



STRATEGIC PLAN
2022-2025

**Canadian Forces Morale
and Welfare Services**



CFMWS. INVESTED IN YOUR LIFE.

Since its inception, as then Canadian Forces Personnel Support Agency and now as Canadian Forces Morale and Welfare Services (CFMWS) we have shown a clear and unwavering commitment to making life better for you, the people we serve and your families.

Through a balanced approach to wellness, we deliver programs and services that move beyond just physical fitness to holistically delivering **a cohesive package that includes mental, social, physical and financial wellness in order to address those critical domains of wellness that directly impact the Canadian Armed Forces operational readiness.**

Our offerings are custom designed to create a sense of belonging. Whether this belonging is shaped through the connection of sports or leisure activities, the friendships formed at the Mess or while participating in a family program, or the trust built with your financial advisor or local retail provider, we are there to help your communities grow and prosper.

Our employees understand your unique lifestyle. They are passionate, driven, invested and proud to deliver programs and services designed to create vibrancy and a sense of belonging regardless of the location. CFMWS' focused commitment to our members' health and well-being provides a unique value proposition for the Government of Canada through a Non Public Property social enterprise model that reinvests profits back into programs and services enhancing the Defence and Security community's resilience. We serve those who serve Canada.

This has always been our promise. Today, more than ever, all of our energy remains focused on keeping this pledge to each and every one of you. Wherever you are, whenever you need it.



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EXECUTIVE SUMMARY

CFMWS aims to provide a balanced approach to wellness. Our programs and services contribute to operational readiness by making our members stronger at the individual and community levels. Members who are stronger mentally, socially, physically and financially are better prepared to serve our country whether they serve in the CAF or on the home front as family or veteran members. CFMWS has a part to play in building this strength by fulfilling our core responsibilities delivered through two separate legal foundations: the separate employer responsibilities for the Staff of Non-Public Funds, Canadian Forces (SNPF, CF) and the policies and operations of the Non-Public Property (NPP) Accountability Framework.

The 10-year strategy and this supporting three-year strategic plan (FY 2022-23 to 2024-25) primarily focus on initiatives that improve the experience for the next generation of members and employees while at the same time mitigating risks to operations. We continue to adapt to a rapidly changing world, and this plan addresses risk developing in the areas of financial sustainability, cyber security, changing consumer demands, technology-based business disruption, and the impact of COVID on business continuity.

For all three years of this Strategic Plan, CFMWS has prioritized mission-critical objectives to fulfill on our core responsibilities and promote financial stability. The mission critical priority category includes disaster recovery, cyber security, new consumer demands for CANEX, new legislative employer obligations, compliance to applicable federal acts and overall governance improvement. These activities are vital to ensure that CFMWS remains on a sound foundation by providing an effective NPP Framework for a myriad of operations while continuing to be one of the Public Service's best separate employers.

This year, CFMWS will continue to address outstanding mission critical initiatives, but also address more of the foundational priorities. These initiatives address major gaps in our backend operations and are absolutely critical to many of our risk mitigation strategies. Strategic advancements are also dependent on these essential initiatives, including the replacement of APS 110 with a modern framework between CFMWS and CAF/DND and the codification of service standard work. Once addressed, CFMWS will be able to fully optimize our programs and services with transformational changes. Organizations that permit growth without creating the proper processes become overly complex, inefficient, inconsistent and difficult to control, which adds cost and risk to the business. To continue as a viable and lean social enterprise, CFMWS needs to create a scalable organization with repeatable enterprise processes and solutions that reduce redundancy and rework. This can be achieved through increased business maturity at the enterprise level. Investment in the foundational initiatives allows CFMWS to meet federal obligations and improve governance, security and performance measurement.

While the CFMWS Strategy, *Healthy Members, Stronger Communities*, outlines the desired multi-year change agenda necessary for the future success of our mission and vision, the majority of effort as described above in this three-year strategic plan is focused on mission-critical and foundational initiatives. However, some growth and transformational activities will still be planned that will move the milestones across our six strategic change-agenda initiatives:

- Member-Centric Digital Transformation
- Improved Employee Experience and Culture



- Enterprise Data Management Program
- Modernized Business Model & Delivery Approach
- Business Development and Growth Strategy
- Infrastructure and Real Property Strategy

All of the activities driving change throughout our business lines are managed through a portfolio of prioritized actionable objectives and measurable targets. They include the development of a new business model, a member experience management system, process automation at the enterprise level and increased expansion and exploration of market diversification.

PERFORMANCE FOR 2021-2022

Although this is a rolling three-year plan that adjusts on an annual basis, the strategic goals that are integrated into our logic model, remain consistent. Therefore, our performance is measured not only against each individual objective but also against the long-term strategic outcomes that will result in us achieving the vision in our 10-year strategy.

Throughout the year, CFMWS measures and monitors its progress to achieving the strategic goals. These are seen in our internal quarterly reports, our various performance measurement dashboards at the strategic, program and tactical levels, and our CFMWS Annual Report, which is released in September and gives the full details on the achievements as we move towards our multi-year and long-range goals.

This year, even in the face of continued volatility and ambiguity of the pandemic, strategic successes were recorded across all three strategic priorities and six strategic initiatives. COVID-19 restrictions continued to impact local NPP services, including PSP offerings and CANEX retail operations on Bases and Wings dramatically. But as a member-centric organization our focus remained on the member's changing needs and our programs and services continued

building CAF members' self-reliance, resilience and readiness by enhancing their mental, social, physical and financial wellbeing. With our three strategic priorities at the forefront, we applied robust business strategies and provided cost-effective delivery of new and innovative initiatives in order to realize our mission as an effective service provider within the Defence and Security industry.

Approximately 30% of the total three-year objectives were successfully completed in FY 2021-2022, placing us right on track to achieve our overall goals. For the full list of accomplishments, please refer to the CFMWS Annual Report.

STRATEGIC FOCUS OF 2022-23

Executing the strategic objectives for the fiscal year 2022-23 will require the investment of time, money and human resources by CFMWS, regardless of whether the objectives are mission-critical, foundational or transformational. Prioritization and sequencing within each of these groupings are based on a weighted measurement of risk, complexity, resource management and overall benefit to the enterprise. Organizational and funding capacities determine and drive the timing of both single and multi-year activities.

CFMWS relies significantly on two sources of NPP investment revenue (\$28 million including Base/Wing dividends) to fund its operations. These two sources are the returns on investments from the Canadian Forces Central Fund (CFCF) and the SISIP Financial Segregated Fund. The investments in the CFCF consist of the money deposited by NPP entities for safe keeping and accounting, and are invested on behalf of those entities in order to fund their NPP activities. The SISIP Financial Segregated Fund consists of monies held as reserve against the insurance policies paid for by members along with any money accumulated by investment of that reserve.

However, in order for CFMWS to continue to deliver the mandated morale and welfare responsibilities, including Canadian Armed Forces (CAF) programs, family programs and governance, a consistent, predictable Public Fund reimbursement from the Department of National Defence (DND) is paramount. Public financial resources in Funds C108 (Military Family Services (MFS)) and C109 (Morale and Welfare) need to be baseline funded such that CFMWS has a consistent revenue source for the delivery of existing services and new demands. Approximately 84 per cent of the costs associated with DND reimbursement in Fund C109 is attributed to salaries of SNPF, CF. In order to maintain the workforce necessary to deliver its mandate, CFMWS must be able to count on those funds consistently year over year. It cannot effectively plan for future fiscal years when funding decisions are made in one-year increments.

FINANCIAL PLAN

The Financial Plan portion of this Strategic Plan recognizes the risk that comes from relying on two primary sources of investment revenue to fund operations. The CANEX and SISIP Financial Business Plans have been carefully developed to mitigate these risks. Globalization, rapid home delivery, and a corresponding shift in consumer taste have dramatically impacted the marketplace in which CANEX and local NPP non-profit operations (SIAs) compete for customers. The new marketplace demographics are intensely competitive, narrowcast, and experience-focused, and has resulted in more competition than the traditional brick-and-mortar competitors. Market segmentation splits a traditionally homogenous CAF marketplace while globalized web stores bring competitors into traditionally remote CAF locations. From a micro-market perspective, these demographic factors also impact local NPP operations such as SIAs and fee-based recreational activities. Mitigation strategies such as Endless Aisle and Marketplace expansion using local merchants are showing improvements in

CANEX's bottom line. Similarly, the modernization of SISIP's business approach including expanding advisory and administrative teams, improving operational efficiencies, enhancing investment portfolio solutions, launching new website as we expand member and client access to channels.

CFMWS will focus on regulatory requirements, including legislative and fiduciary requirements and program integrity priorities. They require a blend of NPP as outlined in this plan and incremental public funds which are being sought from DND to achieve the plan's outcomes. Incremental public funds are necessary to meet governance deficiencies identified in audits, expectations of CAF leadership to deliver programs in accordance with the CFMWS mandate, as well as a 3.5% economic increase for SNPF, CF, based Consumer Price Index (CPI). It also includes the costs for actions necessary to be compliant with the new regulations on prevention of harassment and violence in the workplace, the new Federal Pay Equity Act. CFMWS has applied a great deal of scrutiny in categorizing the program integrity activities to include only those which are mission critical and foundational in supporting key risk mitigation strategies.

In order for CFMWS to continue to deliver the mandated morale and welfare responsibilities, including Canadian Armed Forces (CAF) programs, family programs and governance, a consistent, predictable Public Fund reimbursement from the Department of National Defence (DND) is paramount. Approximately 84 per cent of the costs associated with DND reimbursement in Fund C109 is attributed to salaries of SNPF, CF. CFMWS must be able to count on those funds consistently year over year to maintain the workforce necessary to deliver its mandate. Continued investment in technology ensures the governance of NPP activities in a modernized framework, improve the member experience, and protect the enterprise against cyber threats through the Technology Investment Plan (TIP). This is a cost shared by both DND and NPP.



To address observations and gaps identified in the Audit of NPP governance, strategic management, and business planning, CFMWS is meeting these requirements through enhanced corporate governance at the executive level and augmenting human capacity to provide an effective Corporate Secretary function.

Additionally, the key business model documents (APS 110 and VCDS 3/96) that currently govern the support from DND/CAF and the provision of services to DND/CAF through the Non-Public Property framework have, over time, become outdated, unclear and in need of revision. The funding arrangements with DND in the current form make it increasingly difficult to address the challenges and issues CFMWS faces when providing programs to CAF, meeting employer obligations and in providing NPP governance oversight to the CAF on behalf of the CDS. That is why one of the six strategic initiatives is the development of a new, modernized business model and delivery approach (including funding arrangements). With direction from the Strategic Oversight Committee (SOC), this work will continue over the next two years, remaining aligned and developed in conjunction with the CMP comprehensive review.

As a rolling three-year strategic plan, the objectives and goals found in the strategic roadmap section of this document are monitored and assessed by the management team on an ongoing basis. These assessments are now included in the internal quarterly reports for enterprise insights. Quarterly changes are used in part to inform any strategic adjustments found in this year's strategic plan.

As part of our continuous improvement plan for its performance measurement methodology, CFMWS will lay the building blocks to begin employing next-generation performance reporting through intelligent analytics. A primary focus will be on the performance measurement framework and data and analytics foundational work required as part of the business model replacement work.

This means advancing our Performance Measurement Framework beyond measuring our past performance on outcomes and objectives through key performance indicators (KPIs), but also setting specific goals in moving towards an integrated strategic framework that links key risk indicators (KRIs) and divisional KPIs through foundational programs such as Enterprise Data Management Program, the codification of Service Standards the and Annual Evaluation Plan. CFMWS continues to strive towards a solid foundation and an advanced plan to ensure relevance in serving our members, providing publicly reimbursed services to the CAF and others through an effective and efficient NPP Framework, while solidifying our reputation as a good employer of choice.

Throughout the Strategic Plan, the term member refers to the entire community that CFMWS serves:

- **Regular and Reserve Force**
- **Veterans**
- **Families**
- **All others eligible for CF One membership.**





A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



The past year, 2021-2022, has been one of agility and tenacity for CFMWS.

Now as CFMWS charts the path from survival to revival, it is important that we turn our focus to the well-being of our employees and put in place mechanisms that will ensure they are protected from burnout and exhaustion.

Talent retention remains a major risk on our watch list and in our Corporate Risk Profile. Our ability to retain and recruit knowledge workers especially in the more competitive markets of remote working is a huge and growing problem across every business line. That combined with retirements from long serving experts has created a need to ensure that effective talent management strategies are applied. CFMWS will focus heavily in this strategic plan on employee issues from implementation of pay equity legislation, diversity and inclusion, wellness strategies, digital transformation and a total compensation talent management approach.

The other significant focus for CFMWS will be the replacement of the outdated APS-110 document and VCDS 3/96 and the creation of modern fiscal and governance arrangements with DND. This is a foundational requirement to update what has been a successful 25-year alternate service delivery model for DND/CAF but is not designed to meet the needs of a modern separate government of Canada employer and an increasingly complex and risky business environment for Non-Public Property operations.

While the shift to a member-centric organization remains a key initiative, the next step in achieving the goals outlined in our 10-year visioning strategy, *Healthy Members, Strong Communities* is focused on our employees and a revised enterprise business

model that will address our current and future risks for our member owned social enterprise.

The 2022-25 strategic plan is designed to not only ensure our core requirements as a separate employer in the Public Service and the NPP Framework are compliant with regulation and best practices but also to help solidify CFMWS as a strong enterprise with one united voice and common purpose.

Our strategic and operational focus will remain on the three strategic priorities:

- Exceptional Member & Employee Experience
- Business Maturity & Innovation
- Financial Sustainability

Whether military, veteran or civilian background, we work as one team in mutual collaboration to provide the best possible solution to the challenges of life in the communities we support. As stewards of our membership's property, CFMWS employees have and will continue to act with integrity in all endeavors. Over the history of Morale and Welfare operations, and especially now as we continue to adapt to the ongoing challenges presented by the pandemic, innovation has been key to meeting the needs of the community. As digital services become woven into the social fabric of life, we will continue to bring both our creativity and the interpersonal care of our members by providing modern personalized digitalized services to them. It is an exciting time for CFMWS and we look forward to improving our services and our members' lives.

Sean N. Cantelon

Managing Director Non-Public Property, and
Chief Executive Officer Staff of the Non-Public Funds
Canadian Forces Morale and Welfare Services
Government of Canada





OVERVIEW

Canadian Forces Morale and Welfare Services operates as a social enterprise¹, with the fundamental goal to create programs and services that positively impact the health and well-being of those we serve and their families.

Operating under the Non-Public Property accountability framework, CFMWS integrates several revenue sources to create a seamless morale and welfare delivery stream. Working on behalf of the Chief of the Defence Staff (CDS) and under the authority of the Minister of National Defence (MND), CFMWS is a trusted partner to the Defence enterprise that creates real value for the Canadian Armed Forces community and Canada.

As a member-centric organization, **we are committed to supporting a culture where our employees understand our members and deeply care about their mental, social, physical and financial well-being.** With this understanding, we anticipate their needs in order to provide a great experience with every interaction.

CFMWS employees are also part of the military community and uniquely positioned to improve our members' lives by delivering responsive programs and services that are custom designed to support operational readiness.

Guided by our values, our mission contributes to Canada and the CAF's mission by building healthier, stronger, more resilient communities, one individual at a time. Our vision for an enhanced and integrated delivery system of mental, social, physical and financial services will use our cohesive strength to ensure the wellbeing of our collective community at home and around the world.

¹ Social Enterprise is defined as an organization, that is directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims. Social enterprises are one more tool for non-profits to use to meet their mission to contribute to healthy communities. Social Enterprise Council of Canada (SECC).



Our mission contributes to the CAF by building healthier, stronger and more resilient communities, one individual at a time.



MISSION

We make our members stronger.

- Healthier People
- Stronger Communities
- Better Canada

VISION

Improving lives around the world.

- Mentally
- Socially
- Physically
- Financially



VALUES

We put our people first - We **CARE** for our members, our community and one another.

We act with **INTEGRITY** and strive to do the right thing. We say what we mean and do what we say.

We are one **TEAM** - We have each other's back and get it done together for our members.

We constantly look for new ideas and find **CREATIVE** ways to provide our members with the best possible experience.



STRATEGY AND RISK



STRATEGIC PLANNING FRAMEWORK

CFMWS' comprehensive strategic framework aims to align strategic planning, risk and opportunity management while monitoring and reporting on performance through improved and eventually advanced data analytics.

Using the COSO Enterprise Risk Management model¹ as a foundational standard, CFMWS' strategic framework will provide a holistic view of the intersections between risk, strategy and

performance. The benefits of using an integrated and comprehensive strategic framework include increased business value at the enterprise level, assessment of risks and opportunity results at all stages of the strategic management (planning, execution and monitoring), and a cohesive approach to bridge organizational gaps and identify collaborative opportunities.

ENTERPRISE RISK MANAGEMENT USING THE COSO MODEL



Figure 1: Enterprise Risk Management Using the COSO model

Integrating strategy, risk and performance clarifies the importance of embedding a cohesive framework throughout an organization—because risk influences and aligns strategy and performance across all departments and functions. CFMWS' comprehensive Strategic Framework expands upon COSO's Enterprise Risk Management to look at the performance of the business objectives (KPIs) as well as the positive or negative impact of risk on those business objectives (KRIs).

¹ COSO Enterprise Risk Management - Integrating with Strategy and Performance [2017] Committee of Sponsoring Organizations of the Treadway Commission (COSO). All rights reserved. Used with permission.

² Adapted from (PwC, June 2017) - <https://www.coso.org/Documents/2017-COSO-ERM-Integrating-with-Strategy-and-Performance-Executive-Summary.pdf>



Governance & Culture

- 1. Exercises Board Risk Oversight
- 2. Establishes Operating Structures
- 3. Defines Desired Culture
- 4. Demonstrates Commitment to Core Values
- 5. Attracts, Develops, and Retains Capable Individuals



Strategy & Objective-Setting

- 6. Analyzes Business Context
- 7. Defines Risk Appetite
- 8. Evaluates Alternative Strategies
- 9. Formulates Business Objectives



Performance

- 10. Identifies Risk
- 11. Assesses Severity of Risk
- 12. Prioritizes Risks
- 13. Implements Risk Responses
- 14. Develops Portfolio View



Review & Revision

- 15. Assesses Substantial Change
- 16. Reviews Risk and Performance
- 17. Pursues Improvement in Enterprise Risk Management



Information, Communication & Reporting

- 18. Leverages Information and Technology
- 19. Communicates Risk Information
- 20. Reports on Risk, Culture, and Performance¹

This is a pivot away from traditional risk management, where risk is evaluated primarily against an already determined strategy. With a holistic view that incorporates the Government of Canada recommended 3 lines of risk defence, CFMWS can watch for industry disruptions, remain aware of ever-changing opportunities, and recognize the challenges that will occur in pursuit of those opportunities. Optimizing strategy,

performance and data analytics, strategic decisions can be looked at as an enterprise. In essence, it is building an enterprise value chain that connects the 10-year strategy (mission, vision and values) to our organizational capabilities, resource structures and management systems. By measuring risk and reward at all stages of the enterprise value chain, CFMWS is better prepared to adapt to internal and external risks more quickly and cohesively.

ENVIRONMENTAL SCAN AND IDENTIFIED RISKS

Changing Horizon - The New Normal

As we approach the 2-year mark since COVID-19 presented a systemic risk and impact of global proportions, CFMWS is charting a path to guide the organization to the next stage of the new normal and the new risks that it produces.

Since March 2020, COVID-19 has demonstrated the integrated nature of the world’s economy, from leisure activities to supply chains. The pandemic has acted as a catalyst in the digitization of social activity from work to recreation. Our members, who collectively make up a community that is more than one million strong, have unique challenges but are also a reflection of the changing demographic landscape of Canadian and a global society. In order

to stay relevant, CFMWS must remain flexible and adaptable to the changing needs of our members.

To achieve our strategic goals, CFMWS assesses external and internal environmental trends and uses a risk-informed approach to address any threats or opportunities. Risk management practices are built into existing governance and organizational structures, including the alignment of broader and more operational-based risks with the strategic and business planning process. This methodology ensures risk exposure is included in the decision-making process at the corporate controls and front-line business levels.

