Rigorous and regular data collection, monitoring and reporting, and continuous improvement are part of daily work at DCC.

Although DCC's business strategy has remained consistent over the decades, the operating environment changes and influences the specific supporting activities DCC pursues each year. Nonetheless, the initiatives DCC undertakes typically relate to service delivery, or the 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, 2021-2022 TO 2025-2026

GOVERNMENT OF CANADA KEY PRIORITIES SUPPORTED BY DCC

Security and Defence	Environment	Economic Growth	Openness and Transparency
<ul style="list-style-type: none"> Defence Policy: Strong, Secure, Engaged Support for Canada's North Support for Canada abroad 	<ul style="list-style-type: none"> Canada's commitment to a clean environment Environmental sustainability Support for DND/CAF in meeting greenhouse gas emission targets 	<ul style="list-style-type: none"> Management of the impact of the COVID-19 pandemic Investment in infrastructure Opportunities for Canadians Support for reconciliation with Indigenous peoples Innovation 	<ul style="list-style-type: none"> Modernization of the procurement process Focus on results and outcomes Prudence in handling public funds Commitment to social and cultural diversity and inclusion

MISSION

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

VISION

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

VALUES

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

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

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

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

STRATEGIC OBJECTIVES AND OUTCOMES

Planning Theme	People	Service Delivery	Business Management	Leadership and Governance
Strategic Objective	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	<ul style="list-style-type: none"> A diverse, productive and results-oriented workforce A healthy, inclusive, accessible and respectful workplace A culture of innovation Positive employee engagement 	<ul style="list-style-type: none"> Delivery of efficient and effective quality services throughout the asset lifecycle Collaborative relationships sustained through mutually-aligned objectives and information sharing Leveraging of industry capacity and innovation 	<ul style="list-style-type: none"> Business infrastructure, strategies and corporate frameworks that ensure effective and efficient service delivery and strong resource management Sound internal control systems and practices, and management oversight and audit, that safeguard corporate assets 	<ul style="list-style-type: none"> A risk-based decision-making culture High ethical standards, openness and transparency in the management of DCC's business affairs Demonstration of value, integrity and innovation to stakeholders and Client-Partners
2021-22 Corporate Plan Initiatives	<ul style="list-style-type: none"> Implement year three of the Human Resources Strategic Plan, including the updated Diversity and Inclusion Strategy, and the Workplace Wellness and Mental Health Strategy Implement DCC's plan related to its compensation and benefits study, including pay equity 	<ul style="list-style-type: none"> Enhance DCC's capabilities to support DND in its program delivery and IE strategic portfolio management Support DND's greening defence initiatives Implement innovative procurement and project delivery options Leverage technology to better support service delivery 	<ul style="list-style-type: none"> Implement the Information Technology Strategic Plan, including the development of a Cyber Security Awareness Program and a Digital Business Capability Resource Plan 	<ul style="list-style-type: none"> Strengthen collaborative relationships with Client-Partner leadership Support the Government of Canada's accessibility objectives Implement DCC's Indigenous Strategic Plan, including a Procurement Strategy and a Recruitment and Retention Strategy Respond to the COVID-19 pandemic
Key Performance Indicators	<ul style="list-style-type: none"> Employment diversity results Recruitment results Employee retention rate Innovation results Investment in training and development 	<ul style="list-style-type: none"> Service delivery rating Procurement results Contract management results Contractor performance evaluations 	<ul style="list-style-type: none"> Financial results consistent with DCC's Corporate Plan Cost of services Utilization rate 	<ul style="list-style-type: none"> Corporate reporting results, including timeliness of submissions DCC Code of Business Conduct results DCC Procurement Code of Conduct results Environmental, health and safety, and security results



OBJECTIVES, OUTCOMES, INITIATIVES, AND PERFORMANCE INDICATORS

PLANNING THEME: PEOPLE

Objective

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

Outcomes

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

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

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

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

DCC encourages and fosters a culture of innovation.

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

DCC achieves positive employee engagement.

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

Initiatives

The Government of Canada has many ambitious objectives related to its commitment to social and cultural diversity and inclusion. DCC supports this priority through two strategic initiatives unfolding over the planning period. These people-themed initiatives address the risk associated with DCC's ability to recruit and retain people, especially members of the four employment equity groups: women, visible minorities, persons with disabilities and Indigenous peoples.

The Human Resources Strategic Plan—2019–20 to 2023–24 which includes an updated Diversity and Inclusion Strategy, and the Workplace Wellness and Mental Health Strategy—will continue to build on the significant accomplishments of the past two years. The two updated strategies contain milestones and objectives that span the planning period. Ambitious targets and a bold agenda will continue to drive change in the culture of DCC, especially in the area of outreach to and engagement with Canada’s Indigenous communities. Within three to five years of the end of the planning period, DCC expects to have an employee population that reflects the diversity of the communities where it operates within a target range between the labour market availability mix of the construction and architecture and engineering sectors.

DCC continues moving forward to ensure not only that its employee compensation is comparable to that offered by similar employers, but also that the Corporation maintains pay equity in its job evaluation and classification system. In the second half of 2020–21, DCC will begin to roll out its response to its recent, comprehensive benefits and salary survey. Fair and comparable compensation is a key factor for current and future employees. DCC expects that this response will help the Corporation attract qualified job applicants and keep its voluntary employee turnover rate low during the planning period.

People: Key Performance Indicators

Employment Diversity Results

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

Recruitment Results

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

Employee Retention Rate

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

Innovation Results

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



Investment in Training and Development

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

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

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

PLANNING THEME: SERVICE DELIVERY

Objective

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

Outcomes

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

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

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

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

DCC leverages industry capacity and innovation.

- Since 1951, DCC has been engaged with industry associations and has been collaborating on many 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 2021–22: support DND in its program delivery and IE strategic portfolio management; support DND's greening defence initiatives; implement innovative procurement and delivery options; and leverage technology to better support service delivery.

DCC continues to aid the defence infrastructure modernization initiative in two ways. It supports the development of real property program and procurement plans and their associated tracking tools. In the planning period, DCC will support its Client-Partners in matters involving real property solutions and transactions, including acquisition and leasing of sites. The Corporation also works with DND to develop tools—including data collection—to improve the consistency of requirements for managing facilities maintenance.

Results at the end of 2019–20 indicated that DCC's service delivery capability meets the expectations of its Client-Partners. DCC maintains a consistently high client service delivery rating; it has averaged 97.2% over the past five years. A clear indicator of DCC's success in supporting green defence initiatives is the fact that DCC has put in place five energy performance contracts and plans to award an additional 10 by 2022–23.



When collaborating with the Client-Partner in its procurement planning, DCC continues to consider how to create a positive social impact through purchasing. In 2021–22, as part of its Indigenous Strategic Plan, DCC continues to work on a joint DCC-DND Indigenous Procurement Strategy, seeking to strengthen DND's efforts to engage Indigenous businesses.

The other new initiative relates to the impact of innovations and technology on DCC's business. Employees expect to be able to work online and 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. To that end, 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 for business information modelling and digital analytics.

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 he or she was involved.

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

Procurement Results

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

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

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

Contract Management Results

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

Contractor Performance Evaluations

To satisfy its Client-Partners, DCC wants to have the job done right. To satisfy the industry, DCC wants to provide useful and fair performance feedback to the contractors and consultants 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.

- This infrastructure relates to business planning, operations policy and procedures, human resources, corporate security, administrative services, finance, information technology (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

DCC is carrying forward one key initiative from 2020–21 into the planning period. This initiative relates to DCC's digital capability and the effort to modernize DCC's internal business systems.

The Information Technology Strategic Plan was first conceived in 2016–17. DCC accelerated its progress due to the cyber disruption incident in September 2019. Many key initiatives within it, such as the secure cloud and managed services project, were completed well ahead of schedule. In the coming year, this IT Strategic Plan will be updated and implemented, with a focus on a cyber security awareness program and a digital capability resource plan.

A major component of the digital capability resource plan includes improvements to DCC's enterprise resource planning (ERP) system. DCC expects to replace its current ERP system over the next four to seven years.

