



National Defence

Défense nationale

Canadian Forces
Housing Agency

Agence de logement
des Forces canadiennes

HELPING
CANADIAN ARMED FORCES FAMILIES

Turn Houses into Homes



2011-2012
ANNUAL
REPORT

Canada 

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A Message from the Assistant Deputy Minister

(INFRASTRUCTURE AND ENVIRONMENT)

I have seen firsthand and am extremely proud of the remarkable efforts of CFHA staff during fiscal year 2011-2012 to provide housing solutions and the best services possible with the tools available to them, around the clock, to some 12 thousand military households across the country.

In times of fiscal constraint and realignment brought on by government-wide budget reductions, CFHA's task of delivering DND's housing program is increasingly challenging. However, I have every confidence in the staff of CFHA. More than ever before, innovation, value for money and increased efficiency are objectives that guide the provision of residential housing for military families and it shows that these things are always top of mind. As a result of the Agency's progressive approach to continuous improvement, progress was made in both the quality of the housing portfolio as well as in the services offered to CAF families.

One key mission for DND is to ensure sound financial stewardship of its real property. In 2011-2012, CFHA exceeded their established targets for capital investment and I am proud to say that they more than doubled their target for

maintenance and repairs. This contribution is in line with departmental priorities and leads directly to the improved quality of life of many CAF families. This highlights CFHA's ability to exercise sound stewardship of its revenue-generated funding and departmental allocations as well as its sense of fiscal responsibility and its commitment to contribute to the achievement of corporate objectives. It is a pleasure to note that CFHA is an exemplary leader in these areas.

In 2011-2012, CFHA staff also worked diligently alongside DND/CAF leaders, clients and partners, to both redefine the CAF housing requirements down to the exact locations and number of units required across Canada and obtain the department's highest endorsement of such needs. The Defence Strategic Executive Committee's approval of those requirements indicated the completion of Phase I of the ongoing Accommodation Policy Review initiated in 2010, validates the continuing need for housing in support of the CAF. This approval also marked the start of Phase II, a crucial analysis of housing service delivery options. This analysis will determine how DND can best deliver a financially sustainable housing program that provides the



CAF with adequate housing where it is needed and that meets the evolving needs of the CAF with little to no reliance on the department for capital funding.

Building on its successful achievement of Level 2 certification with the Excellence Canada *Progressive Excellence Program*, CFHA continued in 2011-2012 to advance in its quest towards excellence and continuous improvement. CFHA continues to lead by example within ADM(IE) and is inspiring others to follow suit.

It was an eventful year for CFHA. Their hard work and housing expertise have led to some great progress, not just in its service

delivery but with a growing number of recapitalization and rationalization initiatives. New houses being constructed is encouraging to the CAF community and introduces a multitude of possibilities for years to come. I wish to thank CFHA staff for their dedication that I, like so many others, have come to rely on. I am also very grateful to all of our partners in the CAF and the department that regularly collaborate and support CFHA in the delivery of housing services to our most important customers, Canada's military families.

J.S. Stevenson
ASSISTANT DEPUTY MINISTER
(INFRASTRUCTURE AND ENVIRONMENT)



The Year in Review from CFHA's Chief Executive Officer

It is my privilege to present to you *Helping CAF Families Turn Houses into Homes*, CFHA's 2011-2012 Annual Report. Knowing what is asked of my staff on a daily basis, the constraints and challenges they regularly face, and the fact that they have little to no room for error given the impact their work has on so many DND/CAF families, makes me especially proud to communicate their many accomplishments.

First off, I should explain that the Agency found itself at a crossroad last year, witnessing the extent of the reduction demands placed on its departmental clients and partners as our government looks to return the country to a balanced budget. Despite being spared by our Special Operating Agency status from the ongoing department-wide realignment and rationalization exercise, our commitment towards organizational excellence was further reinforced and our heartfelt obligation to do our part and become more efficient became stronger than ever. In 2011-2012, we willingly completed comparable reviews designed to lead to greater efficiencies and allow the Agency to further increase the proportion of its generated rent revenue that gets injected back into the housing portfolio.

Driven by the desire for continuous improvement, in 2011-2012 we implemented several initiatives that allowed the Agency to progress and increase efficiency on many fronts. As an example, internal communications were enhanced with the launch of an interactive blog facilitating an open and efficient mean of information exchange and feedback at all levels in the Agency; similarly, a web-based communication platform tailored to the information needs of custodial partners across DND and the CAF was also finalized and set up to increase collaboration, promote transparency and strengthen relationships with our stakeholders.

I am also very proud to report on a process management project that started with the development of a methodology and governance structure to lay the foundation for the identification, prioritization, documentation, management, measurement and improvement of our key business processes. As well, the existing Customer Service Program was refreshed to establish standardized customer service training for all personnel and develop a variety of feedback mechanisms that will drive future improvements to the program. The common objective behind all the

initiatives described above is our aspiration to become the *agent of excellence* in the provision of innovative and sustainable housing solutions for CAF families, thereby contributing to the improvement of their quality of life.

Much work has also been done, as it is done year after year, with the aim of improving the overall condition of our aging housing portfolio. In 2011-2012, more than \$118 million was injected into the portfolio and therefore into Canada's local economy, to achieve our goal of improving the condition of our housing as well as progress towards the right-sizing of DND's housing portfolio. In doing so, we looked for innovative ways to achieve this aim in the most efficient manner. A comparison conducted between factory-built modular versus conventional construction for the delivery of our new houses highlighted promising possibilities. The comparison revealed that factory-built modular would expedite the approval and delivery of our construction projects while reducing financial risks and providing contemporary houses, a great benefit to our CAF families customer base. I know that our quest for improved efficiency and continuous progress will carry on, just like the

sacrifices made year after year by CAF members and their families for our great nation. Their commitment is truly inspiring. It is CFHA's source of motivation.

The development of our Human Resources and Business Plans has been fully integrated, consequently facilitating the management of both financial and human resources. While on the topic of human resources, in an effort to continue to influence positive change, employee training and development were encouraged more than ever, despite the overall trend toward a reduction of resources, a reflection of our Agency's desire for increased competencies and reinforcement of organizational values. Regular Healthy Workplace Committee meetings were also held throughout the year to further promote wellness and integrate it into our workplace culture. A middle manager forum, made up of level 4 managers from CFHA's head office and regional portfolios, was also set up to convene monthly to reinforce cross-divisional, cross-functional information-sharing and problem-solving. As well, engagement with partners and stakeholders were strengthened by increasing the frequency of our interaction. The resulting enhanced relationships