¹ Adapted from (PwC, June 2017) - <https://www.coso.org/Documents/2017-COSO-ERM-Integrating-with-Strategy-and-Performance-Executive-Summary.pdf>

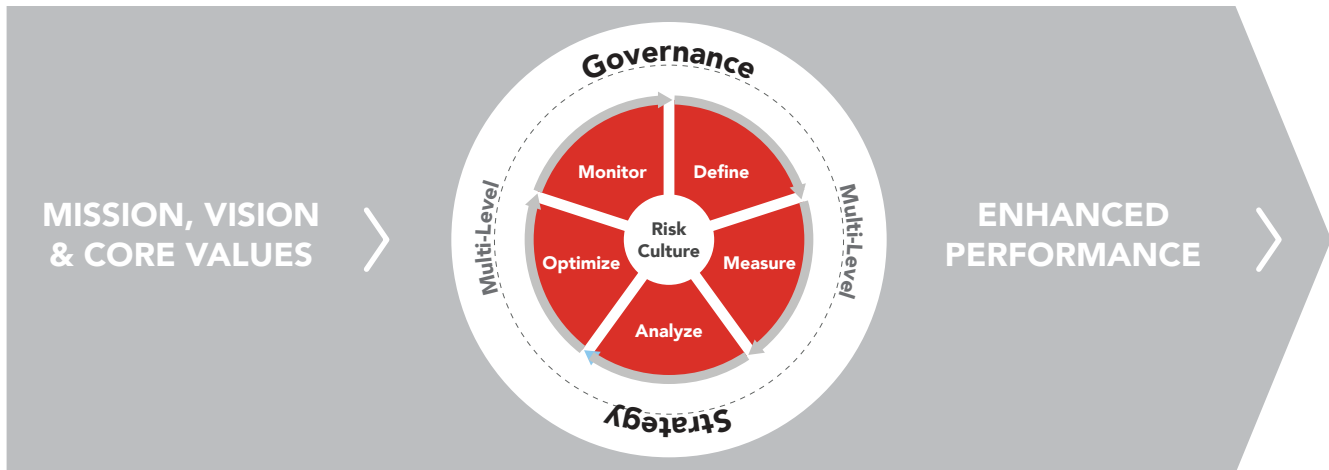


Figure 2: Risk Management Lifecycle including Strategy and PM

The 10-year strategy and the approved roadmap for the rolling three-year strategic plan primarily focus on initiatives that improve the member and employee experience while navigating choke-points and mitigating risks to operations. Outcomes are based on changing consumer demands as we move to the next generation of members.

Although this is a three-year strategic plan, on an annual basis, CFMWS conducts an environmental scan of external and internal trends to ensure the strategic goals remain relevant and impactful and at the same time are within the organization's risk appetite outlined in the CFMWS Corporate Risk Profile. This year the environmental scan considered the following three areas as major contributors:

1. Membership experience research conducted by Janet Leblanc and Associates,
2. Base/Wing Commanders concerns expressed at the Base and Wing Commanders' forum; and
3. International Internal Auditors (IIA) annual risk review - On Risk 2022.

Using these three inputs, the CFMWS risk watch list for 2022 remains similar to other organizations of our size and complexity. It includes, but is not limited to, cybersecurity, talent recruitment and retention, economic and political volatility, supply chain disruption, rapidly changing demographics and technology demands.

CFMWS applies the enterprise risk appetite to prioritize the strategic objectives in order to achieve our mission and vision. This means strategic objectives that mitigate financial, legal and security threats are considered mission critical or foundational. At the same time CFMWS recognizes that accepting some risk is necessary in order to innovate and elevate business maturity. To do this, CFMWS must show a balanced approach to its strategic activities and also include some transformational advancements across all three strategic priorities and six strategic initiatives.

Therefore, over the next 12 to 24 months, CFMWS will continue to respond to new legislative obligations, revenue generation opportunities, cost efficiency activities, and the necessary foundational work that allows us to remain agile and reactive to external risks. These activities will ensure that CFMWS remains flexible enough to adapt to changing conditions in an evolving landscape and at the same time create and preserve value for our current and future member needs. When there is an opportunity to modernize or innovate service delivery, CFMWS will optimize or exploit certain risks (such as technology investments through the TIP) in order to improve efficiencies and profitability as a means to enhance relevant services for the members through the social enterprise methodology.



The following highlights a few key identified risks areas that CFMWS will focus on to mitigate risk and/or exploit changing environments during the timelines of this strategic plan. For a full view of CFMWS' identified top risks and their treatment solutions, please refer to the CFMWS Corporate Risk Profile for 2022-23.

EXCEPTIONAL MEMBER AND EMPLOYEE EXPERIENCE

Demographic trends and societal changes will impact both the CFMWS workforce and the members we serve across Canada and internationally.

MEMBER EXPERIENCE

Changing Membership Demographics: Over the next 24 months, businesses across all sectors will continue to see significant shifts in consumer demands and behaviour. Understanding the changing demographics of our employees and our members is critical for our success. Millennials make up the largest, most diverse and best-educated cohort of all Canadians. Referred to as the connected generation, they are particularly active online both socially and as consumers. Research also shows that they like to stay ahead of trends rather than staying loyal to any particular brand. Because they range in age from 20 to 40 years old, they are the cohort making the most significant purchases and experiencing life-changing events.¹

Globalization, rapid home delivery, and a corresponding shift in consumer taste have dramatically impacted the marketplace in which CANEX and local NPP non-profit operations Specialty Interest Activities (SIAs) compete for customers. The new marketplace demographics are intensely competitive, narrowcast, and experience-focused. The impact on the CAF community that

CFMWS serves as a social enterprise has resulted in more competition than the traditional local brick-and-mortar competitors. Market segmentation splits a traditionally homogenous CAF marketplace while globalized online stores bring competitors into traditionally remote CAF locations. The online marketplace is hyper-competitive requiring a constant investment in IS and creative marketing. From a micro-market perspective, these demographic factors also impact local NPP operations such as SIAs and fee-based recreational activities. Mitigation strategies such as Endless Aisle and Marketplace expansion using local merchants are showing improvements in CANEX's bottom line. This strategic plan continues to build on these successes as well as the modernization of SISIP's business approach including expanding advisory and administrative teams, improving operational efficiencies, enhancing investment portfolio solutions, launching new website as we expand member and client access to channels.

Global Supply Chain: Disruption to the global supply chain is expected to continue into the next year and impact across CFMWS' retail and technology arms. Similar to the pandemic, CFMWS is subject to the impact, but has little control over the risk mitigation at the industry level, such as increasing container fleets and infrastructure like ports, roads and bridges. Therefore, the strategic activities spelled out in this plan are instead focused on those that will ensure business continuity as we weather this supply chain storm.

EMPLOYEE EXPERIENCE

Talent Retention: The five distinct generations in the workforce combined with changing work patterns (i.e., virtual, remote, hybrid, and frontline work in a pandemic) bring added complexity to CFMWS achieving our goal of engaged and valued employee experience. Yet, aging populations are reducing the number of available workers, making it even more challenging to find skilled employees

¹ The Next Normal, Business Trends for 2021, McKinsey

and knowledge workers, especially in remote areas or for those competencies that are in high demand such as technology. First coined by McKinsey in 1997, the “War for Talent” refers to the impact of the baby boomers retiring from the workforce, which would create an intense competition to attract and retain employees. This competition has become increasingly fiercer as the baby boomer exodus coincides with the shift in priorities created by the prolonged COVID impact. In fact, according to a recent Microsoft global study¹, more than 40% of the workforce is planning on leaving their employer this year. For CFMWS this trend is already being felt across all business lines and our technology division is particularly being hit hard with an exit of more than 27% of the workforce and the top talent being actively recruited.

CFMWS has several risk mitigation strategies to address this ongoing and major threat:

Pay Equity: The Pay Equity Act will require federally regulated employers to establish a pay equity plan within three years after the Act comes into force. In what might seem like an ample transition period, there are many elements that must be implemented in preparation for that date. CFMWS will need to continue the process it started in FY 21/22 to ensure full implementation and compliance. Enforcement and education will also be required. While pay equity is an identified risk in and of itself, done right the program itself can be a good opportunity to improve employee trust, by understand that all jobs have been evaluated for pay equity purposes in partnership with our union representatives.

Collective Bargaining 2022-23 to 2025-26: We are predicting that a global mandate will not be released by Treasury Board until late Summer or early Fall of 2022. The impact for CFMWS will be a late start in our negotiation process, which will imply retroactive payments for employees, causing a financial risk for operations. CFMWS has 11 collective agreements expiring in 2022.

The mitigation strategy is to go to the table for as many locations as possible in 2022 with the aim of getting back on schedule for those agreements expiring in 2023.

Hybrid Workplace: The organization adjusted rapidly to working from anywhere with enhanced workplace tools and a wide array of virtual services. CFMWS’ ability to accommodate distributed and mobile workforces is one strategy that will mitigate the increasing recruiting problem in the highly competitive technology sector. Retention opportunities are also available with a work from anywhere approach as flexible work arrangements can contribute to diversified compensation plans by allowing employees to work remotely from more affordable parts of the country, making the compensation packages more competitive. Hybrid and flexible work agreements also provide CFMWS with an option to retain employees whose spouses are posted to another city or who have family members who require their support during a health crisis. As CFMWS transitions to a future looking workplace with a hybrid component, the organization will have a heavier reliance on streaming technology and cloud-based solutions. Recent employee surveys indicated our employees would look for flexibility in remote work, and office space will become more collaborative, inviting more innovation and creativity.

Social Purpose: CFMWS is a social enterprise that is committed to improving the lives of its members (mentally, socially, physically and financially). Its business model is not built for profit but one that reinvests back into the communities in which it is embedded. Millennials, given their age, are the generation with the highest recruitment potential. They also place a higher value on organizations with a social purpose and high ethical priorities. Work is underway to continue to strengthen CFMWS’ culture of value and ethics. The “Respect in the Workplace” program launched in 2019 will

¹ Microsoft releases findings and considerations from one year of remote work in Work Trend Index, 22 March 2021



undergo a refreshment in 2022 to reinvigorate how CFMWS supports an inclusive, open and diverse workplace.

BUSINESS MATURITY AND INNOVATION

Modern Business Model: The key documents (APS 110 and VCDS 3/96) governing the support from DND/CAF and the provision of services to DND/CAF through the Non-Public Property framework have, over time, become outdated, unclear and in need of revision. In a review of funding, Assistant Deputy Minister (Review Services) (ADM(RS)) directed, inter-alia, that Chief Military Personnel (CMP), should develop a Service Level Agreement (SLA) with CFMWS to clearly outline the types and levels of services to be provided commensurate with approved levels of public funding. In order to assist with this work, CFMWS established the APS-110 Replacement Strategic Oversight Committee to consider and recommend options to modernize the current funding approach and service delivery standards for CFMWS delivered M&W programs and NPP/SNPF, CF governance and to develop the appropriate legal agreement with DND/CAF. Supporting work such as performance measurement and service standard framework are designed to advance business maturity and are pre-requisites for any future MOUs. These efforts are part of the larger mitigation strategy required to address the costs of delivering services to the CAF Community and the risks that these costs might have changed beyond CFMWS' capacity. This will require CFMWS to adjust both enterprise and local NPP business operations models.

Data and Technology: In all sectors, organizations are experiencing significant disruption due to technology's accelerating pace, which facilitates a growing ease of mass data collection and analysis

and creating both new risks and new opportunities. This growth forces all industries to re-evaluate traditional versus born-digital business models and their ability to leverage data and new technology to survive and thrive in the fourth industrial revolution. Additionally, overnight shifts in consumer demand means historical data is no longer as relevant and able to accurately predict the future. However, as an organization that delivers retail, insurance, financial and community programs/services to its membership, a large component of which is millennial or younger, the need for data driven decisions will continue to increase and it will be critical that CFMWS keeps pace with the speed and breadth of technology change.

Data protection legislation, such as Europe's General Data Protection Regulations (GDPR), and the modernization of Canada's data protection laws, including the Privacy Act all require a certain level of data governance and data management action from organizations. Several foundational activities in this strategy address these requirements.

Cybersecurity is a growing risk for all organizations and government departments. Threats can include nation-states, criminals (individuals and syndicates), hackers, and even insiders. Each of these might have similar or different motivations such as financial gain, political statements, corporate or government espionage and or military advantage.

As CFMWS continues to evolve, it needs to consider all the various possible exposures and the probability of loss when assessing cybersecurity risk, including the amount of data (including personal, employment and financial information) that it requires and retains to provide relevant and continuous services to our members and employees. That is why, cybersecurity activities are listed at all three levels of prioritization within this strategic plan.

FINANCIAL SUSTAINABILITY

Economic and Political Volatility: CFMWS uses the outsourced chief investment officer model to manage the CFCF and SISIP Segregated Fund investments. The investment portfolio is subject to market risk and the global economic environment, over which CFMWS has no direct control. There is always a risk of loss of value of the funds and subsequent impact on the long-term plans for NPP reinvestment. Investment risks will continue to be managed through the investment criteria and limits from the investment policy. Further, there is tailored and frequent management review of the investment policy and economic factors impacting returns leveraging the NPP Investment Committee.

For the real property investment of Queensway Corporate Campus, adverse market conditions such as interest rate, vacancy rate, resale value, facility maintenance cost could significantly reduce cash flow and property values. As these factors increase or decrease, the cash flow and property values for NPP Real Property will fluctuate. CFMWS retains a property management company to manage the day-to-day transactions of the Campus.





THE LEGAL FOUNDATIONS OF CFMWS

Working on behalf of the Chief of the Defence Staff and under the authority of the Minister of National Defence, CFMWS is an administrative construct that acts as a trusted partner in the Defence enterprise. Every day, our employees deliver programs and services committed to our mission of making life better for the people we serve and their families. To do this, CFMWS works in a unique blended environment founded upon two separate legal foundations, Staff of the Non-Public Funds, Canadian Forces and the NPP accountability framework.

The Staff of the Non-Public Funds, Canadian Forces (SNPF, CF) is a separate agency under Schedule V of the FAA and is neither a part of the core public administration nor subject to the Public Service Employment Act. This Agency, which employs the more than 4,000 people and plays the primary role in the delivery of morale and welfare services administered by CFMWS, is managed by a Chief Executive Officer (CEO) who is appointed by the CDS.

As outlined in the National Defence Act¹, Non Public Property (NPP) is a special class of Crown property administered through NPP organizations together with monies derived from that property.

¹ NDA Section 2; 38-41

Essentially, the NDA creates a “trust-like” relationship with the CDS or Unit Commanding Officers as trustee and our members as beneficiaries. The authority to approve the purpose for which NPP is used is vested in the CDS.

Section 41 of the NDA states that NPP is not subject to the Financial Administration Act (FAA). This is due to the fact that NPP revenue is not received from the taxpayer via Parliament and Votes. NPP revenue is generated by the payment for services by the members of the CAF, Veterans and their families. The CDS, through the executive management team of CFMWS, has established a comprehensive NPP accountability framework that ensures the effective exercise of the fiduciary responsibilities of those entrusted with NPP operations and administration. This framework is separate from the Government of Canada’s Public framework. The NPP accountability framework reflects the requirements of Canadian Generally Accepted Accounting Principles (GAAP) and as well as the principles of prudence and probity upon which the Government of Canada’s public accountability framework is based.



CFMWS is a partner within the Defence enterprise.



As a separate employer, SNPF, CF has the flexibility to deliver services that meet our members' needs.

CORE RESPONSIBILITIES

STAFF OF THE NON-PUBLIC FUNDS, CANADIAN FORCES (SNPF, CF)

CFMWS employs SNPF, CF and uses the NPP accountability framework to control and deliver the programs in a unique social enterprise business model that not only creates real value for the CAF community but also reinvests into health and wellness programs, which make the members and their communities stronger.

As a separate employer, as defined in Schedule V of the FAA, SNPF, CF, has the flexibility required to manage the workforce to deliver services that meet our members' changing needs.

It also means that SNPF, CF employees are public servants, subject to federal labour laws and regulations where applicable, but not members of the core public administration employed and governed by the Treasury Board.

As a separate employer within the federal public administration, there are several federal employment statutes and regulations that CFMWS must follow. These include the Federal Labour Regulations, Official Languages Act, the Public Service Labour Relations Act, Part II of the Canada Labour Code, the Employment Equity Act, the Canadian Human Rights Act and the Canadian Charter of Rights and Freedoms (dealing with the protection of personal rights and freedoms, equality of treatment and providing a means to challenge government decisions, programs and laws). These acts create a core framework around which our employment policies must remain current and relevant. This is a core requirement that CFMWS

must meet in the operation of our activities. Our employees are the foundation upon which we provide services to our membership.

SNPF, CF is one of the largest separate employers in the Public Service and, our employees are paid by revenues received for services. The wide variety of services delivered through the NPP entities has created a more complex business model than found in most Crown Corporations or Separate Agencies. CFMWS has more than 4,000 employees in 39 locations in Canada and abroad, and we operate under distinctly separate terms and conditions of employment. Our compensation regime is entirely separate and uniquely designed to meet the mandate, goals and objectives of CFMWS. Our employees, who are responsible for daily operations under the NPP accountability framework, receive their compensation with NPP Funds.

The CEO of the SNPF, CF also has the fiduciary responsibility for the Canadian Forces Non-Public Funds Employees' Pension Plan as he or she acts as both the plan administrator and the plan sponsor on behalf of our employees. The SNPF, CF acts through a Pension Board and the Pension Investment Committee to carry out these duties.

Acting at arm's length from the core public service administration, with independent governance and an oversight program, SNPF, CF has an invaluable amount of flexibility on how we staff our jobs and pay our people.



NON-PUBLIC PROPERTY ACCOUNTABILITY FRAMEWORK

CFMWS, as an organization, is responsible for administering Non-Public Property (NPP) on behalf of the Chief of the Defence Staff (CDS) and for delivering selected public morale and welfare programs, services, as decided by the leadership of the CAF and DND through what was known as an Alternate Service Delivery model in 1996. Since 1996, CFMWS and its predecessor organizations such as CFPSA has used the NPP Framework to provide cost effective and agile service to DND/CAF with the NPP Framework and the Staff of the Non Public Funds. The NPP Accountability Framework contains: property and other physical assets, a payment system, a private banking system and market investments. Crown NPP has distinct private business relationships, its own contracting authorities, regulatory experts and separate privacy accountabilities. It also has a separate IT network, software licenses, and manages charitable funds as a qualified crown donee.

The NPP accountability framework blends both government and industry best practices to create an agile and streamlined suite of policies and fiscal pay processing system that governs the operation of over 1,300 NPP administrative entities. This plan ensures that the NPP accountability remains secure, transparent, accountable and effective to support the wide variety of NPP entities' operations.

The framework also encompasses many federal legislation elements and is elaborated and regulated through policies issued by and/or on behalf of the CDS. This includes, but is not limited to, the Canadian Environmental Protection Act, Privacy Act, Access to Information Act, and the General Data Protection Regulation, along with several corporate policies covering procurement, contracting, financial and accounting controls and systems.

CFMWS acts as the national NPP service delivery agent for the CDS through Personnel Support Programs, Military Family Services, SISIP Financial and CANEX. Critically, CFMWS also acts as the NPP accountability framework's regulatory holder on behalf of the CDS. This core responsibility is carried out through Finance, Human Resources, Information Services and Corporate divisions. NPP policies guide all of the NPP entities from military museums to unit funds. CFMWS runs an efficient, effective and independently audited financial framework and processing system for all NPP activities. This system processes billions of dollars annually through the Consolidated Bank Account (Annex A).

CFMWS management is fiducially responsible to the CDS for the operations of the Canadian Forces Central Fund (CFCF) as a core activity. CFMWS must ensure that this core responsibility remains secure, transparent, accountable and effective in order to support all NPP operations internationally, nationally or locally.

Commanding Officers are responsible for the morale and welfare of the troops within their command. As such, NPP is vested in Unit Commanding Officers and they use it to provide CAF members with morale and welfare services needed to remain battle ready. This includes a full range of fitness, sports and recreation; family and charitable support; retail and personal financial services that enable CAF members to focus on operational effectiveness and better tackle the unique challenges of military life.