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

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

Business Management: Key Performance Indicators

Financial Results Consistent with DCC's Corporate Plan

DCC expects to achieve financial results each year that are consistent with its Corporate Plan and Financial Management Policy. Unexpected changes in program services provided to Client-Partners, as well as DCC's success in achieving its own operating efficiencies, can result in margins and cash balances that vary from initial targets. The objective is to generate and maintain sufficient cash to meet the Corporation's anticipated operating and capital requirements, to settle financial obligations as they become due, and to meet contingencies that may arise. Based on various considerations, including increasing DCC's long-term employee benefits liability, DCC's cash management approach will be to maintain its cash and investments level to fund operations at \$26 million to \$34 million during the planning period.

Cost of Services

The indicator of overall cost of services to DND reflects how much of DND's infrastructure and environment (IE) program budget is spent on DCC's services—or, in other words, how much DCC services cost DND's IE community. Typically, DCC expects these costs to fall in the range of 9% to 15%. This is very cost efficient, since DCC's billing rates are significantly lower than those of comparable North American private sector engineering firms, according to Deltek's 41th 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 seeks to operate in an ethical, transparent and responsible manner, and to ensure appropriate oversight of its daily operations.

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

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

DCC respects government policies and practices.

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

Initiatives

DCC is carrying forward three strategic initiatives from 2020–21 under the theme of leadership and governance: strengthening collaborative relationships with Client-Partner leadership; supporting the government's accessibility objectives; and implementing DCC's Indigenous Strategic Plan. The new initiative under this planning theme involves managing the impact of the COVID-19 pandemic on DCC's business operations.

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 with Client-Partner representatives.

A DCC working group reviews matters related to DCC's compliance with the *Accessible Canada Act*—including strategies, initiatives and policies—and moves them forward. By the end of 2020–21, DCC will have a draft plan for meeting the Act's current requirements.

To support the Government of Canada's work on reconciliation with Indigenous peoples, DCC is preparing an Indigenous Peoples Strategic Plan that comprises a joint DCC-DND Indigenous Peoples Procurement Strategy, and an Indigenous Peoples Recruitment and Retention Strategy.

Since March 2020, DCC's Senior Management Group has been focused on sustaining DCC's business operations during the COVID-19 pandemic and its associated restrictions and uncertainties. The Corporation monitors the viability of now-established methods of working remotely, employee levels of resilience in sustaining operations, the Client-Partner's ability to operate in a reduced-manning posture and industry's ability to navigate the financial impacts of the pandemic. This monitoring and planning will continue not only during the pandemic, but also throughout the recovery phase.

Leadership and Governance: Key Performance Indicators

Corporate Reporting Results

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

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

DCC Code of Business Conduct Results

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



DCC Procurement Code of Conduct Results

DCC's Procurement Code of Conduct ensures that DCC's contractors and consultants meet the expected integrity requirements for doing business with the Government of Canada.

DCC aims to verify all firms before awarding contracts, to ensure that all contractors and consultants comply with the Procurement Code of Conduct.

Environmental Results

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

Health and Safety Results

Under its Corporate Health and Safety Program, DCC tracks, reports on and follows up on hazardous occurrences, accidents and safety incidents involving its employees that result in lost work time. Annually, DCC reports the number, severity and outcome of these events to Employment and Social Development Canada. DCC strives to have no safety accidents or incidents that result in lost time.

Security Results

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

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

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

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

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

FINANCIAL OVERVIEW

The Corporation operates on a fee-for-service basis and receives no government appropriations. Its financial management approach is based on the fundamental assumption that the Corporation is a going concern and that its stated mandate will continue in the future. This Plan contains information based on the most current assumptions as of November 20, 2020. Such information involves known and unknown risks that may cause actual results to differ materially from planned results. DCC senior management believes it has identified any material risk factors that could affect actual results at this time.

COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic, and recommended containment and mitigation measures. All levels of government have taken extraordinary measures to help contain and combat the outbreak.

Consistent with government recommendations, DCC went down to minimum staffing of its operations in DCC's physical workspaces. Most employees were able to work from home, and critical employees were able to safely continue visiting sites and fulfilling their obligations to the Client-Partners.

The Corporation is in close contact with DND and other Client-Partners to ensure essential projects continue. DCC also communicates regularly with industry associations to share information and solicit their collaboration in these unusual circumstances. On the front lines, project teams are on the job at bases and wings across Canada, managing contracts through a combination of remote and critical on-site work, while taking all necessary precautions.

The Corporation is unable to determine or predict the exact nature and scope of the impact of COVID-19 on its business and operations in this Corporate Plan, given the uncertainties. However, at this time, DCC believes that its current and projected cash reserves, its accounts receivable, and the service level arrangements in place with Client-Partners will provide sufficient liquidity to fund its operations.

FINANCIAL HIGHLIGHTS

The key highlights of the Financial Plan are as follows.

DCC's financial position remains strong due to projected constant demand for services from its Client-Partner. The Financial Plan reflects an increase in billing rates in order to meet DCC's operational requirements. Throughout the planning period, DCC will accumulate cash in reserve accounts to fund investments in its business—particularly in information technology (IT) capital projects and innovation.



2021–2022 Planning Year

DCC expects services revenue to increase by 6.2% in 2021–22, reflecting a 4.5% billing rate increase and a slight increase in demand for DCC services. In the 2020–21 Plan, the billing rate increased by 7.5% to cover planned operating costs at that time.

Salaries and employee benefits are expected to increase by 5.8% in 2021–22, reflecting a 1.5% economic increase and a 2.0% average merit-based salary increase, as well as an increase due to salary mix and increased revenue.

Part of the increase in salary amounts is due to the need to hire more experienced and senior-level expertise to manage the continued project work volume level during the COVID-19 operating environment. These salary amounts will be offset by increased Client-Partner revenues and additional work volume.

The gross margin on services revenue is expected to increase to 40.5% in 2021–22 from a projected 40.2% in 2020–21, in order to cover operating and administrative costs, as well as the buildup of reserves to fund future capital projects and innovation.

Operating and administrative expenses are expected to increase as a result of continued investments to modernize IT infrastructure, improve productivity, recruit Indigenous students to support Indigenous representation, and provide employee training.

The total comprehensive income at the end of 2021–22 is projected to be \$1.8 million. It will be used to fund future capital projects, innovation and research, and other government priorities.

Cash and investments are anticipated to total \$33.5 million at March 31, 2022. This is close to within the target range of \$26 million to \$33 million set in 2020–21. The Corporation has determined that the target range for cash on hand to support operations will increase over the planning period to \$26 to \$34 million. It plans to make that increase for two reasons: rising liabilities for employee future benefits, which must be self-funded by the Corporation; and the need to maintain sufficient cash on hand to cover three months of salary costs, on average. The liability for employee future benefits is expected to reach \$42.1 million by the end of the planning period.

2022–2023 to 2025–2026 Planning Years

Revenue is anticipated to increase over the planning period. The billing rate is projected to increase by 4.5% in each year of the planning period. This consistent billing rate increase, the projected slight increase in demand for DCC services by the Client-Partner and a consistent regional utilization rate of 77% to 79% will generate profits that DCC will hold in cash reserves to fund future capital projects, and investments in innovation and research.

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

- Compensation increases will remain consistent from 2022–23 to 2025–26.
- Gross margin will increase from 41.4% in 2022–23 to 43.1% in 2025–26.
- A small operating gain is planned each year as a way of accumulating funds for future capital projects, such as the new ERP system project, which DCC expects to carry out in 2025–26 and 2026–27.
- During the planning period, cash held for operations will be in the \$26-million to \$34-million range, and cash accumulated for future capital purchases will range from \$18 million to \$23 million, for total accumulated cash of up to \$57 million.