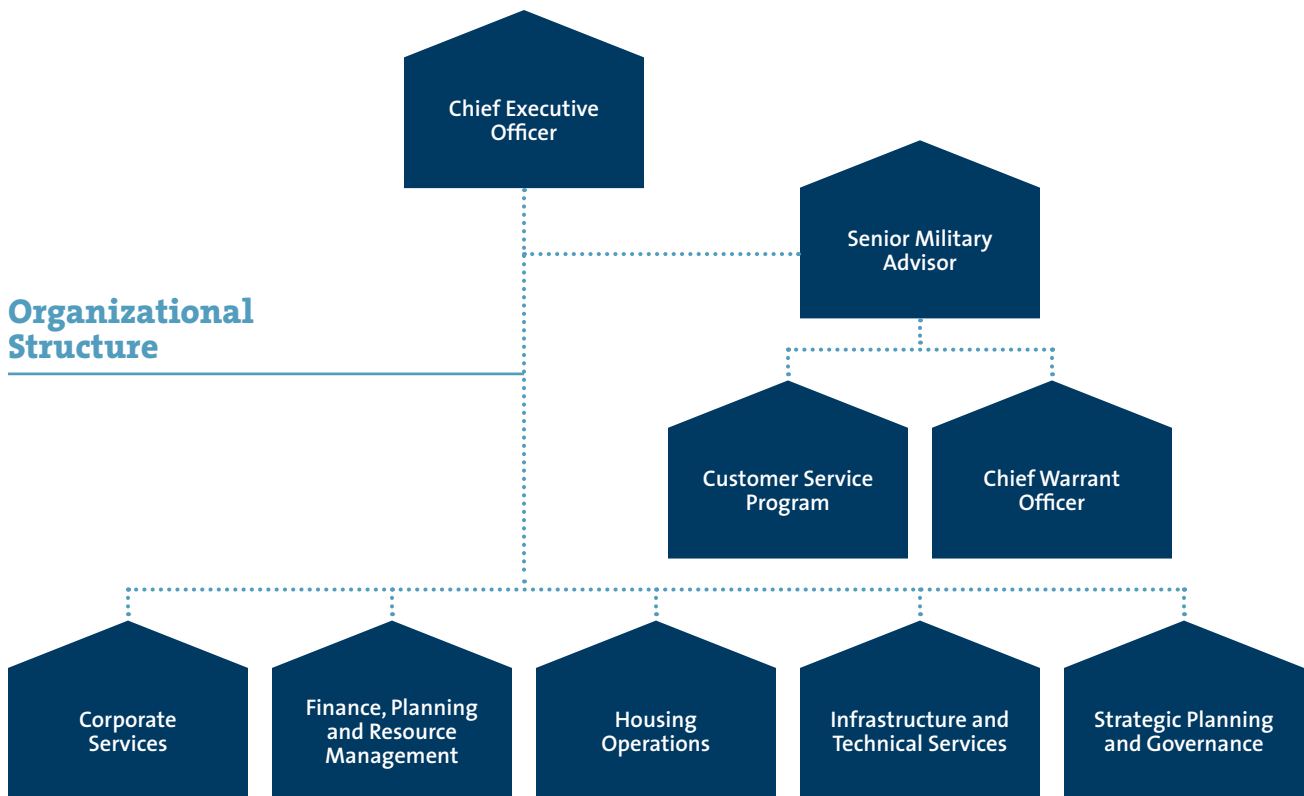
we now enjoy allow for stronger collaboration and increased understanding. Key amongst these is the relationship shared with the Chief of Military Personnel, which has led to the clarification of military housing policy direction to achieve consistent policy interpretation, and more importantly, implementation.

Finally, I wish to express my sincere gratitude to the CFHA family, my staff, for the sustained contribution and genuine dedication I have witnessed, without which the task of delivering on our mandate would be impossible. It gives me great pleasure to work with such fine professionals from whom we consistently ask more and systematically get more. Thanks to them, I welcome the challenges that the future holds for CFHA in light of the upcoming Service Delivery Options Study and see the pending inevitable changes as wonderful opportunities to continue to surpass ourselves.

Dominique Francoeur
CHIEF EXECUTIVE OFFICER
CANADIAN FORCES HOUSING AGENCY

Profile

CFHA is the managing authority of the DND housing portfolio. As a result, it makes a significant contribution to the quality of life of CAF members and their families. Specifically, it is responsible for the allocation and maintenance of some 12,500 Crown-owned housing units spread across 33 locations in Canada, as well as the provision of customer services to all their occupants. In conjunction with the Base and Wing commanders, it is also responsible for the long and short term strategic planning and development of the portfolio to meet the evolving needs of the CAF and their families. CFHA accomplishes these goals with less than 300 employees spread out amongst the HSCs, satellite and leased sites.



Our Mandate

To manage Crown-controlled residential accommodation and to develop and implement plans to meet the future residential needs of members of the CAF and generally improve their quality of life.

Our Mission

CFHA manages assets and provides accommodation solutions in support of the CAF requirements and members' needs.

Our Vision

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

Our Values

Customer-Centered

CFHA recognizes that every employee is responsible for customer service. This means anticipating and understanding customer needs; and delivering dependable, courteous and responsive customer services to address those needs.

Commitment

CFHA is committed to creating a culture where employee involvement and engagement are valued, discussed, shared and lived. All employees seek and accept responsibility and strive for the achievement of our vision of excellence as a reliable provider of housing services.

Teamwork

CFHA supports teamwork with a commitment to information sharing in a collaborative environment; and communicating knowledge and experience. Agency employees are encouraged to work together to create optimal results. Management encourages effort while recognizing and celebrating success.

Respect

CFHA is committed to demonstrating fairness and accountability in every action. We treat all others with care, honesty, fairness and importance. We provide exemplary management and stewardship of Agency assets.

Our Strategic Objectives

- ▶▶ To provide excellent services to clients, customers and stakeholders
- ▶▶ To be the *agent of excellence* in the provision of innovative and sustainable housing solutions
- ▶▶ To strengthen a vibrant, competent and skilled organization, in a healthy workplace, committed to the realization of our mission
- ▶▶ To strengthen our management practices and the stewardship of our resources

Where is DND Housing Located in Canada?



Data Sources {
 - National Atlas (RNCAN)
 - Geobase (RNCAN)
 - National Topographic Database (RNCAN)
 - Department of National Defence

Sources de données {
 - Atlas national (RNCAN)
 - Géobase (RNCAN)
 - Base nationale de données topographiques (RNCAN)
 - Ministère de la Défense nationale



An Unmatched Dedication to Customer Service



“Customer service involves a lot more than being polite to our clients and pleasing our customers. When we all work together towards the common goal of providing the best possible service, every interaction with CAF families becomes an opportunity to inspire someone to spread the word of a positive experience with DND housing and CFHA.”

■ Lieutenant-Colonel Rob Aucoin
ACTING GENERAL MANAGER – HOUSING OPERATIONS

Each and every CFHA employee, whatever his or her role in the organization, is dedicated first and foremost to providing CFHA customers with the best possible service. In FY 2011-2012, the Agency underwent a significant organizational restructuring to better reflect this priority. A dedicated customer service section, responsible for the Customer Service Program, was created and placed directly under the authority of the Chief Executive Officer. The creation and strategic organizational position of this section allows for better focus on customer service efforts, and makes evident to customers, clients, stakeholders and employees that customer service is a first priority. The program will focus on fostering an organizational culture dedicated to customer service, building an effective two-way communication network, establishing clear customer service standards, and mapping an agency-wide standardized process for effective customer issue resolution. To this end, in addition to completing the administrative requirements of this restructuring, CFHA undertook a series of consultations with Service Canada, one of Canada's customer service experts, and with the Canada School of Public Service to help survey the

tools, training and research already available that might best serve the needs of the Agency and set its new program on a sound footing.