PROGRAM DELIVERY

CFMWS delivers programs and services that address gaps and optimize the entire military community's health and wellness. Local NPP entities set their objectives and outcomes as determined by their governing body, and they operate these programs within the NPP Framework. These programs are supported in their activities by the SNPF and NPP Frameworks through the work of CFMWS Finance, Human Resources, Information Services and Corporate Divisions. CFMWS provides them with guidance as applicable to their charter documents. For national programs, CFMWS provides programs that are informed by and reflect the policy goals of the following strategies:

- Strong, Secure and Engaged: Canada's Defence Policy
- The CAF/DND Total Health and Wellness Strategy
- The CAF Integrated Health Strategy
- BALANCE - the CAF Physical Performance Strategy
- The CAF/VAC Joint Suicide Prevention Strategy
- The CAF Comprehensive Military Family Strategy
- The Seamless Canada Intergovernmental Sessions
- The CAF Family Covenant
- Parameters for Practice for MFRCs

Veterans Affairs Canada funds tailored programs for Veteran families. Customized services are also provided to the Canadian Space Agency, the RCMP, the Coast Guard and Cadets. These programs are governed by a Memorandum of Understanding between CFMWS in its NPP Crown status and the other Crown organizations as per Government of Canada regulations. The programs are operated under an at-cost basis and no surplus income is provided to CFMWS or other NPP entities.

Blending publicly reimbursed funds for select CAF programs with NPP revenue funded services, CFMWS contributes directly to the CAF operational readiness by addressing four dimensions of wellness. CFMWS governance costs are shared with DND on

behalf of the MND, and surplus revenue from NPP activities. This is a distinctly different model from Crown Corporations and other Federal Separate Agencies who receive partial or all of their funds from parliament directly for their governance and services as set out in their respective statutory legislation.

By providing a full range of fitness, sports, health promotion, recreation and leisure activities, family and charitable support, and retail and personal financial services, CFMWS enables the Defence community to focus on operational effectiveness and tackle the unique challenges of military life. The following is a high-level summary of the divisional outputs that CFMWS delivers to achieve our mission via two groups-operational divisions and support divisions.

Personnel Support Programs Division (PSP)

The PSP division executes the CFMWS mission by researching, developing and delivering programs and services that contribute to the operational readiness of the Canadian Armed Forces and enhance the wellness of their families and the military community. Programs and services include fitness, sport, health promotion, recreation, messes (regular force and reserve force), museum and specialty interest activities, sponsorship and donation programs as well as specialized programs for both our ill and injured cf newspapers, (soldier on), special operations forces and all SNPF, CF and NPP matters for deployment operations. A world leader in human performance research, PSP also provides custom services to other Federal government organizations who leverage the expertise developed for the CAF to meet their own unique human operating environment.



CANEX Division

A member-focused commercial operation, CANEX operates like the CAF's cooperative retail purveyor. For over 50 years, CANEX has delivered a diversified offering of retail products and services that meet the unique needs of CAF members, their families, and the broader Defence community. Through our understanding of our members and injecting relevancy throughout their lifetime journey, CANEX offers exclusive benefits through our No Interest Credit Plan, Price Match Guarantee, Members-Only pricing, CANEX Rewards program, and an assortment of curated products from our TACTIX and Kit Shop collection. These programs and services are offered through our many retail channels: CANEX.ca, Retail Stores, CF Appreciation program, National Affinity programs. CANEX also provides distinctive support offerings through national partners such as The Personal Insurance Co. (home and auto insurance), Bank of Montreal (banking) and National Concessions for food and services across Canada. Examples of these partnerships include Aramark Foods, Tim Hortons' restaurants and coffee kiosks, Canada Post, and local concessions including barbershops, tailors, real estate, medical and health services and more all designed to meet the local needs of our members.

SISIP Financial Division

SISIP Financial offers an unparalleled understanding of the financial needs of the CAF community along with a commitment to deliver objective advice through a team of salaried and accredited advisors who provide in-person and virtual (video, phone, webinar) service to clients. SISIP Financial focuses on enhancing member well-being through a variety of core services. They perform a thorough analysis of the CAF Pension Plan and options for releasing members. SISIP Financial tailors financial plans and constructs investment portfolios to supplement CAF pension plan income created to enhance members' fiscal flexibility. As a trusted long-term partner of a military lifestyle, SISIP Financial evaluates insurance needs to ensure members/families are protected for unforeseen events. Reimbursed for counselling

services by DND, SISIP Financial supports members in financial distress with empathy and complete privacy by tailoring debt management plans, including preventative care for the future. SISIP also administers the CAF Long Term Disability program in partnership with the Plan insurer, Manulife. As part of building a more resilient CAF, SISIP Financial delivers financial education and literacy among the CAF Community to help members build a financially secure future while making informed choices about their current needs.

Military Family Services Division (MFS)

The MFS supports our CAF members' families and medically-released Veterans in Canada and around the world. Through various distinct programs, MFS supports families through the unique challenges of the military lifestyle including, frequent relocations, prolonged absences and serious illness, injury, and sometimes death. Variety of programs and services are available directly by MFS, either in-person, virtually, or through established partnerships to address families' mental health, social relationships, and well-being. DND primarily reimburses these programs; however, MFS leverages donations through Support Our Troops-the official charitable cause of the Canadian Armed Forces is managed by MFS and used to fill gaps in services and provide additional flexibility in meeting family needs

Finance Division

This Division provides financial and accounting services to over 1300 NPP entities such as unit funds, messes, base funds and SIAs. Service delivery consists of a presence at CFMWS Headquarters, a National Office at CFB Borden as well as local representatives at bases and wings throughout the CAF. In addition to financial and accounting services, the Division is the CFMWS authority for the following:

- Canadian Forces Central Fund (CFCF) Investments
- CDS Delegation of Financial Authorities for Financial Administration of NPP

- Consolidated Insurance Program (CIP)
- NPP Compliance and Assurance program
- NPP Financial Policies

Human Resources Division (HR)

Support over 4,000 SNPF, CF personnel with employee numbers fluctuating throughout the year to meet seasonal and deployment support needs. Through three directorates, the division provides: the development of HR strategies, total compensation programs, and maintains the integrity of process administration and pension, benefits and payroll data. They also develop workplace programs, which include Collective Bargaining, Employee Relations, Wellness, Diversity and Inclusion, Official Languages, Recognition, Learning and Development, HR Information Services and Occupational Health and Safety.

The Centre for Conflict Resolution and Ethics (CCRE) provides SNPF, CF employees with guidance, support and encouragement to enhance their well-being and further the organization's performance and risk mitigation. In building and maintaining a respectful workplace, they support the organization in attracting and retaining a strong and motivated workforce, establishing norms for ethical operations that garner support from key stakeholders, and effectively achieving the strategic objectives on a sustained basis.

Information Services (IS)

The IS Division provides CFMWS with a complete range of IM/IT services to support the delivery of morale and welfare programs to the military community. The Division's primary focus is maintaining and operating the NPP network (NPPNet) that supports CFMWS headquarters, Corporate divisions, Base/Wing Commanders, CANEX, SISIP Financial, MFS, and PSP in the delivery of programs/services across Bases/Wings in Canada and Europe. The Division's secondary focus

is the ongoing management and implementation of IM/IT programs and projects on behalf of CFMWS to support the modernization of the NPP business process to be more efficient and relevant to the CAF Community. All projects are delivered under the Digital Enterprise Plan (DEP). The funding is sourced either from other divisions' operational budget or the NPP Technology Investment Plan (TIP) financial framework and aligns with the project priorities set by the Strategic Plan.

Corporate Services Division

The Corporate Services team is responsible for numerous governance functions that support CFMWS and all NPP entities as a whole, including Legal Services, Access to Information and Privacy (ATIP), NPP Infrastructure and Property Management, NPP Contracting, NPP Environmental Protection, Travel services and NPP education, including the fundamental certification courses.

Corporate Communications, Marketing and Stakeholder Relations

This multi-disciplinary team provides integrated services to CFMWS in the following areas: Communications, internal/external, crisis and issues management, public relations, media relations, stakeholder relations, translation services, CFOne membership management and experience, member customer service, marketing, digital experience, creative designs including video production, research and business insights. These professionals are there to assist the divisions in listening to the voice of the members, employees and stakeholders and to provide the tools, mechanisms and campaigns to create a two-way dialogue with target audiences. As trusted and highly valued professionals within the organization, the team is sought upon to provide support to the CFMWS' divisions and business units.



STRATEGIC PLAN AND OBJECTIVES

The CFMWS' aspirational vision is one of improving our members' lives through services that contribute to their physical, social, mental and financial well-being via the cohesive delivery of an integrated social enterprise. To achieve this outcome, **CFMWS and all of its business lines must move from individual divisional business models to one that is synchronized at a strategic level across all lines of operation.**

The three areas presenting the most risk to CFMWS and identified in our 2021-2022 Corporate Risk Profile are financial sustainability, technology risks that will disrupt internal business practices, and changing demographics for employees and members. Over the course of the next decade and implemented through the rolling three-year strategic plans and the annual business planning process, our Strategic Plan will address those risks through the following three strategic priorities:

- Member and Employee Experience
- Business Maturity and Innovation
- Financial Sustainability

CFMWS deliberately chose *these three targeted areas because they are foundational to building a mature and sustainable enterprise-wide business model.* As outlined in the 10-year visioning strategy, *Healthy Members, Strong Communities*, it is expected to take several years to accomplish these goals. This Strategic Plan builds on these priorities through the strategic objectives that support our core responsibilities, optimize our current programs and services, and through six strategic transformational areas of focus that make up our change agenda. All of the activities supporting the core responsibilities, programs, and driving

change throughout our business lines are managed through a portfolio of actionable objectives and measurable targets. To achieve success, each initiative is developed with a stepped design that will allow for critical paths, dependencies and resources to be prioritized and aligned. By aligning our action plans with our enterprise change agenda and not just individual divisional plans, we are able to recognize competing demands, duplication of effort and opportunities for collaboration and internal partnerships. Each year, the initiatives are monitored and adjusted based upon the unfolding business environment. Supporting our Strategic Plan, CFMWS Divisional Operational Plans provide more detail to our cascade agendas, whereas our Annual Business Plan (outlined at 4.0 Financial Overview) provides the financial oversight required to achieve our goals and objectives.

EXCEPTIONAL MEMBER AND EMPLOYEE EXPERIENCE

CFMWS strongly believes in taking care of our employees who support our CAF community and increase the value of the services we provide to our members. The digital transformation of our business and the shift to an employee and member-centric focus puts the customer and employee experiences at the heart of our organization, and it is key to our future success. This will be accomplished over the next three years through two key strategic transformational initiatives: Member-Centric Digital Transformation and Employee Experience and Culture.

Member-Centric Digital Transformation

The Member-centric digital transformation strategic Initiative is a multi-year initiative that will transform our business interaction from product-centric to member-centric at every stage of the members' journey. In today's world, *much of this member-focused shift cannot be accomplished without addressing the increased demands in a digital space.* The key to achieving a successful transformation to Digital Services is consistency in process across the wide range of NPP activities. A prerequisite for software projects will be streamlined process mapping to reduce the risk of project failure. The Member-centric digital transformation initiative includes not just new approaches to member experiences through divisional initiatives, but also the implementation of the Member-Centric Digital Transformation program, which includes the Member Experience Management system; a new centralized website and an intranet tool for our employees; and an extranet for our stakeholders (MFRCs, Base/Wing Commanders, Audit Committee and NPP Board).

KEY OBJECTIVES:

- To provide a seamless member experience and acutely personalized services as measured by member experience data.
- Create a member-centric experience that caters to members' and their families' needs based on their career/life stage and geographic location in a way that is predictive, easy to use, intuitive and task-oriented.
- Drive traffic, engage prospects, generate leads and re-engage existing members through marketing and sales.
- Foster increased trust and user engagement, leading to increased use of services by members and their families.

KEY OUTCOMES:

- A set of integrated solutions that ensure clients' continued trust, and enable the organization to foster an experiential member-centric delivery of services through cross-organization collaboration.
- Member use insights and data to drive campaigns, target segments and personalize the experience, boosting business lead generation and opportunities.
- A fully connected online ecosystem enabled by data and technology, and create a single member-facing entity to present all that CFMWS has to offer.

Improved Employee Experience and Culture

As part of our focus on creating member engagement, CFMWS is starting with our own employees' experience - understanding that an engaged employee base is critical to organizational success. The employee experience is the intersection of an employee's expectations, environment and events that shape their journey within an organization. More specifically, it means providing employees with a rewarding experience in exchange for a wide range of contributions. The Employee Value Proposition (EVP) is the contract and bond an organization creates with its employees. An EVP is aligned with the culture and values of the organization. To thrive, CFMWS employees must be offered an inclusive, flexible environment that offers a strong sense of purpose and valuable learning opportunities. The way forward requires a change in the way we invest in our people.

The Employee Experience and Culture Strategic Initiative is a series of people and culture-focused initiatives that will strengthen our capacity to attract, retain and motivate high-caliber talent and will create a differentiated experience that balances a competitive EVP with a collaborative and flexible work environment.



KEY OBJECTIVES:

- Develop and implement modern and relevant people management strategies to ensure CFMWS is prepared to meet current and future business needs.
 - Modernize and rethink recruitment practices to source and nurture a qualified and diverse talent pool
 - Leverage and implement digital solutions for people management functions, including training, recruitment and performance management
 - Acquire and build critical skills and competencies for the organization to ensure the workforce is capable of executing CFMWS' business strategy
- Create and sustain a strong values-based culture that maintains its members' trust and supports productive and ethical employees.

KEY OUTCOMES:

- A national recruitment strategy that will better market the CFMWS EVP with its distinct career opportunities.
- Outcomes-based performance management and measurement.
- A leadership development strategy to develop the current and future leadership bench by identifying, training and promoting leaders.
- Awareness of the culture needed to be successful in the new normal, including managing change and holding leaders accountable for leading with the corporate values.
- Individual multi-year learning plans are assigned and resourced to support employees in their career development and growth.
- A values-driven workforce that has ethical principles built into its management practices
- Incorporation of bilingualism in our long term planning.
- An inclusive work environment that embraces and supports a diverse workforce.

BUSINESS MATURITY AND INNOVATION

We cannot build a stronger and healthier CAF community without maturing our social enterprise business model and strengthening our internal business processes. Today's complex challenges will require a combination of design thinking and innovative skills (complex problem solving, critical thinking and creativity). The investment in innovative projects will pave the way for more robust and smarter interactions at the community and individual levels.

Typically, as organizations grow and change, they become more complex. At CFMWS, more employees are involved in day-to-day operations, and data is broken up between different systems; as our eligibility matrix has continued to expand, it has created more variability in what our members expect. The result is that the processes have acquired complexity over time. They have become inconsistent and difficult to control, adding cost and risk to the business. To continue as a viable social enterprise, we need to diversify revenue and profit sources, improve margins, and create a scalable organization. We can only do this if we increase business maturity at the enterprise level.

Today's complex challenges will require breaking down silos and creating standardized approaches, strengthening our internal business processes, reducing costs and risks, and building a foundation that will pave the way for investment into future innovative projects and stronger, smarter holistic interactions at the community and individual levels.

This will be accomplished over the next three years through two key strategic transformation initiatives: Modernized Business Model and Delivery Approach and Enterprise Data Management Program. We will also be expanding and maturing our Performance Measurement Framework to reflect the overall advancement of maturity levels for CFMWS as an enterprise.

Modernized Business Model and Delivery Approach

CFMWS' current business model is outlined in two key documents VCDS 3/96 and APS-110. VCDS 3/96 defines the client and members' needs, key activities; partnership network, including joint ventures, buyer/seller relationships and business alliances; customer relationships; customer segments and demographics; value proposition; distribution channels. The APS 110 addresses key resources; cost structure and revenue streams. To remain relevant and viable, it is necessary for all organizations to periodically review their business model as a whole or as part of their enterprise lifecycle. The last business model review that was completed for CFMWS (formerly Canadian Forces Personnel Support Agency) occurred more than 27 years ago as part of the original option analysis for Alternate Service Delivery Model of non-core DND/CAF functions.

On September 2, 2021, a Strategic Oversight committee was stood up to bring this work together and ensure that the various and necessary working groups have the oversight and guidance required to achieve these goals. This committee is also working in collaboration with Chief of Military Personnel team members to ensure it is aligned with the work commissioned by Deloitte as next steps for the Comprehensive review, including the catalog of services that CFMWS provides to the CAF.

This strategic transformation initiative will assess all nine components of the business model as it was designed in 1994, through several initiatives overseen by the APS-110 Strategic Oversight Committee. CFMWS intends to redesign those outdated areas that no longer make sense in today's reality. The review will also address the increased costs of NPP and SNPF, CF governance that has occurred over the past 27 years due to legislation and regulation changes. The cost of an employee and the cost of achieving NPP fiduciary

responsibilities are more complex and expensive in the 2020s than in the mid-1990s.

Developed in three stages, the Services and Functions working group will initially look at key activities and services delivered to CAF and reimbursed by DND, and establish service standards for those activities and offerings. It will create a standardized and all-inclusive approach to our cost structure (factoring in pension, gaps in the APS-110, IM/IT Total Cost of Ownership, and so on). It will also examine and potentially redesign our distribution channels and revenue streams, including SLAs and MOUs. This work will then act as the foundation for pricing formulas for the CAF (taking into account currently agreed upon reciprocal agreements, such as the APS 110) as well as pricing models for on-demand services for other GoC departments. Once this foundational work is completed and new MOUs and SLAs with DND are in place, we will turn our eyes to future strategic initiatives and agreements.

Other efforts that would define service level agreements between CFMWS and Bases and Wings and further modernize the Business Model for CFMWS include the standardized and equitable approach to program business processes and subsidization, similar to a franchise model. In addition, this strategic initiative will investigate new Business alliances and partnership networks and introduce a seamless and member-centric program and service delivery, all of which will be coordinated and built through a multipurpose working group using the same costing structure defined through the Services and Functions working group and then incorporated into profit share models (dividends and corporate support fees).

KEY OBJECTIVE:

Develop a revised business model that is sustainable and viable for both the Base Funds and CFMWS, and reflects our members' changing needs.



KEY OUTCOMES:

- A redesigned business model for Bases and Wings that is member-centric and provides standardized services across the country.
- Revised policies to address the current deficiencies and disputes, especially in business continuity, rent, utilities, PILT, fixed and variable costs for employer, intellectual property, data storage and subsidization.
- A shift in service delivery from a fragmented and decentralized model to one that operates as an enterprise with franchise-like service delivery arms.
- A stabilized funding model that ensures sustainable support for digital transformation at the Base/Wing level.

Enterprise Data Management Program (EDM)

As indicated in the Strategy and Risk section, organizations with multiple business units that operate in several geographic regions on average lose millions of dollars annually because of data issues. The enterprise data management program has been designed to address these issues systematically. While walking the fine line of aligning with Government of Canada (GoC) regulations (DND Data Strategy) and addressing business needs, the goal remains focused on agility and moving the yardsticks in a way that allows divisional and enterprise projects to continue to progress with the necessary support to succeed.

COVID revealed, almost overnight, a tension between running the business and transforming the business. In this new reality, seen across all industry sectors, the organization is still required to achieve its short to medium-term business objectives. With a focus on efficiency, productivity, and economies of scale, particularly for commercial organizations, the sustain agenda (running the business) remains performance driven and requires a lot of control and monitoring. At the same time,

according to Deloitte (April 2021), companies that are outperforming peers have adapted their business model by recasting the cost structure and freeing up the resources in order to invest in future proofing the business. This type of change agenda looks beyond the current to the future value of the organization, and it is built in such a way to rapidly respond to industry and demographic changes with a focus on ideation, innovation, lateral coordination and a more agile environment.

Data management is a huge component of the success of the Service Standard and performance measurement framework, and has suggested that CFMWS include in its EDM strategic goals:

- Cleanse and profile the existing data so it can be used as baseline data for redefined performance measurements and KPIs.
- Define and implement the processes that support the creation, maintenance and organization of data. Data should be readily available and easily understood.
- Transform the data into performance measures and KPIs.

This is a multi-year initiative that incorporates those recommendations as well as the identified risks with a view to enable a data-driven organization, achieve increased data maturity and improve our data management and security as an enterprise asset

KEY OBJECTIVE:

- Develop an enterprise-wide approach to creating, protecting, using, managing and sharing data as a strategic asset, enabling informed decisions that lead to better outcomes and services for those we serve and their families.
- Building upon the Data Management practices, develop a people-centric approach to discovering, organizing, analyzing, and accessing data, information and knowledge lifecycle.