KEY ASSUMPTIONS

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

**REVENUE ASSUMPTIONS**

Revenue assumptions in the 2021–22 to 2025–26 Corporate Plan

	Estimated			Planned		
	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Volume change	0.7%	1.8%	1.1%	0.0%	0.0%	0.0%
Billing rate change	7.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Total anticipated increase or decrease	8.2%	6.3%	5.6%	4.5%	4.5%	4.5%

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

	Estimated			Planned		
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Volume change	-0.1%	-1.9%	0.0%	0.0%	0.0%	0.0%
Billing rate change	3.5%	7.5%	5.2%	3.5%	3.5%	3.5%
Total anticipated increase or decrease	3.4%	5.6%	5.2%	3.5%	3.5%	3.5%

COMPENSATION ASSUMPTIONS

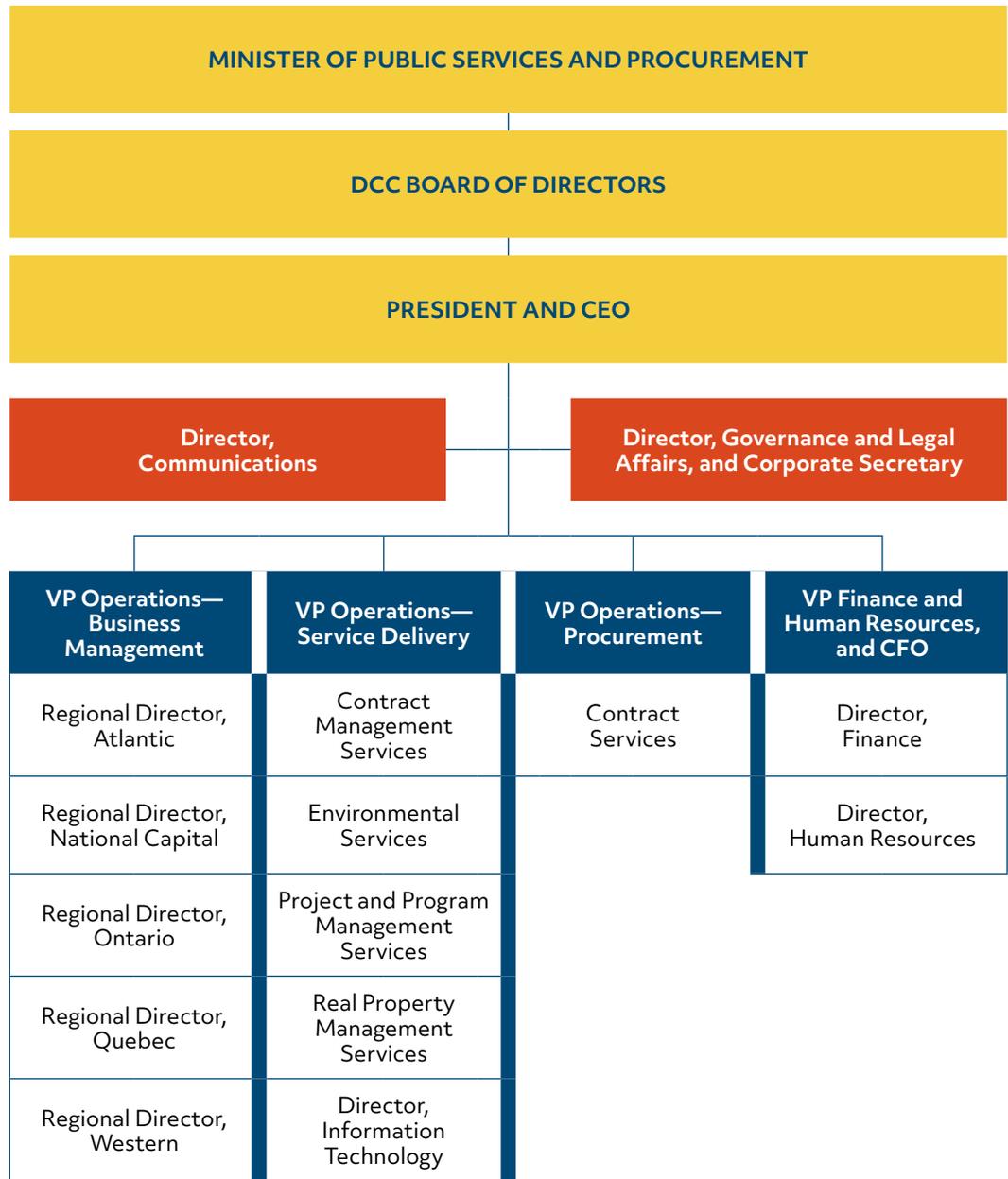
Compensation assumptions in the 2021–22 to 2025–26 Corporate Plan

	Estimated			Planned		
	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Economic increase	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Merit-based salary increases	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Other changes due to salary mix, benefit changes and efficiency difference	0.4%	2.3%	0.5%	0.0%	0.0%	0.0%
Total salary and employee benefit increase assumption	4.3%	5.8%	4.0%	3.5%	3.5%	3.5%

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

	Estimated			Planned		
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25
Economic increase	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Merit-based salary increases	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other changes due to salary mix, benefit changes and efficiency difference	1.1%	-3.0%	1.3%	0.0%	0.0%	0.0%
Total salary and employee benefit increase assumption	4.6%	0.5%	4.8%	3.5%	3.5%	3.5%

APPENDIX I CORPORATE GOVERNANCE AND STRUCTURE





BOARD OF DIRECTORS

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

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

The Chair of the Board of Directors, and the President and Chief Executive Officer, are appointed by the Governor in Council, upon the recommendation of the Minister of Public Services and Procurement. 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 at the 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.

Table 1 lists the current members of DCC's Board of Directors and their terms of office. Biographies of board members are available on DCC's website.

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

¹ Audit Committee: Chair: Stephen Burbridge, Members: Moreen Miller and Cynthia Ene

² Governance and Human Resources Committee: Chair: Angus Watt, Members: Moreen Miller, Derrick Cheung, Claude Lloyd, Steve Anderson

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.

EXECUTIVE MANAGEMENT STRUCTURE

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

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

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



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

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

APPENDIX II FINANCIAL STATEMENTS AND BUDGET

CASH MANAGEMENT AND FINANCIAL STATEMENTS

Cash Management Approach

DCC's Financial Management Policy is to generate and maintain sufficient cash reserves to meet the Corporation's anticipated operating and capital requirements, to settle its financial obligations as they become due, and to meet contingencies that may arise. To that end, the Corporation holds operating bank accounts to fund normal operations, future capital projects, and investments in innovation and research.

The Corporation operates on a fee-for-service basis and receives no cash funding through government appropriations. Thus, the Corporation's cash is generated solely from fees collected from its Client-Partners for services provided. DCC intends to review options—such as lines of credit or other vehicles—to support short-term cash level fluctuations due to 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 reserve funds for future capital projects and for innovation and research. The Corporation sets billing rates based on expected program and operating costs. However, unexpected changes in program services provided to Client-Partners, as well as DCC's success in achieving its own operating efficiencies, can result in margins and cash balances that vary from initial targets. Cash levels are constantly monitored, and any cash surpluses judged to exceed operating requirements are reduced through future operating plans and budgets, particularly through the setting of billing rates for services provided and/or through the extraordinary payment of a dividend to the Government of Canada.

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

Cash Requirements and Uses

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



services and the cash generated. The COVID-19 pandemic is not expected to have a material impact on DCC's cash requirements in 2021–22, based on the best information currently available. In addition, any material changes to the Client-Partner's program in response to COVID-19 are not known and are therefore not reflected in these forecasts.

By the end of the planning period, the estimated cash reserves for operating purposes should be between \$26 million to \$34 million, and cash reserves to fund long-term capital projects and the advancement of innovation and research should be between \$18 million to \$23 million. Therefore, the total current cash reserve level that DCC management deems necessary for the planning period is between \$44 million and \$57 million. 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 the setup of reserve funds to fund long-term capital projects and the advancement of research and innovation. The following factors help DCC determine adequate cash reserves.