In addition to the initiatives specific to FY 2011-2012, the Agency also continued to dedicate itself to meeting the daily residential needs of CAF members and their families at the local level. For instance every year, more than 7,000 armed forces family moves occur across the country, in and out of DND housing alone, as a result of CAF operational needs. Those moves also take place for the most part within the same two-month period. Year-round, local CFHA employees are on-site and hard at work helping to ease the anxiety felt by transitions of families who sometimes know very little about the new places they will now have to call home. They dedicate themselves to facilitating the move of departing families and the arrival of new families, ensuring that their assigned houses are clean, safe and ready to be turned into homes. CFHA employees work to make sure new occupants find, along with a new house in a new city, a community and a support network tailored to their unique needs and challenges.

“As adults, we have all had to move at some time in our lives. Some moves are welcome, exciting and filled with happy anticipation, while others are dreaded and filled with anxiety and stress. In either case, our staff understands and is always right there, on the ground, ready to help CAF families as best they can.”

**■ Donna Warren-Maxwell
REGIONAL HOUSING PORTFOLIO MANAGER (PACIFIC AND WESTERN)**



“HSC Edmonton recently allocated a full barrier-free accessible unit to a CAF family. A few of us were touched by the family's battle with cancer. So we wanted to do something for them. As some of us are part of a quilting club, we decided to get together to make them a quilt, which we offered to them when they arrived to pick up the keys to their new home. It was easy to see that they were touched by our gesture, but the best part for us was providing that little bit of extra help to a family going through such a difficult time.”

**■ Rhonda Parenteau
ACTING HOUSING AND FINANCIAL
ADMINISTRATOR, HSC EDMONTON**

Flexible and Innovative Housing Solutions

“Though we are living in an extremely challenging time, we are also living in a spectacularly promising time that affords us, if we remain open-minded, all kinds of opportunities for exciting new solutions to problems both old and new.”

► David Thompson
REGIONAL HOUSING PORTFOLIO MANAGER (CENTRAL)

In a time that requires both fiscal restraint and environmental responsibility, CFHA is making every effort to explore innovative housing solutions that stand to benefit CAF members and their families.

For example, in FY 2011-2012, CFHA built both a modular and a conventional home in Trenton to determine whether modular homes were as advantageous as reported. A modular home is a home that is built off-site in a factory, and then assembled in large pieces (or modules) on-site. This approach resonated with staff because it allows for much greater scheduling control, more precise conformity to building code standards, and better quality assurance. It can also make use of available land within an already developed area more efficiently, while minimizing the disturbance to local residents. Moreover, on-site construction activity is limited to two to three weeks and can proceed year-round, while still reducing overhead costs. It even promises exciting new building opportunities in the most remote locations.

Though the analysis is far from complete, the exciting new partnership with the modular home industry is exceptionally promising. For starters, the final cost of modular construction was well below what was anticipated. Its environmental rating was above CFHA standards for new constructions. The manufactured product is among the most energy-efficient on the market. Best



“It’s a really nice feeling to be the first person to live in a new house. Compared to other housing units in which I’ve lived in the past, it’s quite a step up. People I know often ask to come in and have a look inside. The rent’s not cheap, but the kids like it. They have a play room in the partially finished basement; an area that is just for them.”

► Master Corporal R.W. Cromwell

of all, the construction time from start to finish, both on and off site, was only three months.

In addition to exploring the various possible advantages of alternative construction delivery methods, CFHA has also been expanding the spectrum of housing solutions available to CAF members with distinctive needs. The Agency constructed a full barrier-free accessible home in Edmonton, Shilo, Petawawa and Gagetown and continued planning the construction of three more, which repre-

sents a total investment of just over \$2 million. Improvements and modifications are also made every year to transform some of the existing homes into partial barrier-free accessible homes. The distinguishing characteristics of barrier-free accessible homes include features such as widened doors, open concept floor plans, and the addition of bathrooms on any storey with a living area. CFHA is, to this extent, not only investing in buildings, but in the quality of life of its occupants for whom those buildings are their homes.

Continuously Improving the Housing Portfolio



“ At CFHA, we know that realizing our vision of excelling in the provision of wide-ranging innovative housing solutions to CAF members and their families requires us to strive to understand their evolving needs and to continuously find ways to improve and adapt our portfolio to meet those needs in the most efficient way. ”

► Serge Tremblay
GENERAL MANAGER - INFRASTRUCTURE
AND TECHNICAL SERVICES

In 1996, a newly created CFHA was given the responsibility to manage a housing portfolio constructed, for the most part, between 1948 and 1960. Over the last 16 years, the Agency has worked hard to modernize that portfolio, and tailor it to the contemporary needs of its customers – CAF members and their families. In FY 2011-2012 alone, approximately \$118 million, over 82% of CFHA's entire budget, was invested in the construction, renovation, and maintenance of the 12,611 housing units, and their respective garages and sheds.

“Here in Comox, FY 2011-2012 saw a flurry of activity. We spent just under \$2.7 million renovating and generally improving the site's housing portfolio. To cite only a few examples of our work, we replaced the doors and windows of 42 units, the brick chimneys of 29, the steps, rails and walkways of 50 units, and the siding of 11 more. These projects alone cost more than \$700 thousand. Add the painting of the exterior trim and fences of 206 of our 234 units, and the acquisition and installation of 127 heat recovery ventilators and 157 hot water tanks and the total is well over a million. Great, right? But that's just half of what we did. We also constructed 150 patios, 82 sheds, and 30 garages, as well as fenced 150 yards. We also replaced a great deal of plumbing and roofing. If we take all this work together, and note that it represents only a portion of what we accomplished in a single fiscal year, not only are we proud of the improvements we made to the housing we provide our clients, but we're excited to get right back to it in FY 2012-2013.”

► Donna Kane
HSC COMOX MANAGER



Specifically, CFHA spent just under \$87 million in the planned construction, renovation or disposal of portions of its housing portfolio. Renovation work involves replacing features of a housing unit that are at the end of their lifecycle. Such features include kitchens, bathrooms, siding, roofs, windows, furnaces and insulation.