KEY OUTCOMES:

- Greater business value from data.
- Increased evidence-based decision making.
- Greater usability and availability of data.
- Predictive and prescriptive analysis.
- Trusted and sound governance of data, which is treated as a valuable and strategic asset.
- Improved and responsive programs and services for our members.
- Protection of assets such as data, documents, information and intellectual property.

FINANCIAL SUSTAINABILITY

As a social enterprise, we have a moral and ethical obligation to achieve financial sustainability so that we can reinvest any profit generated back into programs and services that will enhance the resilience of the Defence and Security sector through the focused commitment to our members' health and well-being. Revenue and profit from select business lines is essential to our long-term sustainability and our capacity to create a positive impact as a social enterprise that contributes to operational readiness and the dimensions of wellness for the CAF. This long-term financial priority includes developing new and diversified lines of business that can generate significant profits and help cover overhead costs. Areas of effort will consist of development of new products/ services that members value, the investigation of the expansion into new and virtual platforms, where services are provided collaboratively to the CAF community, and the creation of strategic initiatives for our investments, fundraising and external partnerships. While investing for the future, we will also need to carefully manage future overhead costs to maintain CFMWS' overall profitability and positive cash flow. However, the focus remains on stability until forecasts and scenarios can be completed

with more predictability. This will be accomplished over the next three years through two key strategic transformational initiative, Business Development and Growth Strategy the Infrastructure and Real Property Strategy.

Business Development & Growth Strategy

This strategic transformational initiative is a multi-year growth initiative that provides a streamlined and centralized approach to business development and expansion into new markets, either physically or through the platform economy. This could potentially include relocation, accommodations, real estate and infrastructure opportunities, and working with external partners and investors.

KEY OBJECTIVE:

Adopt a streamlined and centralized approach to business development, including an expansion into new service markets, either physically or through the platform economy.

KEY OUTCOMES:

- A united approach to research and innovation, which will reduce duplicated efforts and internal competition.
- A prioritized investment strategy that is strategic and diversified (real estate and external partners as well)
- An investigation of new markets within the defence and security sector.
- Prudent management of investments to support the fiscal well-being of CFCF entities, and create wealth for reinvestment in NPP projects.



Infrastructure and Real Property Strategy

The sixth strategic initiative that was outlined in CFMWS 10-year strategy is the Infrastructure and Real Property Strategy. Given Canada's climate and diverse geography, just as infrastructure is a key enabler to the delivery of the most recent Defence Policy, so too is infrastructure a key enabler to the delivery of morale and welfare services to our serving and retired members, their families and the entire CAF community. Work has commenced on an NPP Infrastructure Strategy Framework that will lead to the development of the multi-year NPP Infrastructure and Real Property Strategy that will support the CFMWS vision and 10-year strategy.

CFMWS has a significant reliance on DND/CAF infrastructure for the delivery of its programs to the CAF and our members. From the CFMWS Corporate Risk Profile there is a risk that failure to adequately recapitalize real property assets by DND and/or NPP could result in DND's failure to adequately meet Crown public obligations for federal real property. This would jeopardize the delivery of MW operations and place the members and SNPF employees at risk. The result is the need to work collaboratively on the framework and the strategy with DND/CAF from a policy perspective as well as addressing infrastructure from a client and member's perspective. This will not be accomplished in isolation, but instead will need to be addressed as part of the Modern Business Model working with and through the APS 110 SOC with CMP and DND. There are also many opportunities that can be advanced from this relationship as has been done in the past with the recapitalization of gyms and fieldhouses in the early 2000s time period. The framework and the strategy will be developed along the following intended sequence:

FIX THE FOUNDATION

Understanding the current situation and starting point is imperative for long term success. The first step is establishing a baseline of the infrastructure used to support morale and welfare services and clearly understand the "as-is" public and non-public infrastructure holdings, accountability frameworks,

funding requirements and processes. As part of the APS 110 Strategic Oversight Committee (SOC) infrastructure governance with respect to the issues identified above will be examined and remedies proposed. This is with a view to establishing an assessment of need, condition, suitability, and sustainability. During this time CFMWS will focus on advancing currently planned pure NPP infrastructure within the NPP framework and not on public or split-funded infrastructure.

FOCUS OUR EFFORTS

CFMWS will focus efforts on improving the manner in which purely NPF funded infrastructure is managed through the NPP framework. Additionally, the second aspect that will be examined, will be improving the infrastructure management framework of split-funded infrastructure and CFMWS input into public infrastructure required for CFMWS service delivery to ensure coordination with the Real Property management framework of DND.

BUILD FOR THE FUTURE

Finally, CFMWS will explore future opportunities for the use of real property for investment as well as program delivery. CFMWS with DND may wish to examine Crown-Public, Crown Non-Public, and other inter-government (i.e. municipal relationships) to increase our ability to better serve the CAF. Opportunities similar to "P3" projects managed through the NPP Framework present tremendous advantages for DND including transfer of risk from taxpayers to third party partners and investors; various design build bundling options; and expanded capital opportunities. This has been successful in the past with respect to recapitalization of fitness facilities. One example of a potential future project that could benefit from this type of opportunity is lodging, quarters and housing.

Activities listed in this Strategic Plan will focus on the necessary foundational work to make this strategic initiative a success, including continuing to invest in existing infrastructure holdings to protect its return on investment for NPP.

KEY OBJECTIVES:

- Suitable Infrastructure for the delivery of morale and welfare services to the CAF and our members regardless of sources of funding.
- A clear, easily understood and agreed to baseline of public and non-public infrastructure holdings, accountability frameworks, and funding.
- Simplified and clear governance of the infrastructure and real property portfolio and program taking into account the complexities of both publicly funded and non-publicly funded aspects.
- Sustainable Infrastructure that is affordable and sustainable over the life of the portfolio, and supports environmental and energy imperatives.

KEY OUTCOMES:

- Identification and assessment of risk to delivery of service by and through CFMWS from an infrastructure perspective.
- A unified and coordinated approach with DND/CAF to creating an asset baseline and asset management, including standard documentation of inventory, type, condition etc.
- Greater understanding of the as-is operating framework, including how it is currently managed and a defined desired future state.
- Option analysis and recommendations for future state.
- A defined Infrastructure Framework and Infrastructure Strategy supporting the delivery of services by and through CFMWS in alignment with CFMWS Vision and Strategy.

CFMWS must move from a divisional business model to one that is synchronized at a strategic level across all lines of operation.



The image is a composite of two photographs with a red color overlay. The top photograph shows a man in military camouflage sitting at a table with a drink, looking towards the camera. The bottom photograph shows a woman in military camouflage interacting with a woman in a black polo shirt. The text "STRATEGIC INITIATIVES AND ROADMAP" is overlaid on the left side of the image.

STRATEGIC INITIATIVES AND ROADMAP

As mentioned earlier, this Strategic Plan builds on the three strategic priorities that guide actions and focus our effort in order to achieve our 10-year strategic vision. All of the objectives in this strategic plan are designed and developed to either support our core responsibilities, make incremental changes to optimize our current programs and services and mitigate risks, or to make transformational changes through our six strategic initiatives that make up our change agenda.

The following section outlines the necessary steps and strategic plan milestones that CFMWS plans to achieve over the next three years. Divisional initiatives that will contribute to the larger enterprise-wide priorities have been grouped into prioritized categories identified as critical to delivering our core responsibilities or executing our 10-year strategy (missions critical; foundational; and transformational) and are further grouped into areas of risk that are currently on our watch list. Prioritization and sequence principles determined the timing of the activities and included the following criteria:

-
- Impact on members and member-facing employees

 - Ease of implementation

 - Critical foundational work

 - Risk appetite and treatment strategies

 - Resource demands

 - Organizational capabilities

All of the objectives and action items in the fiscal year 2022-23 have corresponding financial details outlined in the business plan. For the following two fiscal years, the figures are developed as indicative

forecasts for long-term planning purposes. Revenue and compensation assumptions for these forecasts can be found in this strategic plan’s financial overview section.

MISSION CRITICAL STRATEGIC INITIATIVES

CFMWS must ensure that activities crucial to our core responsibilities are prioritized within our risk appetite to ensure that legal or regulatory risk is mitigated. CFMWS prioritized each activity based on a weighted measurement of risk, complexity and benefits to the enterprise. The following activities are either incremental improvement changes to our regular programs and services, a risk mitigation strategy outlined in our Corporate Risk Profile, or support our strategic change agenda through the six Strategic Initiatives outlined on pages 30-37. Each of these activities are considered mission-critical and necessary for us to continue to meet federal regulatory and fiduciary obligations and/or continued delivery of our core business:

DISASTER RECOVERY/BUSINESS CONTINUITY

- Explore external IT disaster recovery options (2022)
- Select and implement Cloud Backup Solution (2022)
- SISIP Financial CRM to the Cloud (2023)
- Accero and Workforce to the Cloud (2023)
- Microsoft Azure workload migrations (2024)
- Revise Business Continuity Plan addressing macro risks and cyber security issues (2024)

DATA

- Develop the financial technology roadmap elements (2023)
- Implement iModules, as part of the Finance technology roadmap (2024)



CYBER SECURITY

- Implement new security solutions (2022)
- Implement technology solutions such as Virtual Desktop infrastructure (VDI) (2022)
- Implement Governance, Risk, Compliance (GRC) Toolset (2023)
- Conduct a POC to assess Software-defined networking (SD-WAN) and Proxy (2023)

RAPIDLY CHANGING DEMOGRAPHICS

- Improve CANEX services, product portfolio and store footprint to better align with 'Canada's Military Store' through improved merchandising, SKU rationalization, reduced out-of-stocks, cut excess inventory and operates as a profitable retail model. (2022)
- Develop business case and model framework for the possibility to divest selected unprofitable store(s) or store type(s) into a Franchise or Concession model that would no longer be fully operated by CANEX. (2022)
- Return CANEX to profitability (Net Income) (2024)
- Increase CANEX overall consolidated gross profit (GP) to 20% (2024)
- Reduce CANEX Selling, General and Administrative (SG&A) expense by 10% (2024)

CULTURE AND TALENT MANAGEMENT

- Develop and implement a national recruitment strategy (2023)

LEGISLATIVE AND REGULATORY ENVIRONMENT

- Conduct a program overhaul for Harassment Prevention and Resolution (2022)
- Logan Class Action Settlement: Work with DND/CAF, CFLA, Manulife on TB submission and required policy amendments (2023)
- Modernize CAF Long-Term Disability (LTD) policy to realign with VAC benefits changes (2023)
- Comply with new pay equity legislation

by redressing any systemic gender-based discrimination (2024)

GOVERNANCE

- Develop service standards and KPIs in line with the service catalogue (2023)
- PSP and MFS, implement processes for OUTCAN (2023)
- Develop MOUs for PSP and MFS services (2024)
- Develop governance MOU framework (2024)
- Conduct a review of CFCF (interest policy) (2024)

FOUNDATIONAL STRATEGIC INITIATIVES

Business transformation goes beyond incremental change. It is an integrated approach that links our business ambition to executional structure and helps redesign our business and operating models. To do this, we must consider a broad range of enterprise-wide investment decisions and resource allocations and the performance expectations that we have for these changes and our organization. But we also need to consider our organizational capacities and how prepared we are to implement this change.

For CFMWS, there is foundational work that must be completed in the areas of people, processes and technology. The following foundational initiatives are prioritized based on a weighted measurement of risk, complexity and benefits to the enterprise and must be done prior to the transformational initiatives to ensure our success. Each one is a milestone in CFMWS' business maturity and will be measured against risk and data maturity models.

DATA MANAGEMENT AND PROTECTION

- Develop Document Management BNA and implement membership interim solution as first phase. (2022)
- Migrate integration layer to the cloud (2023)

- Create a data warehouse, including several purpose-built warehouses (2023)
- Continue to implement the CFMWS Data Strategy and Guidelines - with given resources (2024)
- Implement Document Management solution across rest of data domains (2025)

CULTURE AND TALENT MANAGEMENT

- Develop an internal communications plan (2022)
- Develop the Finance Division Learning and Development (L&D) program (2022)
- Implement leadership training programs, internal communication and operating processes for CANEX that build confidence, increase knowledge and empower employees (2022)
- Enhance onboarding experience (2023)
- Launch of Conflict Management Services (CMS) Strategy (2023)
- Create a leadership development program (including ethics) (2023)
- Enhancement of Conflict Management Services program (2023)
- Explore new collaboration toolset for employees (2023)
- Implement Career Development Plan (conduct 360 evaluations and develop action plans for Senior PSP Managers in field and HQ (2023)
- Build a framework to identify levels of performance and potential to support Career Management (2023)
- Modernize employee orientation program (2023)
- Conduct HRIS review (2024)
- Deploy talent management suite by modules across all divisions (2024)

PERFORMANCE MEASUREMENT IMPROVEMENT

- Refine and finalize program architecture to support service standards, PMF and the SOC Services and Functions working group (2022)
- Establish enterprise-wide Member Experience key performance indicators (2023)

RAPIDLY CHANGING DEMOGRAPHICS

- Develop CFOne Membership Strategy (Digitalization) (2022)
- Develop CFMWS Member Experience Strategy (2022)
- Develop and implement new CANEX revenue business channels which drive topline sales and contribute to a profitable net income. (2022)
- Expand CANEX “Marketplace” business channel offering, programs and services that are sustainable, viable and profitable and reflects our members’ changing needs. (2022)
- Implement member-centric CANEX Marketing Initiatives & Affinity (CF Appreciation) programs that caters to the needs of members and their families (2022)
- Implement a fully integrated Omni-channel system within CANEX. (2022)
- Develop and refine business processes in preparation for an evolved multi-channel service delivery model for SISIP’s clients. (2023)
- Implement enterprise-wide Member Experience key performance indicators (2024)

STRATEGY

- Define the NPP Infrastructure asset baseline (inventory, type, condition etc) (2022)
- Develop CFMWS Stakeholder Relations Strategy (2022)
- Increased input into Base/Wing Master Real Property Development Plans (2022)
- Understanding & documenting the as-is Infrastructure operating framework (2023)
- Identify and document elements of risk to infrastructure (2023)
- Expand and modernize capability within the Gender-Based Violence (GBV) / Family Violence initiative (2024)
- Expand employees and spousal hires network (2024)
- Expand the network of supporting family physicians (2024)
- Establish customer service standards across all divisions (2024)



GOVERNANCE

- Define key elements of the modernized business model and delivery approach (service catalog, cost structure etc) (2022)
- Comply with new Canada Labour Code legislation that results from Bill C65 (2022)
- Based on the program architecture, develop the service catalogue, one division at a time (PSP 80% done) (2022)
- Expand Operation Transition: MCT Team Family Support (2023)
- Establish Corporate Secretary and Governance Capability (2023)
- Implement new version of IT service management (ITSM) system (2023)
- Conduct a CFMWS high level fraud risk assessment (phase 1) (2023)
- Develop the new dividend distribution strategy (2024)
- Implement the new dividend distribution strategy (2025)

TRANSFORMATIONAL STRATEGIC INITIATIVES

While the CFMWS Strategy 2030 outlines the desired multi-year change agenda necessary for the success of our mission, the first three years of this 10-year strategy is focused on mission-critical and foundational initiatives.

The following initiatives, although considered both growth and transformational, will support the organization in moving the milestones across our six strategic initiatives (pages 30-37):

MEMBER EXPERIENCE

- Develop a Member Profile: a 360-degree view of each member as a “single” entity with a shared enterprise view (2022)

- Implement Centralized Website MVP (2022) and Phase II with MEMS integration (2023)
- Execute CNA results action plan in alignment with the member-centric strategy (2023)
- Refine and implement SISIP Brand, Marketing and Member Engagement Strategy (2023)
- 100 per cent integration of CANEX customer profiles across all membership systems. (2023)
- Case management: enabling member-customer service centre to track and close cases through an integrated solution (2023)
- Implement modern centralized Member Customer Service Centre (including lead generation/sales) across all divisions (2024)
- Make consolidated view of stakeholders’ and business partners’ interactions /communications history available (2024)
- Increase revenue per client through personalized offers/solutions and pro-active outreach to members (2025)

RAPIDLY CHANGING DEMOGRAPHICS

- Develop and implement a social media strategy (2022)
- Enhanced Self Service Options: simplified, transactional tools for members to manage their access to CFMWS services (2023)
- Complete implementation of national and integrated PSP virtual program delivery tool (2023)
- Introduce a self-service investment platform, including Robo-advisor options (2023)
- Stand-up a “managed solutions” platform for investment clients (2023)
- Upgrade platform to assist CAF Members and families in registering and paying for services (2023)
- Automate Clear-In / Out Process (2024)
- Establish an integrated physical fitness platform (2025)

CULTURE AND TALENT MANAGEMENT

- Create a wellness strategy that will influence employees to adopt healthier behaviours (2022)
- Modernize the Total Rewards offerings, including the CFMWS benefits program (2022)
- Examine approach towards rewards and recognition, compensation and Hybrid Working Models for SISIP (2022)
- Implement language on demand software (2022)
- Design and implement an employee development program for SISIP to increase engagement, motivation and performance (2023)
- Grow a “merchant mindset” culture of accountability for our CANEX field leaders (2023)
- Develop Case Management Tool (CCRE) (2023)
- Develop and implement a diversity and inclusion strategy (2023)
- Implement single sign-on to all apps/tools for employee (2025)

STRATEGY

- Conduct strategic review of SISIP’s centralised operating model and implement new structure to support an evolved multi-channel business model (2022)
- Establish project management standards for SISIP initiatives to enable planning and streamline execution (2022)
- Conduct strategic review of SISIP Financial Counselling and begin implementation to address increasing member demands (2022)
- Implement best practices to streamline SISIP advisory compliance requirements (2022)
- Develop and implement strategy to complement SISIP’s business model (omni-channel) (2023)
- Transform the SISIP advisory experience to ensure consistent standards, client outcomes and adoption of digital tools (2023)
- Conduct strategic review of client financial

education needs, identifying optimal platforms and processes to deliver best in class content in financial literacy (2023)

- Develop SISIP’s affinity partners strategy to diversify revenue sources for non-core members (2023)
- Conduct strategic review of SISIP insurance offering and enhance digital access for clients (2023)
- Develop tailored financial planning experience for key client segments and standardize advisor tools (2023)
- Implement CAF LTD Benefits retroactive pay adjustment (2023)
- Modernize PSP Policy Manual to align with the new business model designed through the APS 110 SOC. (2023)
- Conduct full costing exercise for all services (2023)
- Explore and implement infrastructure management system (project tracking, asset and lifecycle tracking) (2024)
- In alignment with CFMWS enterprise direction, define the future state of infrastructure (2024)
- Explore options on how to get to the future state for infrastructure (3P, DCC, ADM(IE) municipality (2024)
- Modernize the CAF LTD policy and benefits to meet Cabinet decision and realign with VAC benefit changes (2027)

ENTERPRISE AUTOMATION

- Move from repetitive rules-based financial tasks to value-added financial analysis (2023)
- Design and develop financial robotic process automation (RPA) solution (Phase I) (2024)
- Run IS Division Artificial Intelligence (AI) Proof of concept (2024)



DATA

- Digitize employee files (2022)
- Develop Business Intelligence strategy to capture, interpret and leverage analytics to support decision making for SISIP in alignment with the enterprise model (2023)
- Support and standardize divisions data and analytics initiatives (2024)

OFFERING EXPANSION

- Prepare to provide program expertise to CAF on relocation program, as required (2022)
- Be prepared to expand VFP to include all Veterans and their families in accordance with VAC direction (2022)
- Leverage contracts with CFMWS affinity partners to increase revenue (royalties) (2022)
- Expand SISIP Financial's product offering to CFOne eligible groups through online self-serve channels (2022)
- Implement the core recreation programs in all locations, especially in remote locations with limited municipal services (2023)
- Expansion of employer partners and spousal hires (2024)
- Strengthen existing partnerships, foster new ones for family services (2024)





STRATEGIC ROADMAP FOR FISCAL YEAR 2022-2025

MISSION

WE MAKE OUR MEMBERS STRONGER

- Healthier People
- Stronger Communities
- Better Canada

VISION

IMPROVING LIVES AROUND THE WORLD

- Mentally
- Socially
- Physically
- Financially

VALUES

1. We put our people first - we CARE for our members, our community and one another.
2. We act with INTEGRITY and strive to do the right thing. We say what we mean and do what we say.
3. We are one TEAM - We have each other's back and get it done together for our members.
4. We constantly look for new ideas and find CREATIVE ways to provide our members with the best possible experience.