- Working capital: DCC typically has \$13 million to \$18 million in trade payables, which it manages on a timely basis.
- Payroll: The Corporation's monthly payroll costs will reach \$11.1 million by the end of the planning period. The cash reserves should be sufficient to cover approximately three months of payroll. This is seen as an appropriate amount for a viable business to have on hand.
- Receivables collection risk: Although DCC has a secure client base from which it regularly collects receivables, several things can affect the timing of those collections. Routine delays in Client-Partner approvals and processing of invoices affect collections of some receivables. Changes in the Government of Canada cash payment terms also have an impact on the timing of collections of receivables. Greater risks occur in the situations described below, which DCC manages through cash planning.
 - Election periods: During a writ period, DND relies on special funding mechanisms (warrants), which allow payments to continue in a 45-day cycle. There can be uncertainty about the timing of these mechanisms. DND's ability to pay receivables could easily be affected for a single cycle, which is equivalent to half of the 90-day payroll coverage period.
 - Forecast uncertainty: DCC has not received a firm forecast of expected infrastructure program expenditures for 2021–22 and beyond. This uncertainty increases the risk of material fluctuations in demand for DCC services, which could require unanticipated investments to add or reduce resources. Such costs might include recruiting, relocation and training expenses—or, conversely, severance and other termination costs. DCC self-funds such costs and must keep sufficient cash reserves on hand.

- Long-term obligations: DCC must self-fund over \$32.1 million in employee future benefits, including retirement, health and sick leave benefits. These obligations are expected to grow to \$42.1 million over the next five years. The Corporation must also fulfill other commitments, such as paying for facility leases. DCC cannot predict with certainty when it may be required to pay for its long-term liabilities and must ensure that sufficient cash is available for these purposes when needed.
- Capital expenditures: DCC must self-fund all capital expenditures, such as the costs of modernizing its information management systems and enterprise resource planning (ERP) system. DCC plans to replace its ERP system in 2025 and 2026 at an estimated cost of some \$20 million, so the Corporation is accumulating cash during the planning period to fund this future requirement.

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

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. Cash in excess of short-term operational and capital requirements is invested in accordance with the Investment Policy approved by the Board of Directors.

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

- Fixed-fee arrangements: There are relatively few of these arrangements; however, they represent approximately 60% 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 common time-based arrangements), DCC could address this issue by taking different approaches for each type of arrangement. DCC will continue to review its monthly cash, break-even profit and gross margin results when deciding actions to take regarding its cash level.

Financial Statements, Budgets And Notes

This financial projection reflects the Corporation's sustainable financial position in 2021–22. As a result, DCC plans to increase billing rates by 4.5% every year from 2022–23 to 2025–26. However, the following factors could affect the projected billing rates:

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

Operating expenses include investments planned from 2021–22 to 2025–26 to continue modernizing the Corporation's IT infrastructure by making operational and network security improvements. These investments will be required to respond to an ever-changing security environment, as well as the expiry of DCC's ERP system in 2025–26.

These projections reflect the current most likely scenario for demand from Client-Partners, based on information available as at November 2020, and related spending requirements to meet operational needs. The Corporation has projected gains for the planning period. In line with the cash management approach, after adjusting for funds needed for future capital projects and innovative research, the Corporation will achieve break-even operations.

STATEMENT OF FINANCIAL POSITION

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Corporate Plan	Estimated	Planned				
	March 31/20	March 31/21	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
<i>Assets</i>								
Cash	\$15,565	\$13,800	\$22,858	\$22,612	\$27,106	\$32,323	\$40,877	\$ 42,319
Bid security account	173	281	336	336	336	336	336	336
Investments	—	502	1,925	2,021	2,823	2,814	1,727	1,925
Trade receivables	23,679	21,813	18,974	24,541	26,795	28,961	31,153	33,360
Prepays and other assets	1,342	1,511	1,447	1,203	1,240	1,276	1,313	1,354
Other receivables	4,552	1,983	3,654	1,979	2,088	2,110	2,172	2,279
Current assets	45,311	39,890	49,194	52,692	60,388	67,820	77,578	81,573
Investments	9,602	11,163	8,386	8,495	7,904	8,127	9,433	9,458
Right-of-use assets (leases)	9,456	9,474	7,981	6,638	8,431	7,099	6,387	5,052
Property, plant and equipment	815	1,722	2,947	2,622	2,127	2,460	1,632	976
Intangible assets (software)	63	—	9	3	—	—	—	6,000
Non-current assets	19,936	22,359	19,323	17,758	18,462	17,686	17,452	21,486
Total assets	\$ 65,247	\$ 62,249	\$ 68,517	\$ 70,450	\$ 78,850	\$ 85,506	\$ 95,030	\$ 103,059
<i>Liabilities and equity</i>								
Trade payables and accruals	\$15,393	\$13,873	\$16,959	\$16,303	\$16,793	\$17,293	\$17,815	\$ 18,350
Deferred revenue	—	—	—	—	—	—	—	—
Right-of-use lease obligation	1,123	1,370	1,224	1,232	1,238	1,285	1,274	1,367
Employee future benefits	3,666	1,975	3,884	3,884	3,884	3,884	3,884	3,884
Total current liabilities	20,182	17,218	22,067	21,419	21,915	22,462	22,973	23,601
Right-of-use lease obligation	8,500	8,083	7,098	5,859	7,741	6,409	5,768	4,309
Employee future benefits	27,247	29,841	28,171	30,174	32,172	34,172	36,172	38,171
Total long-term liabilities	35,747	37,924	35,269	36,033	39,913	40,581	41,940	42,480
<i>Equity</i>								
Retained earnings	9,318	7,107	11,181	12,998	17,022	22,463	30,117	36,978
Total equity	9,318	7,107	11,181	12,998	17,022	22,463	30,117	36,978
Total liabilities and equity	\$ 65,247	\$ 62,249	\$ 68,517	\$ 70,450	\$ 78,850	\$ 85,506	\$ 95,030	\$ 103,059

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AND LOSS**

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Corporate Plan	Estimated	Planned				
	March 31/20	March 31/21	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Services revenue	\$115,616	\$120,502	\$125,154	\$132,901	\$140,383	\$146,704	\$153,309	\$160,202
Travel and disbursement revenue	3,550	1,892	1,579	1,766	1,766	1,766	1,766	1,766
Investment revenue	1,034	500	807	700	714	728	743	758
Total revenue	120,200	122,894	127,540	135,367	142,863	149,198	155,818	162,726
Salaries and employee benefits	105,483	104,965	109,538	115,924	120,507	124,705	129,050	133,550
Operating and administrative expenses	11,233	13,775	12,499	13,723	14,464	14,811	14,906	15,072
Travel and disbursement expenses	3,550	1,892	1,579	1,766	1,766	1,766	1,766	1,766
Depreciation of right-of-use (RoU) assets	2,221	1,439	1,475	1,342	1,335	1,333	1,334	1,335
Depreciation of property, plant and equipment	437	544	268	525	495	867	828	856
Amortization of intangible assets	81	50	54	6	3	—	—	3,000
Finance costs	218	299	264	264	269	275	280	286
Total expenses	123,223	122,964	125,677	133,550	138,839	143,757	148,164	155,865
Profit (loss) for the year	(3,023)	(70)	1,863	1,817	4,024	5,441	7,654	6,861
Other comprehensive loss								
Actuarial loss on employee benefit obligations	457	—	—	—	—	—	—	—
Total comprehensive income (loss)	\$ (2,566)	\$ (70)	\$ 1,863	\$ 1,817	\$ 4,024	\$ 5,441	\$ 7,654	\$ 6,861

STATEMENT OF CHANGES IN EQUITY

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Corporate plan	Estimated	Planned				
	March 31/20	March 31/21	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Opening retained earnings	\$11,884	\$7,177	\$9,318	\$11,181	\$12,998	\$17,022	\$22,463	\$30,117
Profit (loss) for the year	(3,023)	(70)	1,863	1,817	4,024	5,441	7,654	6,861
Closing retained earnings	\$9,318	\$7,107	\$11,181	\$12,998	\$17,022	\$22,463	\$30,117	\$36,978
Total equity	\$9,318	\$7,107	\$11,181	\$12,998	\$17,022	\$22,463	\$30,117	\$36,978