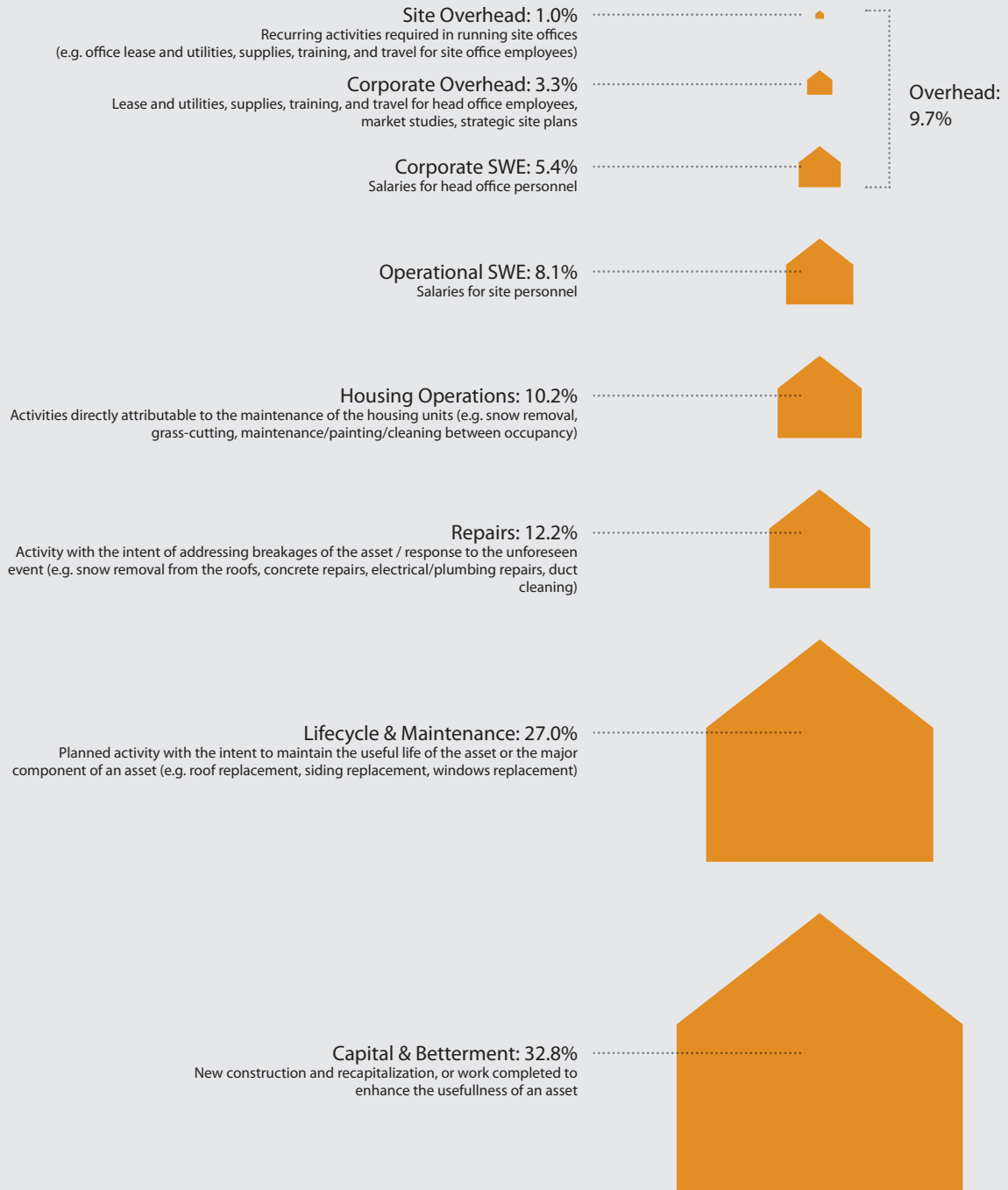
In addition to the construction of new housing and the renovation of existing housing, the Agency devotes a great deal of time and money to the operation and maintenance of the portfolio. Each year, local CFHA HSCs see to the overall maintenance of the site as well as to the painting and cleaning of each house being prepared to welcome a new family. This ensures that any damaged or worn component of a house is either repaired or upgraded, and that all health and safety standards are met. On an ongoing basis, as soon as any of those safety standards are compromised, appropriate repairs are undertaken. This substantial and continuous work, however, represents only one part of the overall operation and maintenance activities conducted annually. CFHA also sees to the improvement of the community infrastructure of the residential housing area such as garages, sheds, fences and sidewalks. Portions of the seasonal maintenance requirements such as grass cutting and snow removal are also among its responsibilities. In FY 2011-2012, the overall operation and maintenance costs amounted to approximately \$31 million.



“Above and beyond the renovation and construction projects managed nationally by CFHA, nearly \$3 million worth of projects were managed locally by HSC Shilo. Complete exterior retrofits were done to three housing styles on a total of 38 housing units. Three more units received a brand-new kitchen and four others were fitted with new hard-wood floors. More than 75 units had their roof repaired or completely replaced. Another 20 units had their driveway repaved and some were expanded. Nearly a third of our units saw their fences repainted or the addition of a tree on their rental property. Work was also done to replace damaged sidewalks, concrete steps and railings; all to improve curb appeal. Ten units had a new furnace installed, and more than 100 storage sheds had their doors and siding replaced. 2011-2012 was a very busy year and it feels great to see the improvements made to the area.”

**► Jodi Laba
HSC SHILO MANAGER**

Where the Money Goes



“Last year was a good year for North Bay as our allocated budget for the year came just under \$1.5 million, which is substantial for such a small site. With these funds, we were able to replace the exterior siding of more than 50 of our 184 units. We also completely renovated the kitchen and bathrooms of six houses and seven others received brand new furnaces. The addition of beautiful new decks to 40 homes was also extremely welcomed, as was the replacement of several concrete steps, sidewalks, and railings. The future looks promising in North Bay!”

► Tom Wallace
HSC NORTH BAY MANAGER

“I sometimes wonder how well people understand all the work that goes into managing the largest housing site in the country. I mean, while building or renovating houses can be very exciting for us, and especially for the families who live in them, our responsibilities to those same families go much further. Beyond having invested over \$4 million building, repairing, and renovating the homes here, we also had to budget for all kinds of operational cost just to make sure the community in which those houses are located remained functional. For example, one may not realize that it costs over half a million dollars annually to see to the cleaning, snow and waste removal as well as grass cutting of the site’s common areas. While seeing to the operational needs of the site is essential, I realize how important the appearance of kitchens and bathrooms are for our families. They want contemporary functionality in those spaces of their homes. That’s why we have upgraded kitchens in 52 vacant units and renovated 36 bathrooms in occupied units. In addition, we also replaced hardwood floors in 36 units and replaced roofs on 65 units. We must continuously strive to simultaneously provide availability of housing to meet the demands while maintaining some units vacant for these major work projects that can only be done in an empty unit. It’s a balancing act at best! We must maintain realistic goals and use our resources of time, funds and contractor availability to best achieve this continuation of work. We are proud of our achievements and are continuously exploring options to maintain this trend in future years!”