FIGURE 3: STRATEGIC ROADMAP - OUTCOMES AND KPIS

	Member & Employee Experience	Innovation & Business Maturity	Financial Sustainability
Strategic Objectives	Invest in our employees so they can increase value to our members.	Mature our business model to meet a changing and complex business environment.	To ensure our ability to generate profits and reinvest them into our member offerings.
Key Outcomes	<ul style="list-style-type: none"> - Transform interactions from product-centric to member-centric. - Improved employee experience, from recruitment to retirement. 	<ul style="list-style-type: none"> - Data and information assets are managed more effectively. - Business model is updated to meet current expectations. - A robust performance measurement and analytics framework. 	<ul style="list-style-type: none"> - Business development and growth is enhanced and streamlined. - Areas of efficiency are identified and explored.
Key Activities	<ul style="list-style-type: none"> - Standardize membership touchpoints and member customer service. - Modernize member experience management processes, including website, intranet-extranet, virtual and self-service platforms. - Implement national recruitment strategy, Talent Management Suite, distributed work arrangement, and succession planning. 	<ul style="list-style-type: none"> - Modernize our relationships with key stakeholders, such as CAF, DND, MFRCs, and corporate partners by replacing key business model documents (APS110 and VCDS 3-96) with modern MOUs. - Implement disaster recovery, business continuity, cloud migration & cyber security solutions. - Implement data strategy and process automation to achieve performance analytics and data management. - Incorporate triple bottom line in business review dashboards. 	<ul style="list-style-type: none"> - Conduct review of pension & investment portfolio. - Develop infrastructure and real property strategy. - Explore options to grow our business to new clients.
Key Performance Indicators KPIs	<ul style="list-style-type: none"> - Members score on usage, satisfaction, and trust (improved annually) - Employee engagement and satisfaction score (increased annually) - Employee diversity stats 	<ul style="list-style-type: none"> - Business and data maturity score (from Initial to Repeatable by 2024) - Stakeholder satisfaction score 	<ul style="list-style-type: none"> - Financial health of the organization (EBITDA per program, CFCF & B/W/U Funds status, ROI, profit margins, etc.)
	<ul style="list-style-type: none"> - Member Wellness Index (metric to be established in 2024 and improved annually) - Number of CFOne Card holders and their average transaction/participation with CFMWS (cross-promotion results) - Project and Program management stats relating to scope, schedule and cost (measured and improved annually) 		

For a full list of executive level performance metrics, targets, benchmarks and thresholds please refer to **Annex G**.



FINANCIAL PLAN

OVERVIEW OF FINANCIAL OPERATIONS

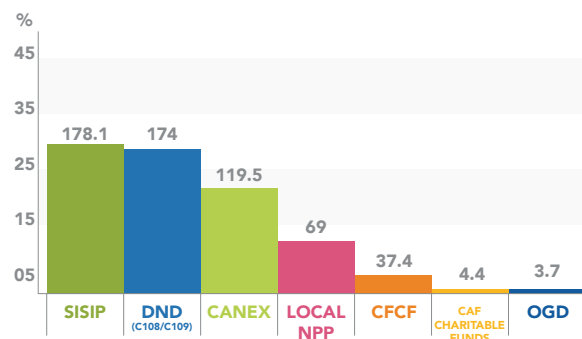
CFMWS, as a unique organization, has multiple sources of revenue such as financial market investment appreciation, PSP clients, CANEX clients, SISIP Financial clients, and cost recovery payments from Government of Canada organizations at Annex A. CFMWS provides programs in the NPP Framework, pays for those programs with NPP funds, and then seeks reimbursement from Government of Canada publicly-funded organizations. The main organizational client of CFMWS is DND either through national-level corporate accounts or other DND/CAF client organizations such as Bases/Wings and Formations/Commands. The use of centralized funds (C109) for programming on Bases and Wings to a national standard is outlined in Service Level Agreements (SLA) between CFMWS and Base/Wing Commanders for their respective Base/Wing. Base and Wing Commanders may also authorize enhancements of the local programming beyond the national standard using Public Funds (L101) which are allocated to them through their own financial structure. Base/Wing Commanders execute these enhancements through their public authority, which is reflected in local Cost Centres in the Defence Resource Management Information System (DRMIS), and thus not within the NPP framework. Additionally, CFMWS provides bespoke services to Other Government Departments (OGD),

such as RCMP, CBSA, Veterans Affairs Canada, Canadian Coast Guard, and the National Space Agency. The mix of revenue sources will vary slightly year over year, depending on financial market performance. In fiscal year 2020-2021, half of gross revenues were derived from SISIP Financial and CANEX. See the chart below for the overall breakdown.

Local NPP consists of the 1,300 local NPP entities, including Base/Wing Unit Funds, Unit Funds, Messes, Museums, Recreation Clubs, and Special Interest Activities. Total gross revenue earned in fiscal year 2020-2021 was \$586 million. Following a drop globally in the financial marketplace in late 2019-2020 due to COVID-19's impact, CFCF revenues rebounded in 2020-2021, earning \$37 million, compared with less than \$1 million in the previous year. The graphic below demonstrates the distribution of gross revenues by source in fiscal year 2020-2021.

Gross Revenue 2020-2021

All figures in CAD millions





CFMWS has multiple sources of revenue, such as financial market investment appreciation, PSP, CANEX and SISIP Financial customers, and cost recovery payments from the Government of Canada.



CFMWS was created to ensure adequate levels of goods, services and recreational facilities are available for CAF personnel wherever they serve. As a social enterprise, profit from successful business lines is used to sustain those activities that are less viable in isolated communities. Executing the change agenda will require investment by CFMWS and, unlike commercial enterprises, ROI is not wholly measured in profit growth or increased revenues. Rather, CFMWS as a social enterprise, measures ROI through the improvement in performance metrics such as an increase in the number of members served, decreased costs to deliver programs and governance, and enhancements in the services provided to our members and the impacts we have on communities. Examples include expanded capability within the GBV and Family Violence initiative, increased awareness of mental and physical health services, an enhanced PSP Virtual platform, and improved customer satisfaction with the CFMWS website.

Outside of SISIP Financial and CANEX, CFMWS expenditures and activities can be broadly grouped into three main categories:

1. Core NPP Governance
2. CAF Programs
3. Family Programs

Core NPP Governance includes many of the items indicated in Figure 4. CFMWS is reimbursed a portion of the costs expended in the oversight of these activities by DND in accordance with the arrangements outlined in APS-110. The DND share varies from 47.1% for IMIT, 56% for HR, 63% for Finance to 100% for PSP Management. NPP governance costs in fiscal year 2020-2021 were \$54 million. Governance costs include as follows:

- PSP Management (replacement of previous CAF position/program governance)
- CAF Mess Management (replacement of previous CAF position/program governance)
- CAF Community Recreation Management (replacement of previous CAF position/program governance)

- Corporate Services (governance of NPP and SNPF on behalf of MND and CDS)
- Financial Operations (replacement of previous CAF Positions/regulation of NPP and operation of payment/banking services)
- HR (oversight and costs as the employer of the SNPF, CF)
- IM/IT oversight and cost of the NPP Information System Network
- CANEX Management (replacement of previous CAF positions)

CAF Programs comprise primarily those delivered by PSP, such as sports, fitness and health promotion in partnership with CFHS; and in partnership with CJOC MW support to Deployed Ops, and in support of all CAF command teams, SISIP Financial provides financial counselling and education. CFMWS is reimbursed almost entirely by DND for these programs at the national level. NPP augments the sports program by contributing to the National Sports and CISM programs. Overall, CAF program cost is approximately \$67 million.

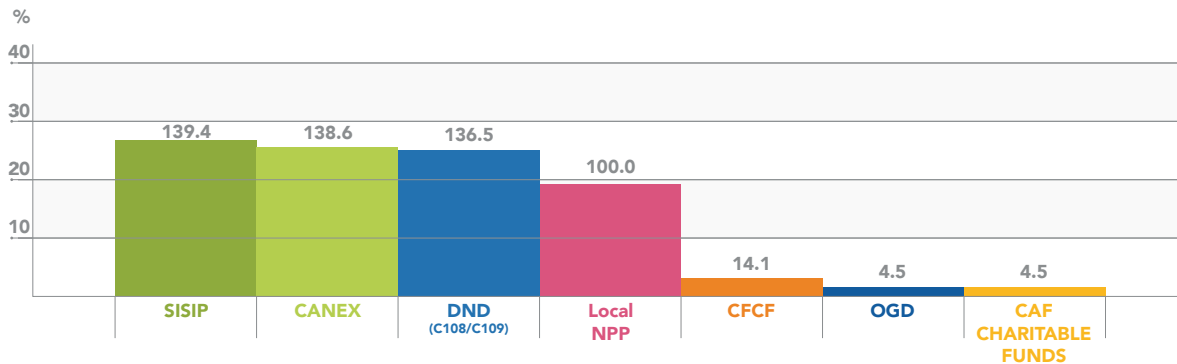
Family Programs consists of Military Family Services' governance and funding provided directly to MFRCs across Canada, at OUTCAN locations and through the virtual MFRC. Of the approximately \$41 million expended on family programs, nearly 85 per cent is provided directly to MFRCs to deliver programs to military families. MFRCs are provincially incorporated, not-for-profit entities administered through a Memorandum of Understanding between the entity and CFMWS on behalf of DND.

PLANNED REVENUE

Gross Revenue for fiscal year 2022-2023 is anticipated to be approximately \$538 million. The detailed financial budget can be found at Annex C to this plan. While the CFMWS segments are anticipated to experience growth at different rates, the average growth rate is estimated at 4.5 per cent. The estimated revenues for fiscal years

Gross Revenue Forecast FY 2022-2023

All figures in CAD millions



2023-2024 and 2024-2025 are \$560 million and \$583 million, respectively.¹

A significant factor influencing overall revenues is the performance of financial markets. In all, CFCF and SISIP Financial have approximately \$740 million invested in the market. A swing in market performance could directly impact overall CFMWS revenues, as was experienced both at the end of fiscal year 2019-2020 and in the first quarter of fiscal year 2020-2021.

Refer to Annex B for an illustration of the delineation of CFMWS expenditures between the two sources of public funding (C108/C109 and through reimbursement from other Government of Canada Departments) and NPP based on fiscal year 2020-2021 actual expenditures. The illustration shows the proportionate operating expenses consisting of governance and program costs and the flow-through expenses such as payments to Military Family Resource Centres (MFRCs) and grants (both Public and Non-Public) to Bases and Wings.

Consistent and predictable public fund reimbursement from DND is paramount to allowing CFMWS to continue to deliver the mandated morale and welfare responsibilities, including CAF

programs, family programs and governance. Public financial resources in Funds C108 (MFS) and C109 (Morale and Welfare) need to be baseline-funded, such that CFMWS has a consistent revenue source for the delivery of these services. Approximately 84 per cent of the costs associated with DND reimbursement in Fund C109 is attributed to salaries of SNPF, CF. These salaries are associated directly with the services rendered to the CAF and reimbursed by DND (for example, CAF Fitness), or as partial funding of the core governance functions for which CFMWS is responsible to the CDS and MND. To maintain the workforce necessary to deliver, CFMWS must be able to count on those funds consistently year over year; it cannot effectively plan for future fiscal years when funding decisions are made in one-year increments. As many of the costs are shared between public reimbursement and NPP revenue, there is a direct correlation between the impact on public funding and the CFCF whenever there is a change in cost, whether it be personnel cost or activity cost.

To address observations and gaps identified in the ADM(RS) audit of NPP governance, strategic management, and business planning completed in 2016 and the NPP governance audit completed

¹ Revenues for fiscal years 2023-2024 and 2024-2025 are indicative estimates based on 4.5 per cent growth rate.



in 2020, CFMWS is modifying one executive level position and augmenting it with two new positions in the formation of a Corporate Secretarial function. They will coordinate governance meetings and requirements for the NPP Board and the Executive Management Board and its sub-committees, and ensure that governance groups such as the, NPP Audit Committee, NPP Pension Committee, and the NPP Investment Committee have synchronized products.

Figure 4 shows the expected funding amount from DND for the next three years in Fund C109 by business activity for the delivery of mandated morale and welfare responsibilities. The table also lists the associated cost to CFCF for those business activities. These ratios reflect the APS-110 split funding arrangements. Annex C details the forecasted NPP income statements for the next three fiscal years, including those pure NPP activities.

The pension solvency obligation is equally shared between NPP and the Public to ensure the SNPF, CF who are public servants continue to have a Defined Benefit Plan. The federally regulated plan is less generous than the core public administration's Pension Plan but, it is also lower-cost to the Crown public. Publicly reimbursed payments to the Pension Fund are required to satisfy the financial requirements of the Pension Act. These regulations impact the Plan with respect to Pension Solvency and assist in meeting the MND Crown responsibilities for the SNPF. Government of Canada funds are therefore necessary for the Public's share of this obligation. The contribution amount required depends on several factors, including the Pension Fund's financial market performance and actuarial estimates. The annual Pension Solvency payment amount is communicated to CFMWS annually via the external SNPF, CF pension audit. Pension Solvency payments for fiscal year 2021-2022 are \$12 million, of which \$6 million is the DND share. Pension Solvency for future years is estimated at \$7.1 million per year, however payments will only be definitively

known following the annual pension valuation report prepared by our external actuary.

As directed by the Treasury Board minutes for the Military Family Service Program, DND flows the baseline funding to MFRCs through CFMWS in Fund C108 to fund the MFRC's at arm's length from DND. CFMWS provides the funds in advance to ensure the operational capacity of the MFRCs, and DND reimburses CFMWS in arrears. The baseline amount for fiscal year 2022-2023 is \$36.2 million; and, based on the 1.5 per cent DND inflator, it is forecasted to be \$36.8 million and \$37.4 million in fiscal years 2023-2024 and 2024-2025, respectively. Like CFMWS, MFRC's primary expenditure is in the form of salaries and wages to those who deliver the essential programs to CAF members. For 2022-2023, CFMWS is seeking, on behalf of MFRCs additional C108 funds to mitigate the eroding buying power caused by having the DND inflator established at a rate below the Consumer Price Index (CPI).

As part of the process agreed to by the CDS and DM, CFMWS submits a Business Plan through the DND planning process for the Public Funds required to deliver Public programs sourced to CFMWS. This includes the Public funding share of Governance costs for the NPP Framework and SNPF, CF employer obligation met by CFMWS on behalf of the MND. This Plan is enclosed as Annex D. The Business Plan funding request includes Priority One and Priority Two items. The Priority One items, which are regulatory, legislative and fiduciary requirements, should not be viewed as pressures. They directly support the priorities set out in this Strategic Plan and if DND does not fund them, NPP will advance the funds. This will ensure the critical governance activities can progress as outlined in this plan. Should DND not reimburse the costs, CFMWS will alienate NPP.

FIGURE 4 - C109 AND ASSOCIATED NON-PUBLIC FUNDS REQUIREMENTS FOR MANDATED MW RESPONSIBILITIES (IN \$K)

Business Line	2022-2023			2023-2024			2024-2025		
	Public (C109)	Non-Public	Total	Public (C109)	Non-Public	Total	Public (C109)	Non-Public	Total
NPP Corporate Services	6,791	2,942	9,733	6,918	2,886	9,804	7,046	2,932	9,978
NPP Finance Responsibilities	9,901	5,690	15,591	10,092	5,790	15,883	10,288	5,893	16,180
NPP Human Resource Responsibilities	5,243	4,358	9,601	5,345	4,436	9,780	5,449	4,514	9,963
NPP IMIT Responsibilities	5,818	7,971	13,788	5,926	8,755	14,681	6,036	9,541	15,577
Technology Investment Plan	0	2,645	2,645	0	2,645	2,645	0	2,645	2,645
Provision of CAF Sports & Physical Fitness Program	33,207	250	33,457	33,855	250	34,105	34,516	250	34,766
Provision of Military Family Support Program	5,720		5,720	5,825		5,825	5,931		5,931
Provision of Critical Stress Response Team - Sexual Misconduct	1,083		1,083	1,104		1,104	1,126		1,126
Provision of Accidental Dismemberment Insurance	450		450	457		457	464		464
Provision of CAF Financial Counselling & Education	3,198		3,198	3,262		3,262	3,328		3,328
Provision of Personal Support Program Management	1,774	855	2,628	1,806	870	2,676	1,840	885	2,725
Provision of Personal Support Program Field Management	6,871		6,871	7,008		7,008	7,148		7,148
Provision of Human Performance Research	1,844		1,844	1,880		1,880	1,917		1,917
Provision of PSP to Deployed Operations	1,720		1,720	1,751		1,751	1,783		1,783
Provision of CAF Community Recreation Management	2,666	40	2,706	2,720	40	2,760	2,774	40	2,814
Corporate Costs	4,155	3,900	8,055	4,218	4,010	8,228	4,281	4,131	8,412
CANEX Management	2,818		2,818	2,874		2,874	2,931		2,931
Provision of Base/Wing Fitness & Sports Programming (PFMG & MSWG)	2,184		2,184	2,217		2,217	2,250		2,250
Provision of CAF Mess Management	4,360		4,360	4,447		4,447	4,536		4,536
TOTAL	99,804	28,650	128,454	101,705	29,682	131,387	103,643	30,831	134,474



FINANCIAL ARRANGEMENTS

CFMWS and the Canadian Army (CA) have a Service Level Agreement (SLA) for the CFMWS provision of M&W oversight services by the PSP Advisors and NPP Finance and HR Governance to the CA Reserve Units. The CA is paying their public share of Finance and HR services, with the appropriate NPP share from Canadian Forces Central Fund (CFCF). In regards to public M&W, PSP Advisors provide M&W advice to the CA Reserve at the four CA Divisions. This service agreement arose after an audit highlighted CDS Governance risk with the Army Reserve units in their use of NPP and the employment of casual staff in the messes. CFMWS has continued discussions with the Royal Canadian Navy (RCN) to deliver a similar service. CFMWS has numerous other SLAs in place with DND organizations and units including Base/Wing Commanders for the provision of incremental morale and welfare services on their respective Bases and Wings. For governance clarity, a list of existing SLAs can be found at Annex E.

In addition to the amounts presented in Figure 4, CFMWS annually seeks reimbursement for its capital expenditures (Technology Investment Plan - TIP), based on 47.1% public share of \$5 million annual investment. In 2017, in his capacity as Chair of the NPP Board, the CDS approved CFMWS to enter into an agreement with DND to advance in-year and baseline NPP for required IMIT investment with the public to provide its share in arrears. Under the original authority, the TIP is set to terminate after FY 22/23. Continued investment in IT such that cyber threats are prevented and/or mitigated and that quality services provided to members and DND is paramount. As with any capital expenditure

plan, the TIP remains core to CFMWS achieving its future goals, especially with increased demands for digital services and work environment. The CFMWS TIP has proven its worth as CFMWS navigated its way through the ongoing COVID-19 pandemic. Continuous technology investment is anticipated, and thus, both NPP and the Public are expected to have a share in the continuing investment costs. For fiscal year 2022-2023, the public's share of the investment cost is \$2.36 million (47.1% of \$5 million), while NPP will bear the remainder of the investment cost.

Further to the investment in technology, a resulting O&M component is required to maintain the initial investment. Based on the investment made over the past four fiscal years and fiscal year 2021-2022 planned expenditures, the ongoing public share of the O&M requirement is \$1.5 million and is expected to increase to \$2.8 by fiscal year 2024-2025, while the NPP share going forward will be \$1.7 million in 2022-2023 and is expected to reach \$3.2 million by fiscal year 2024-2025.

FINANCIAL RISK

Investment Income Risk

CFMWS relies significantly on two sources of NPP investment revenue to fund its operations. They are returns on investments made with the funds of the Canadian Forces Central Fund and the SISIP Financial Segregated fund. The investments in the CFCF consist of the money deposited by NPP entities for safe-keeping and accounting and are invested on behalf of those entities to fund the NPP activities of those entities. The SISIP Financial Segregated Fund consists of the monies held as a reserve against the insurance policies paid for by members along with any money accumulated by the investment of that reserve.