STATEMENT OF CASH FLOWS

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Corporate plan	Estimated	Planned				
	March 31/20	March 31/21	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
<i>Cash flows from (used in) operating activities</i>								
Gain (loss) for the year	\$(3,023)	\$(70)	\$1,863	\$1,817	\$4,024	\$5,441	\$7,654	\$6,861
<i>Adjustments to reconcile profit for the year to cash provided by operating activities</i>								
Depreciation of property, plant and equipment	437	544	268	525	495	867	828	856
Depreciation of RoU assets	2,221	1,439	1,475	1,342	1,335	1,333	1,334	1,335
Amortization of intangible assets	81	50	54	6	3	—	—	3,000
Amortization of investment premiums	89	90	18	50	50	50	50	50
Loss on sale of property, plan and equipment	99	—	—	—	—	—	—	—
Interest paid on lease obligations	—	(299)	(264)	(264)	(269)	(275)	(280)	(286)
Loss on disposal of assets under finance lease	4	—	—	—	—	—	—	—
Increase (decrease) in non-working capital balances related to operating activities	(60)	2,741	8,375	2,421	554	501	1,101	416

**STATEMENT OF CASH FLOWS (CONT'D)**

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Corporate plan	Estimated	Planned				
	March 31/20	March 31/21	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Net cash flows provided by (used in) operating activities	\$ (152)	\$ 4,495	\$11,789	\$ 1,055	\$ 6,192	\$ 7,917	\$10,687	\$12,232
<i>Cash flows from (used in) investing activities</i>								
Redemption (acquisition) of investments	\$ 8,733	\$ (228)	\$ (709)	\$ (205)	\$ (210)	\$ (215)	\$ (219)	\$ (223)
Acquisition of property, plant and equipment, and RoU assets	(375)	(3,404)	(2,400)	(200)	(250)	(1,200)	(623)	(200)
Acquisition of intangible assets	(13)	—	—	—	—	—	—	(9,000)
Gain on disposition of investments	(246)	—	—	—	—	—	—	—
Net cash flows provided by (used in) investing activities	\$ 8,099	\$ (3,632)	\$ (3,109)	\$ (405)	\$ (460)	\$ (1,415)	\$ (842)	\$ (9,423)
<i>Cash flows (used in) financing activities</i>								
Repayment (write off) of finance lease obligations	\$ —	\$ 22	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Addition of RoU assets	—	1,904	—	—	—	—	—	—
Repayment of RoU obligation	(2,275)	(1,071)	(1,224)	(1,232)	(1,238)	(1,285)	(1,291)	(1,367)
Net cash flows provided by (used in) financial activities	\$ (2,275)	\$ 855	\$ (1,224)	\$ (1,232)	\$ (1,238)	\$ (1,285)	\$ (1,291)	\$ (1,367)
Increase (decrease) in cash during the year	\$ 5,672	\$ 1,718	\$ 7,456	\$ (582)	\$ 4,494	\$ 5,217	\$ 8,554	\$ 1,442
Cash at the beginning of the year	10,066	12,363	15,738	23,194	22,612	27,106	32,323	40,877
Cash at the end of the year	\$15,738	\$14,081	\$23,194	\$22,612	\$27,106	\$32,323	\$40,877	\$42,319

2020-21 CORPORATE PLAN VERSUS 2020-21 ESTIMATED RESULTS

Statement of Financial Position

When one compares the estimated results for the year ending March 31, 2021, in the Statement of Financial Position to the 2020-21 Corporate Plan forecast for the year ending March 31, 2021, the significant variances are primarily due to a higher-than-anticipated demand for services, combined with earlier-than-typical receipt of trade receivables from the Client-Partner, due to prompt payments introduced by the Government of Canada as a mechanism to support Canadian suppliers during the COVID-19 pandemic. These factors were combined with decreased travel and training costs due to COVID-19 restrictions and lower legal fees than planned. The Corporation is on track to exceed the remaining Plan forecasts, assuming it collects accounts receivable as anticipated and pays accounts payable at the appropriate time, as is normal.

Statement of Profit and Loss and Other Comprehensive Income

Services revenue for 2020-21 is estimated to be \$125.2 million, compared to the Corporate Plan amount of \$120.5 million, an increase of \$4.7 million or 3.9% from the Corporate Plan. The increase occurred because of higher-than-planned demand for services from the Client-Partner.

Salaries and benefits are expected to total \$109.5 million, an increase of \$4.6 million or 4.4% from the Corporate Plan, due to higher-than-anticipated demand for service from the Client-Partner.

Operating and administrative expenses for the period ending March 31, 2021, are estimated to be \$12.5 million, compared to \$13.8 million in the Corporate Plan. The decrease is due mainly to decreased travel and training costs related to COVID-19 restrictions, lower-than-planned legal fees, and DCC's decision to defer procurement of a construction management mobile application until 2021-22. These decreases were partially offset by an increase in furniture and equipment expenses related to renovations to DCC's Head Office.

Depreciation and amortization are expected to decrease due to a delay in Head Office renovations due to COVID-19 restrictions.

The Corporation is estimating a total comprehensive gain of \$1.9 million, compared to a planned total comprehensive loss of \$70,000 in the prior-year Plan. The higher estimated gain is due to a number of factors, including the decreased travel and training expenses and deferred mobile application procurement noted previously.



CAPITAL BUDGET

For the year ending March 31, 2021

(in \$ thousands)	Estimated	Planned	Variance
Computer systems hardware	\$ —	\$ —	\$ —
Intangible assets	—	—	—
Office furniture and equipment	12	—	12
Leasehold improvements	2,442	1,500	942
RoU assets: Office space	—	1,904	(1,904)
	\$2,454	\$3,404	\$ (950)

Overall, capital expenditures for 2020–21 are estimated to be 27.9% below Plan. The decrease is mainly due to the timing of the recognition under International Financial Reporting Standard (IFRS) 16 of two of DCC's regional offices. This was countered partially by higher-than-planned capital costs for renovations to DCC's Head Office.

2021–22 TO 2025–26 PLANNING PERIODS

Services Revenue

For the period ending March 31, 2021, services revenue is estimated to total \$125.1 million, representing an increase of approximately \$9.5 million or 8.2% over the previous fiscal year. The increase in services revenue from 2019–20 to 2020–21 is due to an increase in billing rates, countered by a slight decrease in Client-Partners' demand for services.

For 2021–22, the Corporation forecasts that demand for DCC's services will be slightly higher than it was in 2020–21. This increase, combined with the anticipated billing rate increase, will lead to a rise in services revenue of \$7.7 million or 6.2% above the estimate for 2020–21, to \$132.9 million.

The Corporation is anticipating an increase in billing rates of 4.5% in 2021–22. 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 and for innovation and research.

The Corporation estimates that the gross margin required for sustainability at the projected revenue levels discussed earlier is approximately 43%, 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, capital projects and innovative research. DCC evaluates the billing rates annually and may raise or lower them, based on these factors. DCC's Client-Partner representatives are aware of the planned billing rate increases and will incorporate them into their annual project budgets.

The following table illustrates the impact of billing rates on the gross margin percentage, profit and loss, equity, cash, and investments from 2015–16 to 2025–26.

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

	Actual					Forecast		Planned			
	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26
Billing rate increase	0.0%	0.0%	4.5%	4.5%	3.5%	7.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Gross margin percentage*	31.2%	30.8%	33.1%	35.5%	36.9%	40.2%	40.5%	41.4%	42.0%	42.5%	43.1%
<hr/>											
(in \$ thousands)											
Profit (loss)	\$ (451)	\$ (5,556)	\$ (11,301)	\$ 6,686	\$ (2,566)	\$ 1,863	\$ 1,817	\$ 4,024	\$ 5,441	\$ 7,654	\$ 6,861
Equity	\$30,555	\$16,499	\$ 5,198	\$11,884	\$ 9,318	\$11,181	\$12,998	\$17,022	\$22,463	\$30,117	\$36,978
Cash and investments	\$38,168	\$27,252	\$ 22,701	\$28,170	\$25,340	\$33,505	\$33,464	\$38,169	\$43,600	\$52,373	\$54,038

*DCC planned for operating losses from 2012–13 to 2016–17, resulting in a lower gross margin percentage than was required to cover the cost of normal DCC operations.

The Corporation is forecasting a slight increase in volume in the first two years of the planning period, followed by no increases in the later years. The anticipated billing rate rises are shown in the following table.