► Guy Lafrance
HSC PETAWAWA MANAGER



“ Seeing to the needs of 1,455 homes that make up our site here in Gagetown is no small task, especially knowing how many deserving CAF members and their families depend on us to provide them with the housing solutions they need. In FY 2011-2012, we spent over \$9 million improving, renovating, and adjusting the portfolio. To make the best long term use of our available funds, we spent some of that money disposing of 37 housing units that were deemed beyond economical repair. These 37 disposals, however, were only a very small part of everything that was done this year. For example, we replaced windows or siding in 232 housing units, both in certain cases; we repaired the foundations and improved the water drainage of another 147 units; and, we renovated the kitchens and bathrooms of 95 units. We constructed 100 sheds, 21 garages, and a brand new, fully barrier-free home suitable for a family with distinctive requirements. Our project work is prioritized based on need and in accordance with our rigorous health and safety standards. We look forward to the continued implementation of projects aimed at improving the quality of life of CAF families. ”

► Laura Clowater-Peters
HSC GAGETOWN MANAGER



“ HSC Halifax’s locally-managed improvement projects for 2011-2012 went well beyond the scope of simply seeing to the regular maintenance and servicing of our 480 units. A total of 167 houses had either roof replacement, replacement of steps, landings, railings and walkways or their driveways repaired, widened or completely repaved. All row houses had their wood siding repaired or repainted. Additionally, upgrades were done on a number of heritage homes, such as roof, siding, flooring, bathrooms and foundation repair. Work of this nature is always delicate given the heritage status of some of these residences and our obligation to maintain their heritage character. In a broader-based project in Shearwater, all old retaining rock cages and cement walls were replaced with modern block walls and improved landscaping to address safety issues, instantly modernizing and enhancing the neighbourhood community feel and appearance, because we never forget these are homes, not just a housing site. We strive, year after year, to do more with our allocated funding, and improve the quality of our housing for serving members. ”

► Margaret Brown
HSC HALIFAX MANAGER



Creating Communities

“ At CFHA, we believe that people who feel a sense of belonging lead happier and healthier lives. Consequently, we work hard to turn our housing sites into strong, vibrant communities. ”

► **Éric Perrault**
REGIONAL HOUSING PORTFOLIO MANAGER
(QUEBEC AND EASTERN)



HSCs submitted a number of their initiatives to the *Communities in Bloom National Program* by integrating their work into their respective base or wing submission. In this way, the Agency strives to communicate and encourage participation in community efforts towards sustainable development, civic pride, environmental responsibility, beautification and community involvement.

Specifically, Comox, Cold Lake, Shilo, Petawawa, and Kingston all submitted a number of their initiatives to the competition. HSC Comox saw to the “greening” of fences to enhance the aesthetic value to the housing community and to increase the privacy of individual units. They even equipped every row house with its own storage shed. HSC Cold Lake, as part of its application, described its

existing recycling and tree and shrub programs, the latter providing occupants with a voucher to buy locally available plants to beautify their homes. Grass seed, topsoil, and landscape ties are also provided by the HSC to all interested occupants. HSC Shilo noted the construction of its barrier-free accessible housing and its beautification projects, including the construction and updating of its fencing, siding and steps. HSC Petawawa contributed to Operation Clean Sweep by instituting a clean-up week and creating semi-enclosed garbage areas for apartment residents to store their waste and recycle bins tidily. And finally, HSC Kingston highlighted its roadside compost pickup, and the landscaping and gardening work done in Babin Park.

Though CFHA is mandated to manage Crown-controlled housing by tending to the construction, renovation and maintenance of the DND housing portfolio, it aspires to much more. Agency projects and programs strive to create cohesive communities that CAF members and their families are proud to call home. Without a doubt, CAF households take a prominent and exemplary role in the creation of such communities, and CFHA works hard to complement those efforts by creating environments in which those communities can flourish. For example, in FY 2011-2012, several

“Sandra Rideout has worked with us for the past 16 years, providing great customer service and ensuring that each CAF member’s transition to 5 Wing Goose Bay is as smooth as possible. When allocating housing units, fellow staff members often hear Sandra bringing interested CAF members up to speed on local area activities such as fishing, snowmobiling, game hunting, boating and cottage living. Her extra, personalized efforts help communicate to our new residents the character of the community they are joining and all the opportunities that come with a posting “on the Goose”; but her passion for all that is Labrador runs even deeper. She also has a tremendous love for traditional Labrador craft work, which she inherited from her aunts, mother and grandmother. Because of her devotion to Labrador’s traditions, Sandra was selected to represent the province at the 2012 Northern Lights Convention and Trade Show, held in Ottawa in February 2012, and then further honoured with the Queen Elizabeth II Diamond Jubilee Medal.”

► **Art Hinks**
HSC GOOSE BAY MANAGER

A Vibrant Workforce



“ At CFHA, we believe that a safe, healthy, and supportive workplace helps us recruit and retain the very best employees; employees who are best suited to, and care most about providing the services our customers need. Simply put, by caring for our employees, we ensure that they are ready to care for the CAF families that choose to live in the communities we help build.”

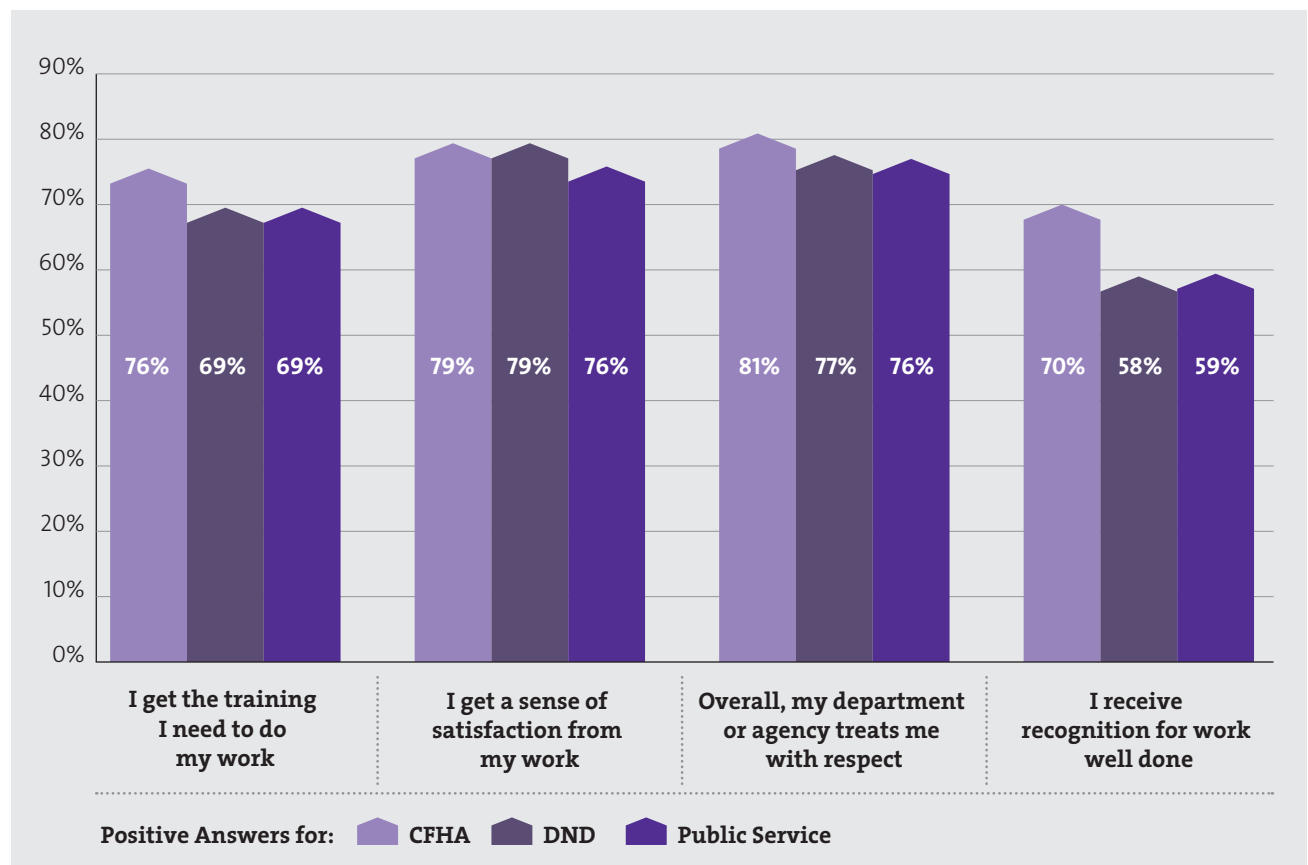
► Louis Gauthier
GENERAL MANAGER – CORPORATE SERVICES

To provide its customers with the best possible service, CFHA works hard to create an environment in which employees can excel both personally and professionally. The results of the 2011 Public Service Employee Survey, especially when coupled with the Agency's strides towards achieving Level 3 in the Healthy Workplace stream of Excellence Canada's Progressive Excellence Program, provide clear evidence that CFHA is both an exceptionally capable workforce, and a workforce that cares deeply about providing the very best service to its customers, clients and stakeholders.