Historically, CFMWS has needed some \$21-\$23 million annually from these two investment funds to fund operations. NPP entities, such as those on Bases and Wings also receive the returns on their investments based on their holdings in the CFCF. In addition, Bases and Wings receive a nominal payment annually-a "CANEX/SISIP Financial dividend"-from CANEX's profits and from the invested surplus of the SISIP Financial Segregated fund. This is in order to fund their local NPP operations and deliver local programs not funded nationally or publically mandated. It also includes amounts distributed as the Senior Executive Appointment (SEA) Grant and PSP training. This "dividend" has historically been approximately \$4.2 - \$4.7 million per year.

Canada's economy proved resilient through the second COVID-19 wave, with growth surpassing consensus expectations. The third wave led to a notable pullback in economic activity in April and May, due to re-imposed lockdown restrictions. But the second half of the year delivered a boom, underpinned by robust fiscal stimulus, businesses and schools reopening, workers returning to the office and expectations for consumers to unleash some of their excess income on leisure and travel. According to Oxford Economics, gross domestic product (GDP) was expected to grow by 6.8% in 2021 and 3.5% in 2022. The most recent economic forecast from Bloomberg News is that Growth in the first quarter came in at about the 7 per cent annualized pace anticipated by the Bank of Canada, which has accelerated the timetable for a possible interest-rate increase and further pared its bond purchases amid the stronger-than-expected recovery. The central bank has forecast growth of 6.5 per cent for 2021, after a 5.4 per cent contraction in 2020.

Inflation is the new concern; rising well over central bank targets. The latest reading in June is 5.4% for the U.S. as the Federal Reserve targets "average inflation," allowing the economy to run hot until there is evidence of a sustained recovery. The same is true in Canada, where the headline consumer price index registered 4.7% year-over-year in October and November of 2021 marking nine consecutive month of above 2% inflation. As the economy reopens and consumption gains traction, the next step in the recovery will depend on how quickly the rest of the workforce returns. Consequently, the Bank of Canada is expected to leave interest rates unchanged until Spring 2022 at the earliest. The critical Canada Recovery Benefit, extended to 23 Oct 21 has been replaced with the Canada Worker Lockdown Benefit but with a much reduced level of support. The drop in the level of income support available to households and businesses will test the resilience of the economic rebound.

The CFCF has tracked better than benchmark in 8 of the last twelve years and in both the rolling four year average and ten year average and as at the end of 2021 has returned \$23.8M in FY 21/22 with a growth of 12.2%.

The SISIP Segregated fund has also performed better than its benchmark in only 3 of the last 12 years but has done better in the four year average and the ten year average. It has also exceeded the goal of CPI plus 3.5% last year significantly and has returned, as of 31 Dec 2021, \$48.6M showing a net growth of 10.0% for FY 21/22 to date.

For FY 22/23 with inflation running at approximately 3.4%, on a yearly basis, the CFCF and SISIP Segregated Fund goals of CPI plus 3.5% will prove difficult to achieve with the current asset mix while both funds are expected to exceed benchmarks with a more normal performance than



2021. The NPP Investment Committee will continue to monitor performance of the Outside Chief Investment Officers and adjust as necessary. See Annex F for a discussion and graphical representation of the CFMWS investment portfolio scenarios.

OPERATING RISK

Given recent developments in the economy and the retail sector, CANEX has not delivered any profits in the last three years however it was cash flow positive for FY 2021-2022. This has caused CFMWS to rely solely on investments as a source of revenue for the NPP costs borne by CFMWS. As SISIP has generated strong returns, it has been providing the source of funds for the CANEX/SISIP Financial Dividend to CAF Bases/Wings. The CANEX Strategic Oversight Committee that concluded in April 2021 resulted in several revenue generating and cost saving initiatives that CANEX is leveraging to improve financial performance. As can be seen at Annex C, CANEX is forecasting a return to profitability in fiscal year 2023-2024. Until CANEX returns to operating at a profit, the CANEX/SISIP Financial Dividend will continue to be sourced from SISIP.

The CFMWS management monitor the financial sustainability risk daily and the NPP Investment Committee meets formally every quarter to track the funds and to decide the timing of withdrawals from these investments. Investment updates are reported to both the NPP Audit Committee and NPP Board regularly.

As a social enterprise, CFMWS is susceptible to financial market downturns and other economic conditions that impact our ability to contribute to NPP entity investments & the CANEX/SISIP Financial Dividend.





MEASURING OUR VALUE

PERFORMANCE MEASUREMENT FRAMEWORK

Monitoring and Evaluation are two key components of the Enterprise Lifecycle (ELC) for CFMWS. Built as an iterative and cyclical process to continuously improve and change the enterprise over time by reviewing and revising, when necessary, all components from business model to individual projects.

At CFMWS we use a results-based management and accountability methodology for our Performance Measurement Framework (PMF) in order to achieve the following:

- Clearly defined and demonstrated results
- Increased transparency and accountability

- Early intervention and risk mitigation opportunities
- Reduced overlap, duplication and waste
- Harmonized, streamlined and integrated oversight and monitoring of our programs and services.

This comprehensive PMF cuts across several performance management levels - individual, divisional and cross divisional (referred to as the enterprise level). As this PMF continues to be implemented over the next 2 years, it will increasingly provide the evidence required at every level for informed decision-making.

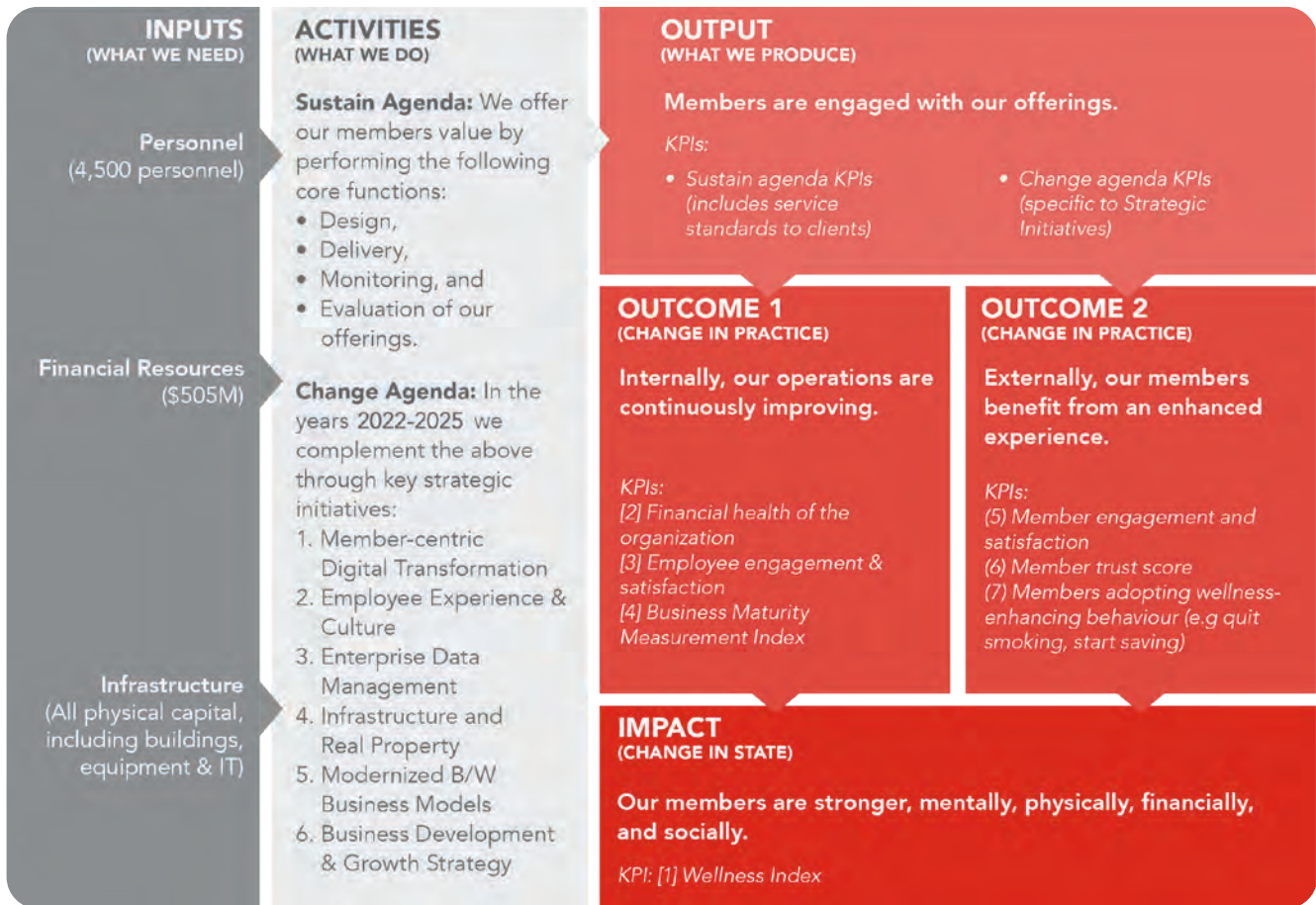
Our results chain and theory of change are integrated into our logic model, which includes our service standard outputs, strategic outcomes, business maturity standards, the shift from product-centric to member-centric strategies, and ultimately the impact that our programs and services have on the community that we serve. See figure 6 below for the CFMWS logic model and theory of change.

Figure 5: Enterprise Life Cycle



CFMWS LOGIC MODEL

Figure 6: CFMWS Logic Model





PERFORMANCE MEASUREMENT IMPLEMENTATION PLAN

CFMWS' Performance Measurement Framework defines the key steps found within the monitor and evaluate phases of the CFMWS Enterprise Lifecycle and those that are required for a successful performance measurement program. Designed as an ongoing and iterative process, the PMF lifecycle identifies five critical phases that collectively are required for the continuous improvement of the programs and services.

Under this methodology, the PMF focus begins with the identification of proper data, setting baselines, and the establishment of standard data collection procedures, before developing performance targets and KPIs for service levels and program objectives. This allows management to set quantifiable targets to critically evaluate the effectiveness and efficiencies of programs and services.

Performance measurement is an ongoing and iterative process with built in flexibility to adjust metrics, reevaluate targets and continuously adapt to changes in the service delivery environment. Following this established methodology and sequenced model will therefore be critical for the success of the SOC as they replace the VCDS 3/96 and APS-110 and redefines the service level models. Setting the service standards is the last stage of the performance measurement process.

As outlined in the CFMWS Strategy 2030 and this strategic plan, CFMWS is committed to measuring our program and business performance. Internally, attaining business maturity and ultimately improving our members' mental, social, physical and financial wellness hinges upon our ability to know which initiatives are working, which ones are not, and why. These goals can only be achieved when a rigorous PMF is in place, supported by a solid data management foundation, to provide real-time and reliable answers to key performance questions.

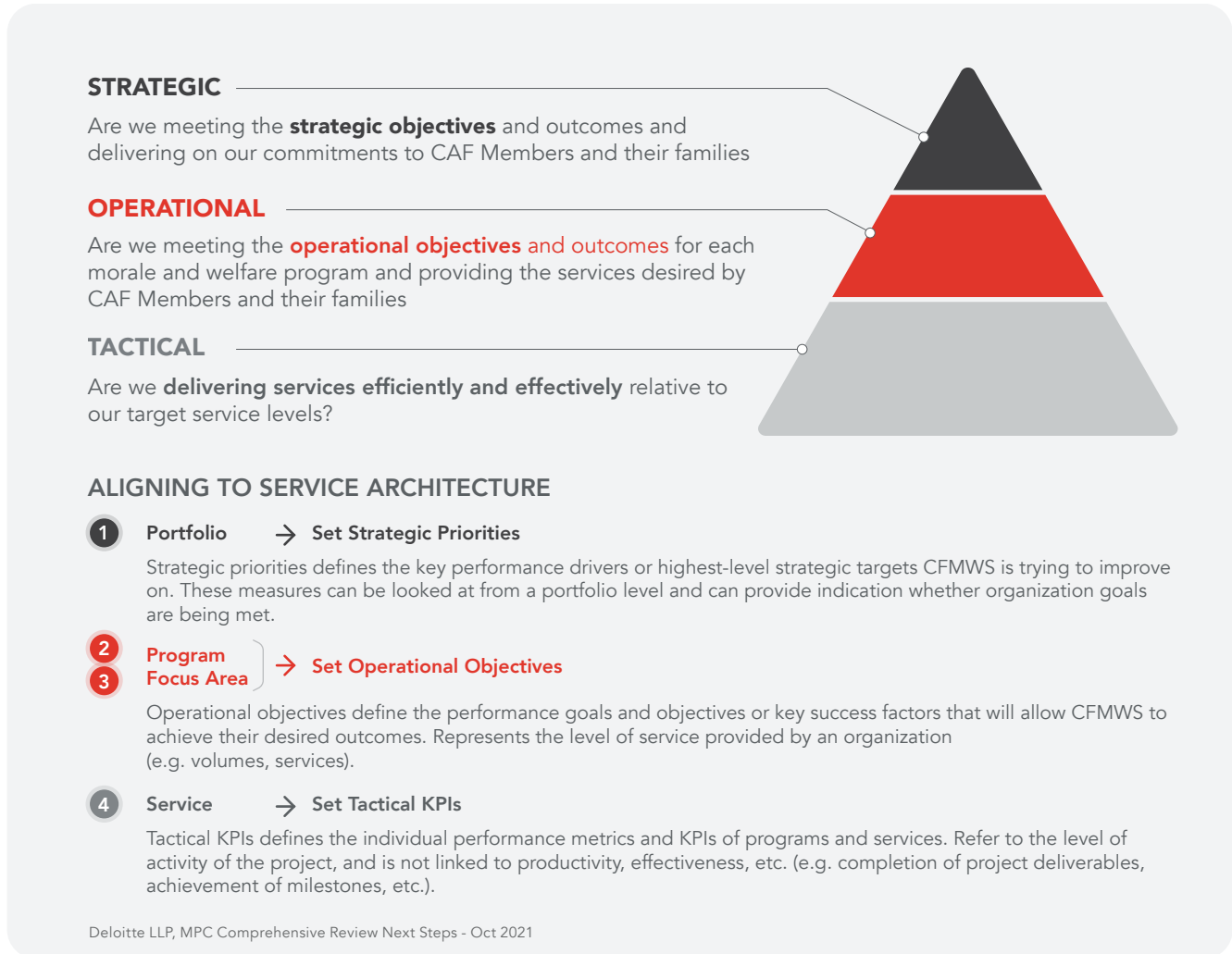
Which is why our focus at CFMWS remains on improving data management and building the necessary integration to support those executive driven goals.

Annex G Performance Measurement Matrix is an evergreen document that captures the 5 phases of the PM Lifecycle, including KPIs, data sources, baselines, and notional targets. As the Performance Measurement Framework and Enterprise Data Management programs mature so will the PM matrix.

As part of our business maturity as a social enterprise, it is important that we continue to measure the financial value and our social impact as well. The initiatives and objectives within this three-year Strategic Plan further define our long and short-term goals and have timelines and metrics specific to each which will be outlined in the CFMWS Performance Measurement Implementation Plan (scheduled for completion in 2022). By measuring our areas of impact across our logic model CFMWS ensures that we have metrics for the strategic, operational and tactical levels, which can then be further aligned with the work being done by the SOC's Services and Functions working group and CMP/DND's efforts (outlined and illustrated at Figure 7).

In addition to measuring our past performance on outcomes and objectives through key performance indicators (KPIs), CFMWS aims to take this one step further as it continues to roll out its Enterprise Risk Management program using the COSO model. Following this model, we have specific goals in moving towards an integrated performance measurement framework that links risk tolerance and key risk indicators (KRIs), divisional results, Enterprise Data Management Program, Service Standards Results Report and Annual Evaluation Report together. Analysis and performance measurement are integral to strategic and operational planning. They are central to the success of a performance-based approach and require a combination of operational data, subject matter experts, and simulation tools and models. Our

Figure 7: The Three Levels of Measurement



ultimate outcome outlined in our strategy is to use predictive business performance analytics to inform our future strategic initiatives.

In the next three years, CFMWS will move beyond traditional performance measurement methodology using only historical data, and lay the building blocks to employ next-generation performance reporting through intelligent analytics over the next 10-years. This approach will eventually apply Artificial Intelligence (AI) elements, such as machine learning, to support smart, predictive and

prescriptive analytics. It will also provide a whole-enterprise view, where we can gain insights, make evidence-based decisions and adjust our three-year strategic plan and annual business plan accordingly. But this goal cannot be achieved without a concentrated and focused effort in addressing the foundational and maturity gaps that are currently forcing manual data collection and repeated data design flaws, which is why we have sought in this business plan public support for some initial data management resources.