REVENUE INCREASE ASSUMPTIONS

	Estimated			Planned		
	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Business volume change	0.7%	1.7%	1.1%	0.0%	0.0%	0.0%
Billing rate change	7.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Total anticipated increase	8.2%	6.2%	5.6%	4.5%	4.5%	4.5%

Investment Revenue

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

Salaries and Employee Benefits

For the period ending March 31, 2021, salaries and employee benefits are estimated to total \$109.5 million, representing an increase of approximately \$4.1 million or 3.8% over the previous fiscal year. The increase in salaries and employee benefits from 2019–20 to 2020–21 is due mainly to combined economic and merit-based salary increases of 3.8%. DCC calculates billing rates based on the maximum amount for each of its job profile



salary ranges. Often, employees take advantage of internal or external opportunities and transition to new positions. Revenue increased faster than salaries and employee benefits, mainly because of the increased billing rate of 7.5% required to support other planned operating costs.

In 2021–22, salaries and employee benefits are anticipated to increase by \$6.4 million or 5.8%; of that increase, 2.3 percentage points is due to a change in salary mix and increase in Client-Partner demand for services; 1.5 percentage points is due to the economic increase; and 2.0 percentage points is due to merit-based salary increases. The increase in salaries and benefits of 5.8% is lower than the anticipated increase in services revenue of 6.2%, because billing rates will increase faster than salaries and employee benefits will, to cover operating and administrative expenses. DCC plans to continue to increase billing rates faster than salaries and employee benefits until the end of the planning period, to maintain the gross margin required to recognize sufficient gains for future capital projects, innovation and research.

SALARIES AND EMPLOYEE BENEFIT INCREASE ASSUMPTIONS

	Estimated			Planned		
	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Economic increase	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Merit-based salary increases	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%
Salary and employee benefits increases due to higher revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other changes due to salary mix and efficiency difference	0.4%	2.3%	0.5%	0.0%	0.0%	0.0%
Total salaries and employee benefits increase assumption	4.3%	5.8%	4.0%	3.5%	3.5%	3.5%

For the remainder of the planning period, the Corporation has assumed that the annual economic increase, based on an estimate of the change in the consumer price index (CPI) year over year, will be 1.5%. A difference in the actual CPI change will affect this assumption. Merit-based salary increases are forecasted to remain constant at 2.0% over the 2023–24 to 2025–26 periods, based on historical trends.

Operating and Administrative Expenses

For the period ending March 31, 2021, operating and administrative expenses are estimated to total \$12.5 million, representing an increase of approximately \$1.2 million or 11.3% over the previous fiscal year. This increase is due mainly to the following factors:

- an increase in furniture and equipment expenses of \$912,663, due to Head Office renovations to modernize and make more efficient use of space;

- an increase in cloud services costs of \$810,925, to complete the migration of the IT servers to the cloud; and
- an increase in office equipment rental costs of \$257,399, due to DCC's decision to lease all personal computing devices.

These increases are partially offset by a decrease in professional services of \$611,113, due to the completion of the transition to a platform as a service (PaaS) model, a delay in the implementation of the construction management mobile application, and lower legal fees than planned.

For 2021–22, the Corporation has forecasted operating and administrative expenses of \$13.7 million, an increase of 9.8% over the estimate for 2020–21. The increase is due to an expected increase in post-COVID-19 travel and training costs and to continued investments in IT infrastructure and business applications. These increases are partially countered by a decrease in furniture and equipment expenses related to Head Office renovations in the 2020–21 year. DCC is making these investments to respond to internal and Government of Canada requirements for increased security measures, and to improve and modernize service delivery.

In 2022–23, the Corporation's operating and administrative expenses are forecasted to increase by 5.4%, due to investments in IT infrastructure. Between 2023–24 and 2025–26, operating expenses are anticipated to increase annually by 2.4% and 1%, respectively, due to inflation and to investments in IT infrastructure and innovation. Capital expenditures in 2025–26 will include costs related to a new ERP system.

Depreciation and Amortization

Depreciation and amortization—including amortization of intangible assets, depreciation of RoU assets, and depreciation of property, plant and equipment—are estimated to total \$1.8 million in the year ending March 31, 2021, representing a decrease of approximately 34.4% from the previous fiscal year. This decrease occurred because DCC did not renew a co-located lease with the Client-Partner.

For the year ending March 31, 2022, depreciation and amortization are expected to total approximately \$1.9 million, representing an increase of 4.3% from the current fiscal year estimate. This increase is mainly due to the leasehold improvements forecasted for the Corporation's Head Office.

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

Profit and Loss and Total Comprehensive Income (Loss)

A gain and other comprehensive gain of \$1.9 million, or 1.5% of services revenue, is estimated for the year ending March 31, 2021, compared with a loss and other



comprehensive loss of \$2.6 million, or 2.2% of services revenue, in the previous fiscal year. The gain in 2020–21 is due primarily to increased billing rates, productivity driven by higher demand for DCC's services and spending reductions related to COVID-19 restrictions.

For the year ending March 31, 2022, a gain and other comprehensive gain of \$1.8 million is projected, which represents a decrease of about 2.5% from the estimated other comprehensive gain for the current fiscal year. There is a gain in the Plan each year from 2021–22 to 2025–26, due to DCC's efforts to keep cash in the \$26-million to \$34-million range for operating purposes and \$18 million to \$23 million to fund future capital projects (such as the new ERP system, which replaces a system expiring in 2025–26) and research and innovation.

Cash and Investments

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 needs, although the balances vary widely, based on the timing of receipt of trade receivables. Cash and investments are estimated to be \$33.5 million at March 31, 2021. By the end of the planning period, the estimated cash reserves for operating purposes should remain between \$26 million to \$34 million.

Starting in 2021–22, the Corporation will also start 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. Cash reserves to fund long-term capital projects and the advancement of research and innovation should total between \$18 million to \$23 million each year, over the planning period.

As a result, DCC expects its total cash reserves to be between \$44 million and \$57 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, and the funds for future capital projects and for innovation and research.

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, and Intangible Assets

The amount for property, plant and equipment represents the net book value of purchased computer equipment, office furniture and equipment, and leasehold improvements. The

amount for intangible assets represents the net book value of purchased software licences for desktop computers and for the ERP system.

The estimated value of property, plant and equipment, and intangible assets for the current year ending March 31, 2021, is expected to increase by \$2.1 million or 236.7% from the previous fiscal year, due to leasehold improvements forecasted for the Corporation's Head Office at 350 Albert Street in Ottawa. For the year ending March 31, 2022, the value of property, plant and equipment, and intangible assets is expected to decrease by 11% from the previous fiscal year, mostly due to normal depreciation and amortization expense.

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

Trade and Other Payables

Trade and other payables for the year ending March 31, 2021, are expected to increase by 10.2% from the year ending March 31, 2020. 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 \$32.1 million at March 31, 2021, representing an increase of approximately 3.7% over the figure in the previous fiscal year, due to the accrual of sick leave and other benefits. At March 31, 2022, employee future benefits are expected to be \$34.1 million. For the remaining Plan years, the amount is expected to increase between 4% to 6% year over year. 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*.

Right-Of-Use Lease Obligation

The right-of-use (RoU) lease obligation is expected to decrease by \$1.3 million in 2020–21, compared to March 31, 2020, due to the non-renewal of a co-located lease with the Client-Partner, along with normal amortization of the lease obligation.



Staff Strength

STAFF STRENGTH

For the years ending March 31, 2020, to March 31, 2026

	Actual	Estimated	Planned				
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Employees based on full-time equivalents (FTEs)	964	942	1,007	1,011	1,011	1,011	1,011

Staff strength, presented on a full-time equivalent (FTE) basis, is estimated to be 1,007 for the year ending March 31, 2022. This figure represents an increase of approximately 6.9% from the previous fiscal year, due to an increase in expected revenue.