The 2011 Public Service Employee Survey revealed that CFHA excelled in some significant ways relative to both DND and to the Public Service as a whole. For instance, out of a total of 67 questions, the Agency scored higher than DND on 54 questions, the same on 5 questions, and lower on only 8 questions.

Additionally, some spectacular gains were made in comparison to the 2008 results. The two most notable improvements, given the relative increase in the number of positive responses received, related to collective agreement and ethical dilemmas or conflicts. In the first

case, there was a 10 percentage point jump in responses to the question of whether it is felt that senior management respects the provisions of collective agreements. In the second case, an even more impressive 11 percentage point jump was made in responses to the question of whether employees know where to go when faced with an ethical dilemma or conflict. This means that, not only does CFHA do better relative to DND and the public service as a whole, but it is in a state of improvement relative to its already impressive performance.



CFHA also complemented its success at fostering an atmosphere conducive to personal excellence by allowing the individual strengths of its employees to contribute positively to the broader projects and programs, thereby reinforcing its effectiveness at the corporate level. For instance, the first two stages of a Process Management Project were a series of consultations with Agency staff and management to ensure that key processes were identified and prioritized for review. The Agency also strengthened

cross-divisional, functional information-sharing and problem-solving processes by instituting the Head Office Level 4 Managers Forum, which meets every month, and is comprised of all employees who report directly to General Managers. CFHA improved the means of communication with its stakeholders, such as the Base and Wing Commanders who are the custodians of residential housing sites, by launching a web-based information platform which provides them with comprehensive descriptions of

housing policies, portfolios, and the improvement projects planned as well as funding allocated for each site for the current year. As a final example of the Agency's strides towards corporate excellence, it also held regular Healthy Workplace Committee meetings to consult with and engage staff, to learn how to better integrate wellness into its workplace culture.

“In FY 2011-2012, CFHA approved my request to participate in the Civilian Personnel Education Support Program. The program is designed to provide its participants with the time and financial support they need to pursue their full-time studies, and as a result better contribute to the work of their department. Personally, I was able to complete my Bachelor of Commerce and pursue my ambition of working in human resources. Now, thanks to my participation in the program, not only has my own career become far more rewarding, but I can help my peers, who provided me with such outstanding support, achieve their own career aspirations.”

► Julie Bédard
REGIONAL OPERATIONS SUPPORT OFFICER





Effective and Responsible Stewardship of Resources



“In this ongoing period of fiscal constraint, every expenditure that we consider must be analyzed and assessed very cautiously and result in a direct or indirect improvement of either the housing we manage or the services we provide. Choosing amongst the various opportunities to modernize, maintain, construct and adapt our portfolio must be done carefully in order to ensure that while we tend to our occupants’ current requirements, we also maintain our ability to tend to their future and sometimes unexpected needs.”

► Jill Carleton
GENERAL MANAGER – STRATEGIC PLANNING AND GOVERNANCE

Providing CAF members and their families with a portfolio of wide-ranging and innovative housing solutions requires that the sometimes complementary and competing operational and demographic priorities of the CAF and housing occupants are carefully balanced. Moreover, because CFHA's budget is limited almost exclusively to the rent revenue collected, and because the Agency is striving to further reduce its dependence on DND, it must ensure that each investment in the portfolio increases its value. To this end, CFHA develops and continuously adapts its national housing investment strategy by dedicating a very small, but extremely important portion of its annual budget to short and long term real property investment planning.

In FY 2011-2012, CFHA invested nearly \$1.4 million in a three-tiered planning and review program that assesses its current portfolio, its relation to our short and long term requirements, and existing investment options. For instance, Agency staff initiated the 3rd generation of a five-year Strategic Site Plans cyclical review, improving upon the comprehensiveness of those Strategic Site Plans by increasing the extent of the consultation with the local Base and Wing Commanders as well as municipal governments and by adjusting them to account for those changes that have taken place since their last review. CFHA also developed a set of guidelines, which identified key factors and

principles to be considered when developing options for site improvements or to identify ideal locations for new construction within a given site. This approach can help foster a more cohesive sense of community while minimizing the need for additional investment in site or municipal infrastructure. The Agency also conducted three rental market analyses and one combined rental market and urban planning analysis to verify whether or not there had been any change in the local municipalities' ability to meet the needs of CAF members and their families for rental housing. Because CFHA is mandated to provide housing options where the local housing market cannot, employees are required to continuously assess the state of the local housing market surrounding each DND housing site. To this end, staff analyzed the availability, accessibility, affordability and suitability of the housing available on the private market at Borden, Esquimalt, Halifax and Winnipeg. As a result,

CFHA is better suited to identify the priorities specific to those sites and ensure that the value of each dollar collected from occupants is maximized to bridge any gaps between the private market and DND's requirements.

This three-tiered planning process culminates in a Program Review Board. In FY 2011-2012, CFHA strengthened this review board in order to accelerate the approval process for the projects that it deemed the most valuable, cost-effective and time-sensitive investment options. These ongoing and ever refined planning processes, coupled with the strengthened work of the internal Program Review Board, allows the Agency to provide a clear and ready justification for the object of the proposed re-investments into DND's housing portfolio. CFHA is, as a result, not only re-injecting back into the portfolio over 80% of the revenue collected, but doing so in a more effective, efficient and transparent way.

“CFHA's Program Review Board process has been refined over the past year into what I believe to be an open and fair prioritization and project approval process that engages all levels of the organization, including its DND partners and stakeholders, in a transparent manner. As a result, CFHA can ensure that all available funds are distributed appropriately and equitably across the various regions and housing sites, addressing health and safety issues first and foremost. The Program Review Board process also allows the Agency to plan the delivery of its work program in a more proactive manner, to assign resources efficiently, and to expedite the delivery of its construction and renovation projects, thereby ensuring it gets more bang for its buck.”

► **Carrie Fortier**

ADM(IE) DIRECTOR REAL PROPERTY MANAGEMENT

Moving Forward



Empowered by the Defence Strategic Executive Committee decision on February 7th, 2012 that DND has a continued need for residential housing to support the CAF, which has been established at 11,858 units across the country, the department must now assess whether or not its current organizational structure and funding model are best suited to ensure that those residential needs are met.