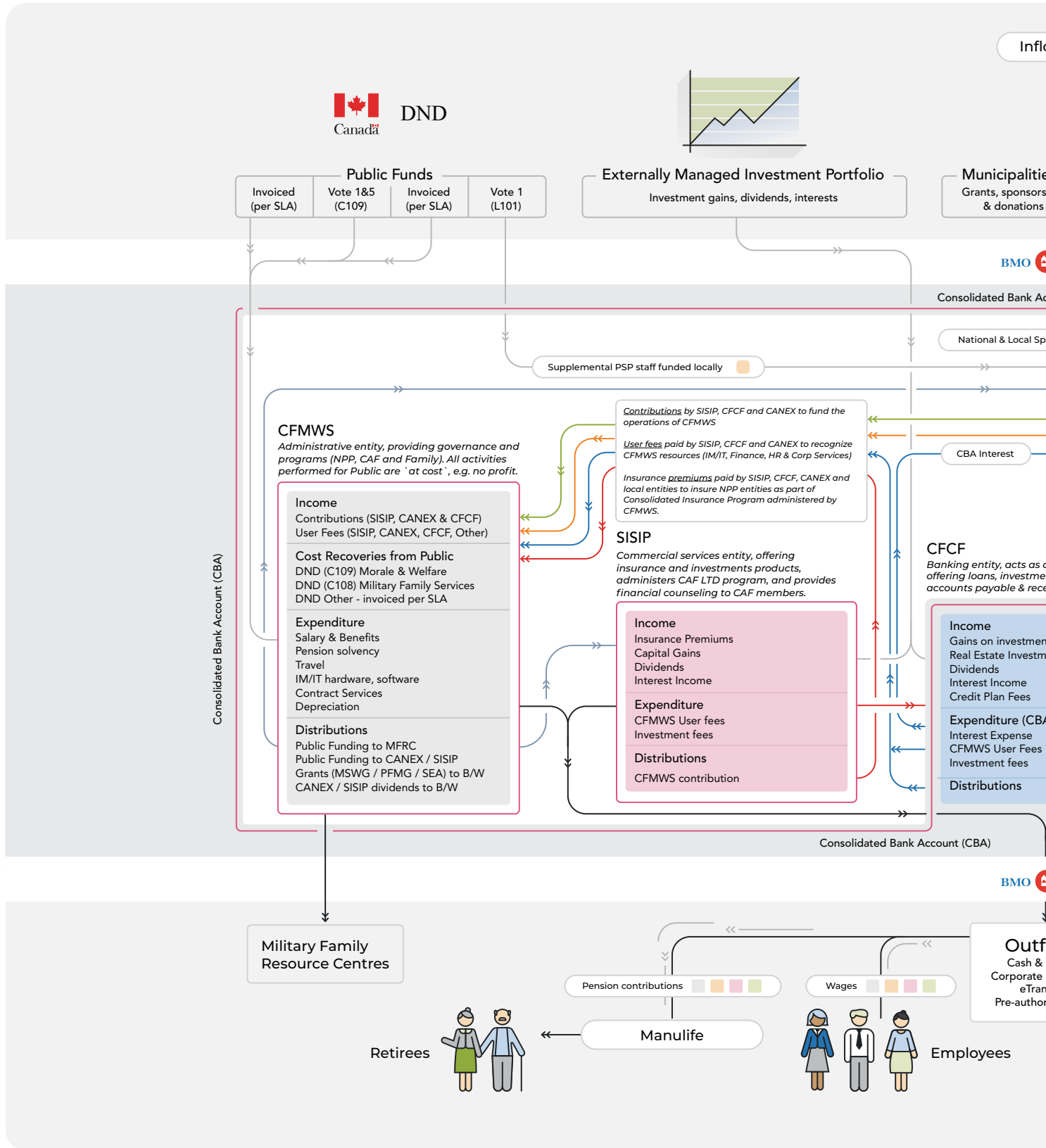


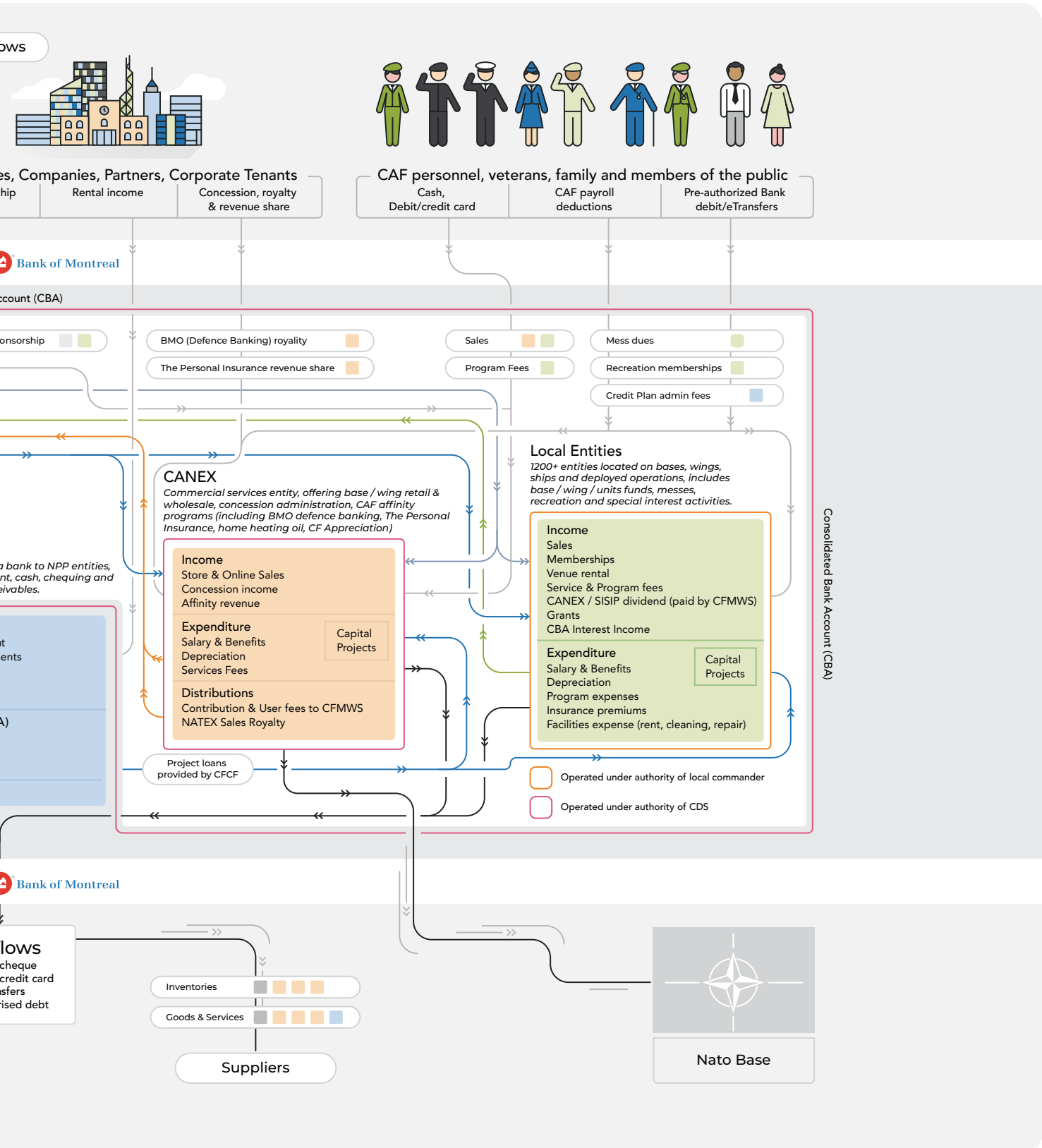
ANNEXES



Annex A

NPP Financial Flow

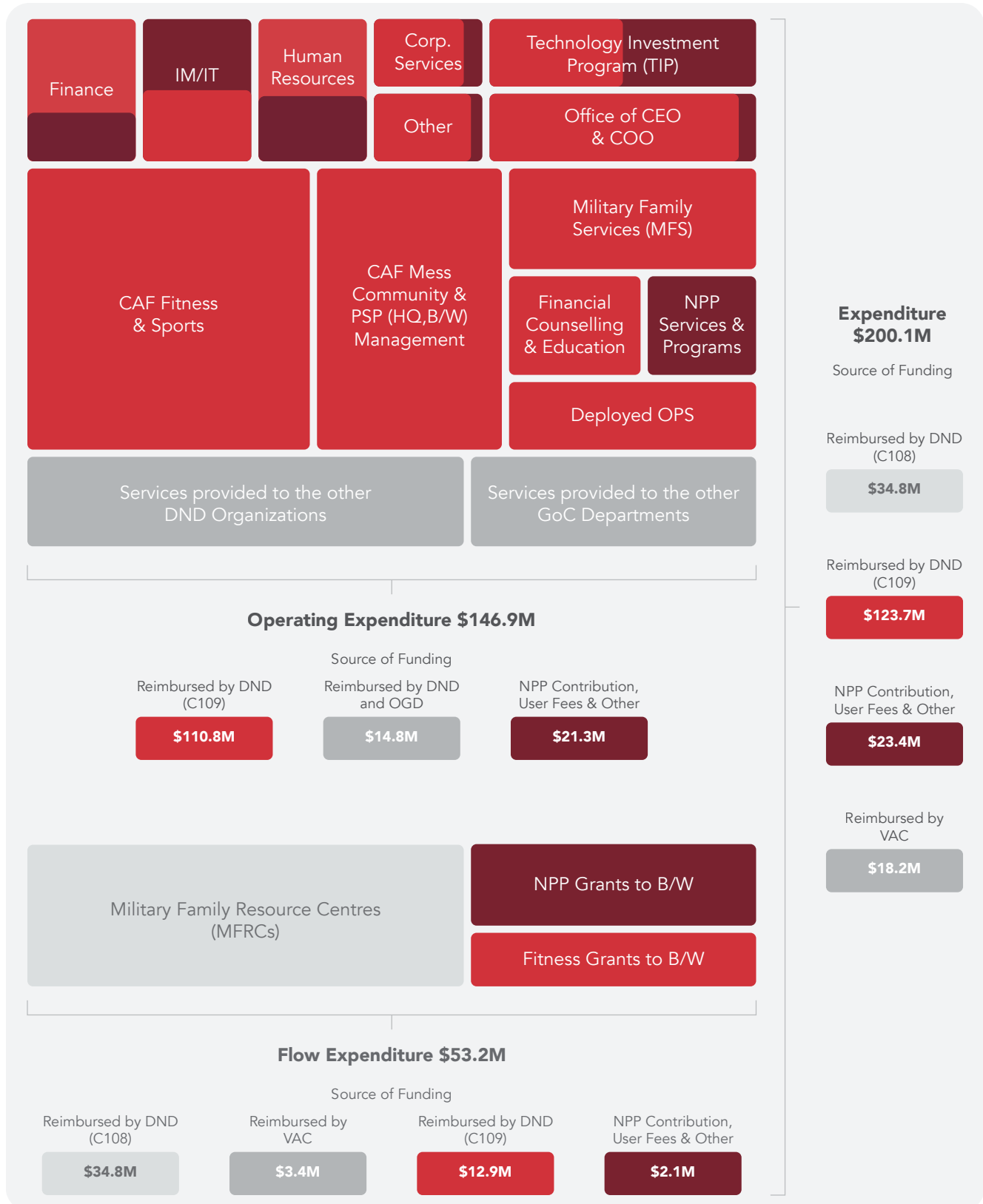






Annex B

Sources of Funding and CFMWS Expenditures FY 20-21



Annex C**Three-Year Forecasted NPP Budget***All figures in CAD thousands*

	CFMWS		
	FY 22/23	FY 23/24	FY 24/25
Revenues			
CANEX	-	-	-
SISIP	23,976	25,272	26,657
CFCF	<u>4,034</u>	<u>3,770</u>	<u>3,534</u>
Contributions	28,010	29,042	30,191
User Fees	5,300	5,300	5,300
Total Revenues	33,310	34,342	35,491
Expenses			
PSP	579	583	587
CFONE Membership	929	841	855
Sponsorship	566	577	588
CIP	1,100	1,210	1,331
Programs & Services	3,174	3,211	3,361
Corporate Services	2,013	2,045	2,077
Finance	5,690	5,790	5,893
IMIT	7,971	8,755	9,541
Human Resources	4,358	4,436	4,514
TIP	2,645	2,645	2,645
Corporate & Support Services	22,677	23,671	24,671
Staff of the NPF (net) cost	2,800	2,800	2,800
Other	-	-	-
Other Expenses	2,800	2,800	2,800
Total Expenses	28,650	29,682	30,831
Surplus (Deficit) before Distributions	4,660	4,660	4,660
Other Expenses	(4,660)	(4,660)	(4,660)
Surplus (Deficit) on a Cash Basis	-	-	-



Annex C

Three-Year Forecasted NPP Budget

All figures in CAD thousands

	CFCF		
	FY 22/23	FY 23/24	FY 24/25
Revenues			
Investment Income	14,067	12,447	10,552
Interest on loans receivable	1,560	1,440	1,320
Credit Plan Admin Fees	683	697	711
QCC	175	50	100
Michael Street	(14)	(14)	(14)
Real Estate Operations	161	36	86
Reinsurance Fee from SISIP	250	250	250
Other Revenue	10	10	10
Total Revenues	16,731	14,880	12,929
Expenses			
Interest to Base/Wing Funds, Messes & Trusts	11,253	9,647	7,914
CFCF Management	435	435	435
Support Services User Fees	350	350	350
Investment Services	458	479	496
Other Expense	200	200	200
Total Expenses	12,697	11,111	9,395
Surplus (Deficit) before Distributions & Contributions	4,034	3,770	3,534
Contribution to CFMWS	4,034	3,770	3,534
Net Income (Loss)	-	-	-

Annex C**Three-Year Forecasted NPP Budget***All figures in CAD thousands*

	SISIP Financial		
	FY 22/23	FY 23/24	FY 24/25
Revenues			
Premium income	90,953	95,045	99,798
Interest credited	6,203	6,303	6,403
Investment income on segregated fund	31,659	27,363	22,582
Royalties: Travel Ins, T100, Critical Illness	184	239	273
Financial Planning commissions	7,220	8,214	9,322
Financial Counselling (Public) cost recovery	3,278	3,360	3,444
CAF LTD administrative revenue (from TB)	5,124	5,129	5,134
Total Revenues	144,621	145,653	146,956
Expenses			
Claims and related expenses	68,214	71,284	74,848
Policy administrations expenses	2,219	2,319	2,435
Premium tax and provincial sales taxes	3,900	4,095	4,320
Salaries and Benefits	15,470	16,345	17,242
Other operating expenses	3,458	3,552	3,299
Reserve increase (decrease)	3,413	3,481	3,550
Net reinsurance premium	2,620	2,620	2,620
Investment management fees	2,178	2,166	2,193
Other fees	1,627	1,730	1,845
Total Expenses	103,099	107,592	112,352
Income before distributions from insurance operations	41,521	38,062	34,604
Contribution to CFMWS	(23,976)	(25,272)	(26,657)
Net Income	17,545	12,790	7,946



Annex C

Three-Year forecasted NPP Budget

All figures in CAD thousands

	CANEX		
	FY 22/23	FY 23/24	FY 24/25
Revenues			
Canada	108,000	113,400	116,802
Europe	10,368	10,953	11,336
Online	7,300	7,811	8,202
Gross Sales	125,668	132,164	136,340
Cost of Sales	99,913	104,461	107,110
GP%	20.5%	21.0%	21.4%
Gross Profit	25,755	27,703	29,230
Other Revenue	12,902	14,178	14,961
Total Revenues	38,657	41,881	44,191
Expenses			
Salary & Benefits	21,698	22,396	23,163
Depreciation	4,709	4,388	3,153
Services (cleaning, delivery POS support)	3,032	3,123	3,209
Support Services User Fees	3,252	3,252	3,252
Facilities	1,715	1,764	1,815
Interest Expense	1,670	1,610	1,525
Marketing / Advertising	1,546	1,618	1,692
Fees	1,163	1,503	1,866
Other (Bad Debt, Supplies, Travel)	1,338	1,402	1,377
Total Expenses	40,123	41,056	41,052
Net Income (Loss) Before Distributions	(1,466)	826	3,138
Contribution to CFMWS	-	-	-
Distribution to NATEX Base	(340)	(352)	(365)
Net Income (Loss)	(1,806)	474	2,773

Annex C**Three-Year forecasted NPP Budget***All figures in CAD thousands***CAF Charitable Funds**

	FY 22/23	FY 23/24	FY 24/25
Revenues			
Philanthropic Donations	3,300	3,500	3,700
Interest on Deposits	600	600	600
Contributions from Levies	300	300	300
Interest on Loans Receivable	225	225	225
Other	80	80	80
Total Revenues	4,505	4,705	4,905
Expenses			
Good Works Activity	3,396	3,582	3,768
Fundraising Expense	697	711	725
General Expense	412	412	412
Total Expenses	4,505	4,705	4,905
Net Income (Loss)	-	-	-



Annex D

CFMWS Incremental Funding Request to DND Fiscal Year 2022-2023

Executive Summary

CFMWS recognizes the continued challenges for DND to fund the entire defence programme and that the response to COVID-19 continues to influence flexibility in allocating public funding to new initiatives within the Department. The CFMWS proposed incremental budget requirements for reimbursement from Public Funds has been tiered by priority and Priority One items consist of the minimum allocation increase necessary in order to satisfy legislative and regulatory, and fiduciary requirements to the programme in addition to an economic increase in salaries and wages to Staff of the Non Public Funds, Canadian Forces (SNPF, CF). The funding demands highlighted in this submission signal only those that are of most import to achieve CFMWS' Strategic Plan. There are several other funding demands, which are also considered important to the delivery of Morale and Wellness to our members, but are either being deferred or managed internally.

To deliver on its lines of business, funding is required at a level necessary to meet governance deficiencies as identified in audits, and commensurate with the expectations of CAF leadership to deliver these programs in accordance with the CFMWS mandate. The notional allocation for FY 2022-2023 provides \$100 million in C109 to deliver on NDA mandated M&W responsibilities and \$36.7 million in C108 to deliver on select Military Family Services via the MFRCs. To deliver on these mandated M&W responsibilities, a further \$15.2 million is necessary for the next fiscal year. Of this amount, \$9.6 million in incremental funding is a baseline requirement and \$5.6 million is required in-year. It includes an economic increase for SNPF, CF that is based on the Consumer Price Index (CPI) and is currently estimated at 3.5%. It also includes the costs for actions necessary to be compliant with the new regulations on prevention of harassment and violence in the workplace, the new Federal Pay

Equity Act, which came into effect on 31 Aug 21, and fiduciary requirements to address observations made by ADM(RS) during recent CFMWS audits. CFMWS continues to make investments in technology to ensure the governance of NPP activities in a modernized framework, improve the member experience, and protect the enterprise against cyber threats through the Technology Investment Plan (TIP). The above-mentioned funds requirement includes the DND share of continued investment in technology solutions. As IT projects funded through TIP are completed, there are associated recurring salary and operations and maintenance (O&M) costs, for which CFMWS requires incremental funding.

To address observations and gaps identified in the Assistant Deputy Minister (Review Services) (ADM(RS)) audit of NPP governance, strategic management, and business planning completed in 2016 and the NPP governance audit completed in 2020, CFMWS is modifying one executive level position and augmenting it with two new positions in the formation of a Corporate Secretary function. This group will coordinate and provide NPP legal advice to assist with strategic issues facing CFMWS, coordinate governance meetings and requirements such as NPP Boards and ExMBs, and ensure that governance groups such as the NPP Board, NPP Audit Committee, ExMB, NPP Pension Committee, NPP Investment Committee, Resource Management Committee are synchronized.

The key documents governing the support from DND/CAF and the provision of services to DND/CAF through the Non-Public Property framework have, over time, become outdated, unclear and in need of revision. ADM(RS) directed, inter-alia, that CMP, should develop a Service Level Agreement (SLA) with CFMWS to clearly outline the types and levels of services to be provided commensurate with approved levels of public funding. CFMWS has established the APS-110 Replacement Strategic

Oversight Committee (APS 110 SOC) to consider and recommend options to modernize the current funding approach and service delivery standards for CFMWS delivered M&W programs and NPP/SNPF, CF governance and to develop the appropriate legal agreement with DND/CAF. CFMWS, with assistance from an external consultant will work closely with CAF/DND stakeholders in the development of a new modernised framework with established service standards and performance measurement framework.

Included in this Business Plan are requests for two initiatives that are considered to be high priority to Canadian Armed Forces and more specifically, Chief Military Personnel (CMP). While these initiatives are important to recruitment, retention and serving those who serve, it should also be noted that CFMWS is the vehicle of delivery for them. Without dedicated, baseline funding, CFMWS is not positioned to pursue even exploratory efforts on either of these initiatives.

The first initiative is Women's Physical Wellness and Fitness Program. When it comes to physical fitness and wellness, women in the CAF have unique needs within their career/journey, which require specific attention. A Women's Wellness Continuum has been created and investment in this initiative will support priority activities and efforts along the continuum. The second initiative is the provision of childcare centres to CAF personnel. CFMWS was requested to examine the feasibility of constructing centres, then delivering childcare to CAF members and families. Several options have been identified, ranging from three centres as a pilot to childcare centres on 35 Bases and Wings. DND has chosen to pursue the construction of six centres at select locations in Canada, with an option to expand the service to other Bases and Wings in the future.

Of the \$15.2 million requested of DND in this Business Plan, a total of \$5.9 million is considered to be of the highest priority and is necessary to ensure

SNPF, CF are provided an economic increase in line with the CPI, and address legislative, regulatory, and fiduciary requirements going forward. The Priority One items represent firm financial requirements and thus, should not be viewed as pressures. These items directly support the priorities set out in this Strategic Plan and if not funded, CFMWS will alter its programme accordingly via a reduction of services provided on Bases and Wings across Canada through workforce terminations, specifically in the areas of fitness, sports and grants to Bases and Wings used to maintain physical fitness equipment.

The reconstitution of CAF is inevitably going to place a greater demand on DND resources as new members are recruited, trained, and deployed to their new units. To support the reconstitution efforts of CAF, CFMWS will also require surge capacity as training establishments grow in size and the training program is executed in a decentralized fashion. CFMWS and DND therefore need to plan for growth so that the influx of demand can be absorbed and that sailors, soldiers, and aviators receive the level of morale and welfare support necessary to thrive in CAF.

Who We Are

CFMWS delivers national and local Morale and Welfare (M&W) programs, services, and activities through four operational and four governance and support divisions:

Operational Divisions

- a. Personnel Support Programs;
- b. Military Family Services;
- c. CANEX; and
- d. SISIP Financial.

Governance and Support Divisions

- a. Corporate Services;
- b. Human Resources;
- c. Finance and Accounting; and
- d. Information Services.



CFMWS has established the following priorities to be delivered under the NPP Accountability Framework, commensurate with the funding allocated as per VCDS 3/96 and APS-110:

- a. Deliver NPP Governance on behalf of the CDS, ensuring efficiency in overall program delivery;
- b. Deliver the CAF Wellness and Physical Fitness Strategy. Continue to deliver Fitness and Well-Being Programs in accordance with the CAF Health and Physical Fitness Strategy as a lifestyle/culture change within the CAF;
- c. Deliver military family support capability by way of the Military Family Services Program (MFSP);
- d. Deliver M&W programs in Deployed Operations; and
- e. Deliver other Public programs departmentally requested of CFMWS.