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

Capital Budget

CAPITAL BUDGET

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Estimated	Planned				
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Office furniture and equipment	\$ 61	\$ 12	\$ —	\$ —	\$ —	\$ —	\$ —
Computer systems hardware	127	—	200	—	1,200	—	200
Leasehold improvements	346	2,442	—	250	—	—	—
Intangible assets	13	—	—	—	—	—	9,000
RoU assets: Office space	11,677	—	—	3,128	—	623	—
	\$ 12,224	\$ 2,454	\$ 200	\$ 3,378	\$ 1,200	\$ 623	\$ 9,200

The Corporation is expecting capital expenditures for the fiscal year ending March 31, 2021, to be \$2.5 million, a decrease of \$9.8 million or 80% from the previous fiscal year. This is mainly due to the capitalization of RoU assets in 2019–20 resulting from the adoption of IFRS 16. This decrease is partially countered by an increase in leasehold improvement expenses, due to renovations to accommodate employees at Head Office in 2020–21.

In the 2021–22 planning period and beyond, the Corporation will be required to incur computer system hardware costs to upgrade its IBM servers and infrastructure. The Quebec Regional Office will incur leasehold-related costs in 2022–23. The \$9 million planned for intangible assets in 2025–26 is the first installment payment for the new ERP system, which will be funded through the cash accumulated to that end over the planning period. The additional \$3.1 million anticipated in 2022–23 relates to new or extended

leases for the National Capital Regional Office, which is also looking at ways to optimize future rental costs. The \$623,000 in 2024–25 relates to data storage space.

Report on Annual Expenditures for Travel, Hospitality and Conferences

The Corporation's total annual expenditures on travel, hospitality and conference fees are disclosed on DCC's website. For 2019–20, DCC forecasted expenditures for travel, hospitality and conferences to be \$833,000. However, due to COVID-19 restrictions on travel, the actual expenditure was \$740,000. The decrease in hospitality expenditures from 2019–20 to 2020–21 is the result of less travel and, therefore, fewer face-to-face meetings. Increases are forecasted for later years of the Plan, which are assumed to be post-COVID. The following table provides a summary.

TRAVEL, HOSPITALITY AND CONFERENCE

For the years ending March 31, 2020, to March 31, 2026

(in \$ thousands)	Actual	Estimated	Planned				
	March 31/20	March 31/21	March 31/22	March 31/23	March 31/24	March 31/25	March 31/26
Travel	\$529	\$350	\$645	\$659	\$673	\$687	\$702
Hospitality	\$211	\$179	\$250	\$255	\$260	\$265	\$270
Conferences	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Leases

DCC will not be entering into any leases in 2021–22 or 2022–23 that will require ministerial approval.



APPENDIX III IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has been the defining factor of the 2020–21 operating environment for DCC, and its effects, although unknown, are expected to continue into the 2021–22 to 2025–26 planning period.

In March 2020, DCC took significant emergency actions to protect its employees and their families, and lessen the impact of the pandemic on its business. As a result, at September 30, 2020, DCC's performance was consistent with targets and, in some cases, had surpassed expectations.

Employee productivity, as measured through the utilization rate, was higher than usual in the first six months of 2020–21, as staff worked to sustain operations. This rate is likely to return to the target level in the second half of the year, as operations stabilize and employees take accrued vacation leave.

The Corporation's revenue stream is relatively insulated compared to those of the private sector and other Crown corporations, given DCC's business model. Expenditures will likely stay in the forecasted range but spending categories may be reallocated. For example, travel and hospitality costs may drop, but higher spending on technology may offset that decline.

DCC's business is active and sustainable, and the Corporation does not intend to request special funding to compensate for any COVID-19-related losses.

In March 2020, the COVID-19 pandemic had an immediate impact on the Canadian construction industry. Contractors and consultants were forced to incorporate new safety protocols into their operations; the use of e-procurement for consultants accelerated; owners had to deal with supply chain interruptions; and the timeliness of security clearances changed, affecting some contractors.

Supply chain slowdowns will likely continue as pandemic restrictions evolve in different jurisdictions. At the same time, there is an increased risk that small and medium-sized firms working in the infrastructure field may be compelled to merge with larger companies or exit the market, if the economy slows further. DCC will continue to monitor supplier stability and will undertake any necessary mitigation measures to encourage competitiveness and protect Canada's interests.

In managing project work sites and its own return-to-work plan, DCC has followed all federal and provincial health protocols. The volume and amounts of contract claims that DCC manages for its Client-Partners have remained consistent with past years' levels. DCC will amend contracts to cover certain direct costs—such as expenses for personal protective equipment—that contractors have incurred to respond to provincial and territorial emergency orders.

The pandemic has accelerated the adoption of virtual/digital tools, technologies, workplaces and work practices, while accelerating the demise of longstanding business models in some sectors. It has changed societal norms, employee expectations, economic outlooks and the way collaboration occurs. DCC will continue to respond to these changes, as it expects the future workplace to be a hybrid of on-site and remote work, and it will continue to improve its support for Client-Partners while engaging and supporting its workforce.

DCC is well positioned to support the Government of Canada's pandemic economic recovery, if the government decides to make economic stimulus investments in Client-Partners' projects. As well, DCC will continue to pursue opportunities and develop capabilities that deliver value to Canada.



APPENDIX IV COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

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

In compliance with the *Access to Information Act* and the *Privacy Act*, DCC responds to access to information and privacy requests. 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. Both are available to the public on DCC's website.

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 business and employee conduct, through regular reports. DCC's Code of Procurement Conduct for suppliers is aligned with Public Services and Procurement Canada's Code of Conduct for Procurement. 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. New employees take workplace violence and harassment prevention training during their orientation, and all employees take similar training once every three years.

Depending on Client-Partner requirements, a few DCC employees are deployed abroad each year in support of CAF missions. 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 is in a good position to comply 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 builds on the progress and positive results of the program's first phase. In addition, DCC's job classification and compensation structure supports the requirements of 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*. For instance, the Hello! Bonjour program helps ensure that DCC serves all Canadians in their chosen official language at their first point of contact with DCC. Other resources that help employees comply with the *Official Languages Act* include the Official Languages Accountability Framework, an internal Translation Portal that makes translation services accessible to all DCC offices and a corporate lexicon.

DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

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

TRADE AGREEMENTS

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



APPENDIX V GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

DCC wants to encourage open and transparent competition, and to ensure that all enterprises have equal access to DCC procurement opportunities. DCC sets a key performance indicator to award a minimum of 98% of DCC contracts through public opportunities. During the first half of 2020–21, it awarded 99.6% of all procurements through public business 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. In 2019–20, DCC responded to 50 inquiries. The volume of these requests fluctuates, depending on the business environment. During the first six months of 2020–21, DCC received and responded to 11 requests.

GENDER-BASED ANALYSIS PLUS

DCC supports the Government of Canada's commitment to gender-based analysis plus (GBA+). DCC released an all-employee mandatory GBA+ training package in March 2019. This training was in addition to the GBA+ training that all DCC senior managers received in 2017–18.

Through this training, DCC will help its employees develop a broader understanding of how diverse groups of women, men and gender diverse people may experience policies, programs and initiatives; show how they can foster a respectful and inclusive workplace; and make them aware of their rights and responsibilities as members of the DCC team.

DIVERSITY AND EMPLOYMENT EQUITY

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

This work has had visible impacts over the past three years. In 2020, for the third year in a row, 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. DCC was acknowledged for moving the organization beyond simply being home to members of the four designated employment equity groups to building as welcoming, respectful and inclusive a workplace as possible.

DIVERSITY OF THE DCC EMPLOYEE POPULATION

As at March 31, 2020

Designated Group	Percentage of the Total Employee Population	Labour Market Availability in the Construction Industry
Women	43.4%	12.5%
Persons with disabilities	5.3%	4.9%
Indigenous peoples	4.4%	4.5%
Visible minorities	11.2%	9.6%

Note: The Construction Sector does not publish data for persons with disabilities. DCC uses a proxy of the federally regulated employer sector. In summer 2020 that proxy increased this summer to 9.1% as a result of the 2019 EE Report.

SUPPORTING BUSINESS OPPORTUNITIES FOR INDIGENOUS PEOPLES

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

DCC is developing a joint DCC-DND Indigenous Procurement Strategy in 2020–21 to strengthen DND's efforts to engage Indigenous businesses, and to support the Government of Canada's focus on providing business opportunities for Indigenous peoples and companies. The Corporation conducts ongoing outreach to Indigenous communities to stimulate interest in DCC business opportunities and offers Indigenous cultural awareness training for DCC employees.