Specifically, as part of Phase II of the Accommodation Policy Review, ADM(IE) will undertake in FY 2012-2013 a Service Delivery Options analysis in order to determine how DND can best deliver in the most effective way possible, and with little or no reliance on the department for capital funding, a housing program that meets the defined requirements of the CAF, including the need for a recapitalized portfolio. CFHA will have a big part to play in supporting ADM(IE) in this initiative.

Additionally, Agency staff will be conducting a series of process mapping exercises to ensure that the policies already in place are administered and implemented as efficiently as possible, are easy to understand, and are applied in a consistent manner at all residential housing sites across Canada.

While the status and structure of the Agency may be subject to change, its customer service orientation and focus will remain. CFHA will continue to develop the redefined Customer Service Program by instituting a two-tiered training program. The first tier will be directed externally and will aim to establish the highest possible customer service norms, and to standardize those norms nationally. The second tier will be directed internally, and aim to provide the best possible client services, ensuring that frontline staff are always provided with the support they need to efficiently and effectively respond to customer issues. In conjunction with this training program, the Agency will also institute recurrent national and regional surveys to evaluate the program's effectiveness, and a National Customer Service Committee to enable the exchange of creative and effective ideas to be shared amongst the various housing sites across Canada. Those initiatives, coupled with the increased consultation and involvement of housing stakeholders, will allow the Agency to better capture, understand, and rise to the ever changing needs of CAF members and their families.

CFHA's dedication to providing excellent customer and client services has been confirmed by Excellence Canada's invitation to participate in developing a new Integrated Progressive Excellence Program. The popularity and effectiveness of Excellence Canada's program led to the evolution of an increasingly complex network of sub-programs targeting specific types of organizations and their various excellence goals. In an effort to streamline and standardize its programs, and to facilitate each of its participant's ability to evaluate itself against other participating organizations, Excellence Canada has undertaken a consolidation project and asked CFHA to participate in its development. CFHA has agreed to help, and will look into adopting this new system once its more rigorous evaluative principles are put in place.

In FY 2012-2013, CFHA will also finalize and adopt a Communication Strategy in order to ensure that all communications are well coordinated, effectively managed and responsive to the information needs of its external and internal audiences, while at the same time supporting CFHA and DND/CAF priorities and the Government of Canada's Communications Policy. With the implementation of its Communication Strategy, the Agency will be better able to progress towards achieving

the next level of Excellence Canada's Integrated Progressive Excellence Program. CFHA will also be able to develop a Stakeholder Engagement Plan which will facilitate efforts to work together with partners and stakeholders to achieve their shared operational objectives. This nationally coordinated strategy, which will be implemented at all Agency levels, will ensure that key clients, stakeholders and business partners are informed and engaged in a timely manner by the right Agency representative on all issues that affect the delivery of housing services to CAF members and their families.

Finally, as the journey towards excellence on which CFHA embarked is never-ending, the Agency will continue to look for efficiencies and find ways to improve services to ensure that the highest possible amount of revenue dollars is invested back into DND's housing portfolio.

Annex A – Financial Statement

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012 and all information contained in these statements rests with the management of CFHA. These financial statements have been prepared by management in accordance with TBS accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

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

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, and are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The CFHA financial statements have not been audited.

Approved By:



Dominique Francoeur
CHIEF EXECUTIVE OFFICER
CANADIAN FORCES HOUSING AGENCY



Natasha Tchentsova
GENERAL MANAGER
FINANCE, PLANNING AND RESOURCE
MANAGEMENT

Statement of Financial Position (Unaudited)

As at March 31

(in thousands of dollars)	2012	2011
Assets		
<i>Financial Assets</i>		
Accounts Receivable (Note 4)	132	173
	132	173
<i>Non-Financial Assets</i>		
Tangible Capital Assets (Note 5)	123,487	101,325
	123,487	101,325
Total	123,619	101,498
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	21,908	16,588
Vacation Pay and Compensatory Leave	730	782
Employee Severance Benefits (Note 8)	2,535	4,261
	25,173	21,631
Equity of Canada	98,446	79,867
Total	123,619	101,498

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

Statement of Operations (Unaudited)

For the year ended March 31

(in thousands of dollars)	2012	2011
Care and support to the CAF and contribution to Canadian society		
Operating Expenses		
Maintenance and Repair	69,566	51,682
Salaries and Employee Benefits	19,388	20,735
Professional and Special Services	12,004	8,835
Utilities, Materials and Supplies	6,427	6,661
Accommodation	4,735	4,458
Amortization (Note 5)	4,552	3,746
Other Services	3,000	10,132
Travel	1,035	882
Expenses Related to Tangible Assets (Note 5)	518	388
Communication	215	263
Equipment and Other Rentals	115	111
Bad Debts	101	81
Other	27	15
Advertising, Printing and Related Services	17	32
Loss on Disposal of Tangible Capital Assets	9	71
Total Operating Expenses	121,709	108,092
Revenues		
Shelter Charges	89,632	88,788
Miscellaneous Revenues (Note 6)	5,994	5,491
Total Revenues	95,626	94,279
Net Cost of Operations	26,083	13,813

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

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

Statement of Equity of Canada (Unaudited)

For the year ended March 31

(in thousands of dollars)	2012	2011
Equity of Canada, beginning of year	79,867	71,525
Net Cost of Operations	(26,083)	(13,813)
Current Funding Used (Note 3)	48,707	25,660
Change in Net Position in the Consolidated Revenue Fund (Note 3)	(5,665)	(5,127)
Services Received Without Charge from Other Government Departments (Note 9)	1,620	1,622
Equity of Canada, end of year	98,446	79,867

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

Statement of Cash Flow (Unaudited)

For the year ended March 31

(in thousands of dollars)	2012	2011
Operating Activities		
Net Cost of Operations	26,083	13,813
Non-Cash Items		
Amortization of Tangible Capital Assets (Note 5)	(4,552)	(3,746)
(Loss) Gain on Disposal and Write-down of Tangible Capital Assets	(9)	(71)
Services Provided Without Charge by Other Government Departments (Note 9)	(1,620)	(1,622)
Variations in Statement of Financial Position		
Increase (decrease) in Accounts Receivable	(41)	(62)
(Increase) decrease in Liabilities	(3,542)	(5,250)
Cash Used by Operating Activities	16,319	3,062
Capital Investment Activities		
Acquisitions of Tangible Capital Assets (Note 5)	26,723	17,471
Cash used by Capital Investment Activities	26,723	17,471
Net Cash Provided by Government of Canada	(43,042)	(20,533)

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

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

Notes to the Financial Statement (Unaudited)

1. Authority and Purpose

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

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

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with TBS accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

(a) Net Voting Authority

CFHA receives authority to operate net voting from Parliament with the approval of DND main estimates. Net Voting is the authority to expend revenues generated by shelter charges to offset related expenditure.

The Agency also receives additional funding from Departmental appropriations to provide DND-directed activities.

(b) Net Cash Provided by Government of Canada

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

(c) Change in net position in the CRF

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

(d) Revenues

Revenues from shelter charges are recognized in the accounts based on the services provided in the year.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on the accrual basis:

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

i. Pension benefits

Eligible civilian employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the total Agency's obligation to the Plan. Current legislation does not require DND to make contributions for any actuarial deficiencies of the Plan.

ii. Severance benefits

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

(g) Accounts receivables

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

(h) Contingent liabilities – Claims and Litigations

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. (Refer to Note 10 of these financial statements)

(i) Tangible capital assets

All tangible capital assets, having an initial cost of \$30,000 or more, including capital leases, betterments and leasehold improvements, are recorded at their acquisition cost. Capitalization threshold values lower than \$30,000 may apply to certain assets such as vehicles and repairables.

The Agency does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on First Nations Reserves and museum collections.

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

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

(j) Measurement uncertainty

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

3. Reconciliation of Current Year Funding Used**(a) Reconciliation of Net Cost of Operations to Current Year Funding Used**

(in thousands of dollars)	2012	2011
Net Cost of Operations	26,083	13,813
Adjustments for items affecting Net Cost of Operations but not affecting Funding:		
Amortization of Tangible Capital Assets (Note 5)	(4,552)	(3,746)
Vacation Pay and Compensatory Leave	50	200
Employee Severance Benefits	1,727	(328)
Adjustment to Previous Year's Accounts Payable	406	133
Services Provided Without Charge by Other Government Departments (Note 9)	(1,620)	(1,622)
Loss on Disposal of Tangible Capital Assets (Note 5)	(9)	(71)
Other	(101)	(190)
	21,984	8,189
Adjustments for items not affecting Net Cost of Operations but affecting Funding:		
Acquisitions of Tangible Capital Assets (Note 5)	26,723	17,471
Current Year Funding Used	48,707	25,660

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

(in thousands of dollars)	2012	2011
Net Cash Provided by Government	43,042	20,533
Revenue not available for Spending		
Change in Net Position in the Consolidated Revenue Fund		
(Increase) Decrease in Accounts Receivable and Advances	41	62
(Decrease) Increase in Accounts Payable, Accrued Liabilities and Transfer Payments Payables	5,319	5,122
Adjustment to Previous Year's Accounts Payable	406	133
Other Adjustments	(101)	(190)
	5,665	5,127
Current Year Funding Used	48,707	25,660

4. Accounts Receivable and Advances

(in thousands of dollars)	2012	2011
Receivables from Other Federal Government Departments and Agencies	45	75
Receivables from External Parties	789	700
Gross Accounts Receivable	834	775
Less: Allowance for Doubtful Accounts on External Receivables	(702)	(602)
Total	132	173

5. Tangible Capital Assets

Tangible Capital Assets					
(in thousands of dollars)	Opening Balance	Acquisitions	Transfer	Disposals	Closing Balance
Residential Houses	110,430		17,991	(61)	128,360
Work in progress	10,054	26,723	(17,991)		18,787
Total Tangible Capital Assets	120,484	26,723	-	(61)	147,147

Accumulated Amortization				
(in thousands of dollars)	Opening Balance	Current Year Amortization	Disposals and Transfers	Closing Balance
Residential Houses	19,160	4,552	(52)	23,660
Total Tangible Capital Assets	19,160	4,552	(52)	23,660

Net Book Value		
(in thousands of dollars)	2012	2011
Residential Houses	104,700	91,270
Work in progress	18,787	10,054
Total Net Book Value	123,487	101,324

Amortization expenses for the year ended March 31, 2012 is \$4,551,657 (2011 – \$3,745,907).

The expenses related to tangible assets include those assets that were not capitalized because they were lower than the capitalization threshold established by the Agency.

CFHA-managed residential housing assets were transferred from DND at the time of CFHA formation with “o” cost value instead of a historical cost of the assets and fully amortized value because the residential housing portfolio was more than 50 years old and there was a lack of accurate cost information dating back to that time. The realty replacement cost of residential housing assets was approximately \$1.787 billion and the number of CFHA owned housing units is 12,524 at March 31, 2012.

6. Miscellaneous Revenues

(in thousands of dollars)	2012	2011
Recovery of Utility Charges	4,404	4,196
Recovery from Foreign Military Training	1,258	1,024
Others	331	271
Total	5,994	5,491

7. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	2012	2011
Federal Government Departments and Agencies	4,449	3,557
External Parties		
Accounts Payable	16,603	12,285
Accrued Salaries	10	27
Other Liabilities	846	719
Total Accounts Payable and Accrued Liabilities	21,908	16,588

8. Employee Future Benefits

(a) Pension Benefits

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

Both the employees and the Department contribute to the cost of the Plan. The expense presented below represented approximately 1.8 times (1.9 in 2010-11) the employees’ contributions.

(in thousands of dollars)	2012	2011
Pension Expense	2,111	1,630

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

(b) Severance Benefits

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

(in thousands of dollars)	2012	2011
Accrued Future Benefit Obligation, beginning of year	4,261	3,933
Expense for the Year	(3)	711
Benefits paid during the year	(1,723)	(383)
Accrued Future Benefit Obligation, end of year	2,535	4,261

9. Related Party Transactions

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

(a) Services Received Without Charge

Also, during the year, the Department received without charge from other departments, accommodation, audit services, the employer's contribution to the health and dental insurance plans, and workers' compensation coverage. These services without charge have been recognized in the Department's Statement of Operations as follows:

(in thousands of dollars)	2012	2011
Accommodation provided by Public Works and Government Services Canada	-	-
Employer's contributions to the health and dental insurance plans paid by TBS	1,620	1,622
Audit services provided by the Office of the Auditor General	-	-
Workers' compensation coverage provided by Human Resources and Skills Development Canada	-	-
Total	1,620	1,622

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

b) Payable Outstanding at the Year End with Related Parties

(in thousands of dollars)	2012	2011
Accounts Payable to Other Government Departments and Agencies	4,449	3,557

10. Contractual Obligations

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

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

(in thousands of dollars)	2012-13	2013-14	2014-15	2015-16	2016-17 and thereafter	Total
Project	16,104	2,256	-	-	-	18,360
Operating Lease	1,096	939	920	864	857	4,676

11. Contingent Liabilities

There is an initiated litigation against Her Majesty the Queen in Right of the Department of National Defence for damages involving leases for the provision of housing in Halifax. The leases in question date back to 1963; CFHA has been managing these leases since April 1996. DND has communicated the necessary information to the Office of the Auditor General in the context of its year-end audit.

Annex B

Contact Information and Abbreviations Used in this Report

Mailing Address

Canadian Forces Housing Agency

National Defence Headquarters
Major-General Georges R. Pearkes Building
101 Colonel By Drive, Ottawa ON K1A 0K2

General Inquiries: 1-888-459-CFHA (2342)

Fax: 613-998-8060



Abbreviations Used in this Report

ADM(IE)	Assistant Deputy Minister (Infrastructure and Environment)
CAF	Canadian Armed Forces
CFHA	Canadian Forces Housing Agency
CRF	Consolidated Revenue Fund
DND	Department of National Defence
FY	Fiscal Year
HSC	Housing Services Centre
IE	Infrastructure and Environment
SWE	Salary Wage Envelope
TBS	Treasury Board Secretariat