DCC posts its career ads on recruiting websites that target Indigenous groups, such as Indigenous Link—the Canadian Indigenous Peoples Job Seekers Portal. Where possible, DCC participates in Indigenous employment fairs. In the upcoming planning period, DCC will develop a DCC Indigenous Peoples Recruitment and Retention Strategy that will include an Indigenous student recruitment program.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

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

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



DND is pursuing opportunities to use clean power at all bases and wings by 2025. DCC stands ready to support any infrastructure-related procurement and contract management of these projects.

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

- the development of net-zero residential building designs for the Canadian Forces Housing Agency;
- the \$73-million mega-engineering support facility at CFB Gagetown, which will consolidate four regimental sub-units into a single LEED Silver-certified facility, expected to be completed in 2022;
- the \$141-million site remediation at 5 Wing Goose Bay—one of the largest contaminated site clean-ups ever undertaken by DND—was completed in 2020. Additional assessment and remediation activities are expected to continue until 2026 at a total estimated value of \$35 million.
- the \$100-million program to clean up Esquimalt Harbour; and
- the \$200- to \$500-million project to refurbish heating plant infrastructure at CFB Halifax, which includes rehabilitating attached buildings and distribution systems to reduce emissions (CFB Halifax represents 17% of DND's greenhouse gas emissions, and the upgrades at the plant will reduce emissions by up to 7%, improve energy efficiency and reduce heating costs).

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

SAFE WORKSPACES

DCC is committed to providing all individuals in its workplaces with an environment and culture that embraces equity, inclusion and respect, free from harassment and violence. The Corporation keeps its workplaces safe and respectful through many established programs and comprehensive activities such as: mandatory Respectful Workplace Training, a Workplace Violence Prevention Survey; a Family Services Employee Assistance Program benefit; and a Conflict Prevention and Resolution process, to name a few.

In 2021, DCC will be issuing an updated policy on harassment and violence prevention, with content aligned with the new regulations in Bill-C65 on the prevention of harassment and violence in the workplace.

ACCESSIBILITY

DCC has been working to plan for and to implement the requirements of the *Accessible Canada Act* since 2019. The Corporation's Accessibility Working Group (AWG) is comprised of senior management group members, and is led by the Vice-President, Operations – Procurement. Throughout 2020, despite the operational constraints presented by the COVID-19 pandemic, the AWG has made progress in its objectives. Accomplishments include: regular meetings of the AWG per the group's terms of reference; training and education of AWG members on the subject of accessibility; outreach to similar organizations and review of their accessibility plans; and, the development of an approach that DCC will take to prepare its own accessibility plan.



APPENDIX VI DEFENCE INFRASTRUCTURE AND ENVIRONMENT PROJECTS, 2021–2022 TO 2025–2026



Telecommunications and Information Systems Personnel and Shops Facility

LOCATION: Shearwater, Nova Scotia
PROGRAM COST: \$9 million
COMPLETION DATE: 2021

A new building at 12 Wing Shearwater will bring together several units that provide important behind-the-scenes telecommunications support to CFB Halifax. The 1,950-square-metre facility will be home to Wing Telecommunications and Information Systems, Base Information Services, and Shared Services Canada representatives. The single-storey building will contain offices, a warehouse and a vehicle bay, so military personnel can install and repair communications equipment in base service vehicles. The building was designed to meet Green Globe standards to increase energy efficiency and reduce its environmental footprint.



Kapyong Demolition Program

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

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



Deployed Operations

LOCATIONS: Latvia and Kuwait
PROGRAM COST: \$7.5 million
COMPLETION DATE: 2020–21

DCC's work in Latvia includes supporting the infrastructure requirements for the Enhanced Forward Presence. DCC recently finished constructing the Multi-National Headquarters Building. DCC is also supporting multiple construction projects at the Operational Support Hub—South West Asia in Kuwait. Primarily, DCC is contracting for and managing the leasing and installation of power generation services.



Royal Canadian Dragoons

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

DCC is using an integrated project delivery contract with DND and five contractors—the first of its kind for DCC and the federal government. This collaborative Lean construction approach helps to minimize waste and maximize efficiency. Under this project, several single-storey buildings—to be used for materiel storage, vehicle storage and maintenance, and offices—will be built or retrofitted.



4 Engineer Support Regiment Facility

LOCATION: Gagetown, New Brunswick
PROGRAM COST: \$73 million
COMPLETION DATE: 2022

DCC is constructing a new facility for Gagetown's 4 Engineer Support Regiment. The 450-person unit, which includes four sub-units, will now be housed in a single, purpose-built, 20,640-square-metre building. The project is being delivered as a modified design-build and will include a vehicle storage barn, various support shops, offices, classrooms, meeting rooms, storage areas and parking, as well as a maintenance area for vehicles and equipment with a 25-ton overhead crane. The new facility will be built to LEED Silver standards, with a geothermal heating system.



Increase Physical Training Capabilities

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

DCC is providing contract management to construct a 10,217-square-metre building that will improve physical training capacity for approximately 4,700 military personnel. The contract also covers the renovation of 674 square metres in the Mega training complex, as well as the demolition of an outdated former hangar. Upon completion, the project will increase the garrison’s physical training capacity by 8,300 square metres (gross).



Northern Facilities

LOCATIONS: Inuvik, Northwest Territories; Rankin Inlet and Iqaluit, Nunavut
PROJECT COST: \$80 million
COMPLETION DATE: 2023

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



Integrated health care centre

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

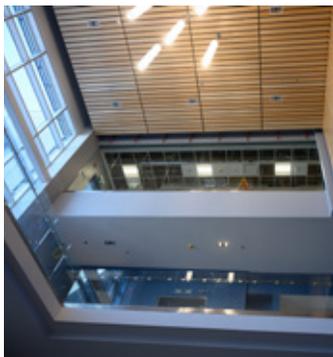
The new Integrated Health Care Centre will bring all necessary services for local CAF members—including medical, dental, physiotherapy and mental health services—into one location. DCC will contract for and manage the construction of a new 4,000-square-metre facility and retrofit the existing 3,000-square-metre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



Defence Research and Development Canada Complex

LOCATION: Valcartier, Quebec
PROGRAM COST: \$144.4 million
COMPLETION DATE: 2024

On August 31, 2020, DCC awarded the contract for Phase 1 of the renewed research infrastructure at Valcartier. 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.



Energy Performance Contracts

LOCATIONS: Bagotville, Quebec; Petawawa, Ontario; Kingston, Ontario; Greenwood, Nova Scotia; Esquimalt, British Columbia
PROJECT COST: \$149 million
COMPLETION DATE: 2021–24

DND aims to reduce the greenhouse gas emissions of its real property portfolio by 40% from 2005 levels by 2030. DCC has put five energy performance contracts in place on behalf of DND since 2017–18 and plans to implement 10 more by 2023–24.



Canadian Joint Incident Response Unit (CJIRU) Facility

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

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



A/B Jetty Recapitalization

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

The A/B Jetty project supports Canada’s National Shipbuilding Procurement Strategy, which will deliver modern ships to the Royal Canadian Navy over the next 30 years. The jetty will be home to the new Arctic/Offshore Patrol Ship and Joint Support Ship. This \$743-million project to replace aging 70-year-old jetties consists of three contracts 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.



Future Fighter Capability Project

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

DCC supports the Royal Canadian Air Force’s infrastructure needs related to the new aircraft it will receive through the Future Fighter Capability Project. Under this project, two new hangars will be constructed at 3 Wing Bagotville and 4 Wing Cold Lake to accommodate Canada’s next-generation fighter aircraft. DCC will use a phased design-build delivery approach to ensure infrastructure is ready for the first aircraft in 2026 and will be ready to respond to additional requirements once the Future Fighter aircraft is selected in 2022.



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 provides a modern and efficient facility for the Communications Security Establishment (CSE). The building spans over 72,000 square metres. The associated design-build-finance-maintain contract includes unique security, infrastructure and financing arrangements. DCC is involved with the operations and maintenance of the facility as part of the 30-year contract.



Shared Services Data Centre

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

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