CFMWS is the selected agent for centrally delivered M&W programs and services, and therefore can ensure equitable levels of service across the CAF. The fact that NPP is an affiliated, yet separate, Non-Public Crown to Public Crown provider enables

a close relationship with the CAF community with whom it is often integrated. The Non-Public Crown to Public Crown award of DND funded M&W programs to NPP is cost effective in comparison to the pre-existing in-house model, as the cost of NPF employees is significantly less than the military personnel that were replaced.

Part of the cost of M&W delivery, including CFMWS personnel, is funded from DND O&M vice SWE. Being a Non-Public Crown to Public Crown initiative, the funds provided to reimburse the personnel component of NPP Morale and Welfare program delivery are considered to be O&M from a DND perspective and as such, are not subject to DND SWE controls and pressures. All public payments to NPP are transfers between government organizations and not payments to contractors. Given approximately 84% of CFMWS programme costs are personnel or personnel related, reductions to O&M would unfortunately result in terminations of personnel involved in the delivery of services and/or governance. As NPF Employees are part of a federal Separate Agency 'Staff of the Non Public Funds, Canadian Forces', CFMWS can adjust its workforce employees in an administratively streamlined

Business Line	2022-2023			2023-2024			2024-2025		
	Public (C109)	Non Public	Total	Public (C109)	Non Public	Total	Public (C109)	Non Public	Total
NPP Corporate Services	6,791	2,942	9,733	6,918	2,886	9,804	7,046	2,932	9,978
NPP Finance Responsibilities	9,901	5,690	15,591	10,092	5,790	15,883	10,288	5,893	16,180
NPP Human Resource Responsibilities	5,243	4,358	9,601	5,345	4,436	9,780	5,449	4,514	9,963
NPP IMIT Responsibilities	5,818	7,971	13,788	5,926	8,755	14,681	6,036	9,541	15,577
Technology Investment Plan	0	2,645	2,645	0	2,645	2,645	0	2,645	2,645
Provision of CAF Sports & Physical Fitness Program	33,207	250	33,457	33,855	250	34,105	34,516	250	34,766
Provision of Military Family Support Program	5,720		5,720	5,825		5,825	5,931		5,931
Provision of Critical Stress Response Team - Sexual Misconduct	1,083		1,083	1,104		1,104	1,126		1,126
Provision of Accidental Dismemberment Insurance	450		450	457		457	464		464
Provision of CAF Financial Counselling & Education	3,198		3,198	3,262		3,262	3,328		3,328

process. The NPP accountability framework adds flexibility in that it provides an additional and unique means by which DND has CFMWS deliver M&W programs at all locations to the members of the CAF and their families with efficiency while remaining compliant with governing regulations. SNPF, CF is primarily a field workforce located at Bases/Wings/ Units across the CAF and, as such, is well situated to deliver programs to the CAF community.

CFMWS and the Canadian Army (CA) have a Service Level Agreement (SLA) for the CFMWS provision of M&W oversight services by the PSP Advisors and NPP Finance and HR Governance to the CA Reserve Units. The CA is paying their public share of Finance and HR services, with the appropriate NPP share from Canadian Forces Central Fund (CFCF). In regards to public M&W, PSP Advisors provide M&W advice to the CA Reserve at the four CA Divisions. This service agreement arose after an audit highlighted CDS Governance risk with the Army Reserve units in their use of NPP and the employment of casual staff in the messes. CFMWS has continued discussions with the Royal Canadian Navy (RCN) to deliver a similar service. CFMWS has numerous other SLAs in place with

DND organizations and units including Base/Wing Commanders for the provision of incremental morale and welfare services on their respective Bases and Wings. A list of existing SLAs can be found at Annex E of the CFMWS 2022-2025 Strategic Plan.

The reconstitution of CAF is inevitably going to place a greater demand on DND resources as new members are recruited, trained, and deployed to their new units. To support the reconstitution efforts of CAF, CFMWS will also require surge capacity as training establishments grow in size and the training program is executed in a decentralized fashion. CFMWS and DND therefore need to plan for growth so that the influx of demand can be absorbed and that sailors, soldiers, and aviators receive the level of morale and welfare support necessary to thrive in CAF. If the CAF plans for more throughput of recruits, depending upon location, CFMWS may have to seek additional funds to provide a sufficient number of fitness instructors. That demand will be dependant upon CMP reconstitution plan. This plan reflects known reconstitution efforts, specifically at CMR Saint-Jean as it works to re-establish itself as an accredited university in Canada.

Business Line	2022-2023			2023-2024			2024-2025		
	Public (C109)	Non Public	Total	Public (C109)	Non Public	Total	Public (C109)	Non Public	Total
Provision of Personal Support Program Management	1,774	855	2,628	1,806	870	2,676	1,840	885	2,725
Provision of Personal Support Program Field Management	6,871		6,871	7,008		7,008	7,148		7,148
Provision of Human Performance Research	1,844		1,844	1,880		1,880	1,917		1,917
Provision of PSP to Deployed Operations	1,720		1,720	1,751		1,751	1,783		1,783
Provision of CAF Community Recreation Management	2,666	40	2,706	2,720	40	2,760	2,774	40	2,814
Corporate Costs	4,155	3,900	8,055	4,218	4,010	8,228	4,281	4,131	8,412
CANEX Management	2,818		2,818	2,874		2,874	2,931		2,931
Provision of Base/Wing Fitness & Sports Programming (PFMG & MSWG)	2,184		2,184	2,217		2,217	2,250		2,250
Provision of CAF Mess Management	4,360		4,360	4,447		4,447	4,536		4,536
TOTAL	99,804	28,650	128,454	101,705	29,682	131,387	103,643	30,831	134,474



Incremental Funding Requirements

To deliver on its lines of business, funding is required at a level necessary to meet governance deficiencies as identified in audits, and commensurate with the expectations of CAF leadership to deliver these programs in accordance with the CFMWS mandate. The notional allocation for FY 2022-2023 provides \$99.8 million in C109 to deliver on NDA mandated M&W responsibilities and an additional \$36.7 million in C108 to deliver on select Military Family Services via the MFRCs. In order for CFMWS to deliver on these mandated M&W responsibilities, a further \$15.2 million is necessary in Fund C109 for the next fiscal year and \$579K in C108.

The additional \$15.2 million includes an economic increase for SNPF, CF based on CPI, estimated at 3.5%. The new Federal Pay Equity Act came into effect on 31 Aug 21, and it requires the employer establish a pay equity committee and create a pay equity plan within three years of the Act coming into force. This process has begun with respect to SNPF,CF and as a legislative requirement, will result in additional costs to CFMWS. New regulations on prevention of harassment and violence in the workplace (commonly referred as Bill C-65) strengthen the provisions of the Canada Labour Code. As obligations with respect to harassment and violence in the workplace increase, so too do the costs associated with satisfying these increased obligations.

With respect to the Military Family Support (C108), CFMWS is seeking an increase to its notional allocation in the amount of \$579K to ensure the funding afforded to MFRCs providing support to CAF families keeps pace with inflation. The Defence escalator of 1.5% is applied for all O&M related costs, but like CFMWS, the largest proportion of expenses incurred by MFRCs is on salaries and wages. The ratio of salaries to O&M expenses for MFRCs is approximately 80/20, and as such,

CFMWS is seeking a weighted average increase of 3.1% for FY 2022-2023, which translates to \$579K more than the 1.5% Defence escalator provides. An increase to the C108 allocation will enable MFRCs to maintain the purchasing power of their respective quarterly payments in terms of programs offered to CAF families while ensuring that staff are fairly compensated in line with CPI based cost of living.

CFMWS continues to make investments in technology to ensure the governance of NPP activities in a modernized framework, improve the member experience, and protect the enterprise against cyber threats through the Technology Investment Plan (TIP). The above-mentioned funds requirement includes the DND share, based on the APS-110 split funding ratio for Informatics (at 47.1%). With the completion of IT projects funded through TIP, there are associated recurring salary and operations and maintenance (O&M) costs.

Based on known DND funding in Fund C109, the following table notionally delineates the business lines where CFMWS will incur costs to deliver services. Note this table excludes Morale and Welfare operations that are borne 100% by NPP funds. Those activities represent approximately \$400 million of annual revenue against expenses incurred by the respective Morale and Welfare operations. It should also be noted that the table is exclusive of the additional funds being requested in this Business Plan that are identified and described later in this Annex.

CFMWS has categorized the financial resource requests into two main priority categories. The first, being Priority One, includes Non-Discretionary items, such as the economic increase for SNPF, CF. Priority One items also include legislative (Pay Equity and Bill C-65) requirements, and fiduciary requirements (Corporate Secretary Function). Any Priority One funding requirement not allocated to CFMWS will impact the ability to deliver the services as described above. With the high percentage of CFMWS costs being in salaries (84%), there

is extremely little ability to cash manage even temporary resource shortfalls.

Beyond the notional allocations for CFMWS, additional DND funding is necessary to reimburse CFMWS for costs associated with service delivery. These additional requirements have been broken into two priorities as shown below and described further in this section.

Priority 1	\$ 5.9M
Priority 2	\$ 9.3M
Total	\$15.2M

In addition to the CFMWS prioritized resource requests, there are two other initiatives that are included in this Strat Plan that will require a significant investment from DND in order to move forward. For both of these initiatives, CAF senior leadership has approached CFMWS to be the vehicle to deliver. The first is the Women Wellness research program that was developed in conjunction with CFHS (Director Force Health Protection and Health Care for Diversity). The second is an initiative to address the identified childcare needs of military families, balanced with the unique operational requirements of CAF operations and in reflection of the current childcare/daycare accessibility deficiencies. Each initiative will be discussed in further detail in this Annex.

The Priority One incremental requirements include five items:

1. 3.5% (estimate) economic increase for SNPF, CF	\$2.8M
2. Legislated Pay Equity	\$1.3M
3. Bill C-65	\$0.4M
4. Corporate Secretary Function	\$0.3M
5. Modernized Business Model (APS-110 SOC)	\$1.1M
Total	\$5.9M

The Priority One items in the above table include non-discretionary expenses that are the absolute minimum incremental funding necessary for FY 2022-2023. An estimated 3.5% cost of living salary increase for FY 2022-2023, at a cost of \$2.8 million.

On August 31, 2021, the new, Federal Pay Equity act came into effect. The Pay Equity Act requires the employer to establish a pay equity committee and create a pay equity plan within three years of the Act coming into force. To meet the legislative requirements, CFMWS will be responsible to select and implement a single job evaluation tool and ensure that job evaluation results meet the new legislation and are reflective of current job content. Further, as the employer of SNPF, CF, CFMWS will need to analyze job evaluations and establish a pay equity plan to include establishing the requirements for a committee. This will also necessitate the addition of a Full-time Compensation analyst as well as term HR Documentation Analysts. The Baseline requirement for this obligation is \$111K, and the 2022/23 In-year requirement is an additional \$1.2 million, followed by \$750K in each of the following two years.

Amendments to the Canada Labour Code contained in the Workplace Harassment and Violence Prevention Regulations (known as Bill C-65) came into effect on Jan. 1, 2021, and expanded the existing Prevention of Violence framework. Along with all Government of Canada departments and agencies, our obligations with respect to harassment and violence in the workplace have increased. To be compliant with the new regulations and the resultant changes to the Canada Labour Code, CFMWS has increased its complement of staff within its Centre for Conflict Resolution and Ethics by a total of three positions at a total annual cost of \$372K. This was necessary to meet the fiduciary requirements as a Separate Employer under the Canada Labour Code Part II.

To address observations and gaps identified in the Assistant Deputy Minister (Review Services) (ADM (RS)) audit of NPP governance, strategic management, and business planning completed in 2016 and the NPP governance audit completed in 2020, CFMWS is modifying one executive level position and augmenting it with two new positions



in the formation of a Corporate Secretary function. This group will coordinate and provide NPP legal advice to assist with strategic issues facing CFMWS, coordinate governance meetings and requirements such as NPP Boards and ExMBs, and ensure that governance groups such as the NPP Board, NPP Audit Committee, ExMB, NPP Pension Committee, NPP Investment Committee, Resource Management Committee are synchronized. The cost associated with the stand up of the Corporate Secretary function is \$310K.

The key documents governing the support from DND/CAF and the provision of services to DND/CAF through the Non-Public Property framework have, over time, become outdated, unclear and in need of revision. ADM(RS) directed, inter-alia, that CMP, should develop a Service Level Agreement (SLA) with CFMWS to clearly outline the types and levels of services to be provided commensurate with approved levels of public funding. As part of the Management Action Plan developed by CMP and endorsed by ADM (FIN), timelines for the development of a SLA have been set for FY 2023/2024 with implementation 1 April 2024. CFMWS established the APS-110 Replacement Strategic Oversight Committee (APS 110 SOC) to consider and recommend options to modernize the current funding approach and service delivery standards for CFMWS delivered M&W programs and NPP/SNPF, CF governance and to develop the appropriate legal agreement with DND/CAF. To execute, CFMWS will hire term staff to absorb the incremental demand on existing staff for a period of three years. Further, CFMWS will hire an external consultant with expertise in the delivery of services and in accurately costing the up-front and back office activities associated with the delivery of the services that CFMWS offers to CAF/DND and its personnel. The anticipated cost for FY 2022/2023 is \$1.1 million.

These Priority One items represent financial requirements that are either obligatory or legislated

or fiduciary, and should not be viewed as pressures. If this funding, as a minimum, is not provided to CFMWS, it will be forced to make program reductions which will directly impact on the services provided to CAF members and families. These items directly support the priorities set out in this Strategic Plan and if not funded, CFMWS will alter its programme accordingly via a reduction of services provided on Bases and Wings across Canada through workforce terminations, specifically in the areas of fitness, sports, and grants to Bases and Wings used to maintain physical fitness equipment.

Priority Two incremental requirements consist of the following:

1. Technology Investment Plan (TIP)	\$2.36M
2. Data Management	\$0.43M
3. Recurring costs associated with TIP	\$1.5M
4. Microsoft 365 Licensing	\$0.14M
5. Implement Accounting Automation modules	\$0.93M
6. Correct funding attribution for Financial Accounting system (PROPHET)	\$0.3M
7. Recreation Management	\$1.36M
8. Relocation Expertise Program	\$0.56M
9. EFIT Resource Matrix Costs	\$0.25M
10. TD Costs to conduct ResF FORCE tests	\$0.13M
11. Sports Programming	\$1.1M
12. CMR D/PSP Mgr & X-Country Coach	\$0.21M
Total	\$9.3M

Priority Two items represent governance items borne by CFMWS to ensure the CDS meets the NDA required oversight of NPP operations. In 2017, the CDS, in his capacity as Chair of the NPP Board, approved CFMWS to advance in-year and baseline NPP for required IMIT investment with DND to provide its share (47.1%) in arrears, when DND funding allows. As in past years, DND's share of the investment cost is \$2.36 million (47.1% of \$5 million). As noted, if this is not funded through the

BP process, it then carries forward and is submitted through the subsequent quarterly reviews and Business Plans. The importance of TIP and the capital investment in technology over the past three years has been clearly illustrated. CFMWS has avoided significant compromise of the NPPNet due to cyber attacks and has been able to maintain consistent delivery of service with a dispersed during the pandemic that has directly impacted Government since March 2020.

Several Risk-Based Audits, dating back to 2014, have observed ongoing performance measurement risks, including the fact that KPIs are not always measured properly and consistently by business leaders at CFMWS. This has been attributed to the lack of access to quality data. Audit observations also identified the need for CFMWS to formally establish policies for Information Management, Data Governance and Asset Management. The 2017 audit conducted by ADM (RS) noted that CFMWS should formally establish policies for information management, data governance and asset management. As part of data governance, CFMWS should also:

- Identify and classify information assets within the organization and assign appropriate data handling guidelines.
- Maintain an inventory of critical and sensitive information assets and define appropriate levels of protection against threats to availability, theft and unauthorized modifications.
- Link asset information to risk management practices and other preventative controls such as vulnerability and patch management, data loss prevention and incident response processes to prioritize remediation and response actions.

As part of the next steps for the MPC Comprehensive Review, Deloitte LLP was contracted by DND and the CAF to develop a performance measurement and service standard framework for CMP. This higher level framework further defines

the key steps to monitor and evaluate CFMWS programs and service standards including the additional resources and tools required to support performance measurement and data management. Additionally, new compliance requirements for stricter Canadian and global privacy and data protection legislation, such as Quebec's Act to Modernize Legislative Provisions respecting the Protection of Personal Information, Europe's General Data Protection Regulations (GDPR), and the modernization of Canada's data protection laws, including the Privacy Act all require a certain level of data governance and data management action. Failure to comply with these regulations could result in penalties up to \$25 million or 5% of an organization's gross revenue. To address the observations made by ADM(RS) and root problem and risks above, CFMWS seeks funding support for three staff to manage the increased workload that will be necessary to address the observations. These three positions will form the CFMWS Data Management function. The cost of this team, including salaries and O&M is \$425K.

Further to the investment in technology, there is a resulting salary and O&M component required to maintain the applications and systems acquired as part of the TIP. Based on the investment that has occurred over the past four FYs and FY 2021-2022 planned expenditures, the ongoing DND share of the O&M requirement going forward is \$1.5 million. As projects are completed every year, this annual maintenance component will continue to grow and CFMWS is unable to mitigate internally. The Baseline increase is necessary to maintain the integral systems operating on the NPP Network and without the funding, licensing and maintenance agreements will be cancelled. CFMWS will not be able to support implemented solutions resulting in decreasing availability of the NPP Network services, diminished employee and member experience, and lack of progress in achieving compliance in some core areas of NPP Network and member, employee and corporate data.



CFMWS currently has a requirement to procure the Microsoft 365 (M365) E5 Step-up licenses in order to reduce the risk of the ever-evolving cyber threat landscape, improve compliance controls, and provide enhanced reporting capabilities. Shared Services Canada (SSC) currently supports and covers the cost of a level (E3) of Microsoft 365 licenses for CFMWS users. A higher level of protection (E5) will provide enhanced cyber-security protection for CFMWS users and data including enhanced threat protection, identity and access security, data loss prevention, and security automation. Further, it will provide increased compliance capabilities including alignment with GOC Cloud Controls, privacy controls, and TBS recommended O365 security guardrails. The DND share (at 47.1%) of the cost is \$141K.

The first governance requirement for NPP was about the money, that is, Non-Public Funds. Accordingly, over time for CAF, then Canadian Forces Personnel Support Agency (CFPSA) through to CFMWS, the accounting information system for NPP is not only the official system of record for non-public funds, but is the fiscal backbone of all NPP operations. Without this system, it would be impossible to meet the NDA requirements on the control of NPP. PROPHET is the Oracle-based financial software that all NPP entities use to conduct NPP operations. In FY 2021-22, CFMWS moved PROPHET to the Cloud, and as a result, updated our E-Business Suite (EBS) and Business Intelligence (BI) Systems to the latest releases and to meet Business Continuity Plan (BCP) requirements. With this update completed, CFMWS is now in a position to implement modules that were originally acquired with the software in 2015, but could not be implemented at the time. There are three modules to implement, i-Receivable, i-Expense, and i-Procurement, and the intent is to implement two modules next FY, and the third in the following year. These modules will directly impact both the member's experience and the employee experience, while

maturing the business. In terms of impact on member experience, PROPHET and BI touch our members in many ways from account statements, seamless interaction and automation of payments from military pay and/or bank accounts. PROPHET is the centrepiece of the member experience in that it controls what the member owes, the manner in which they pay, and how CFMWS interacts with them from a financial perspective. The cost to execute next FY is \$932K and \$400K in 23/24. These In-Year costs will produce gains in efficiencies, and will enhance automation with remote units, such as Reserve units in Canada.

The NPF Accounting System (PROPHET) has been incorrectly tracked at 52.9% NPP /47.1% public. In accordance with APS-110, the system should be a 100% public responsibility. In 2007, APS-110 was updated from the previous 1984 version, and included internet/intranet access, computer hardware, software and security as part of the communications cost element. Previously, this element had been limited to telephones and mail service. Public support for Finance includes 100% of communications (APS-110 Table 5-10-1) therefore, in late 2007, there should have been a budget correction to change the acquisition and support costs for Finance hardware, software and security to 100%. This long outstanding oversight should now be corrected. To that end, the existing public funding share needs to be increased so that it is at 100%. To correct this, \$302K in incremental public funding is required to bring the existing PROPHET funding to 100% public.

SSE initiative #24 states: "Establish relocation expertise to help military families find and access the services they need in a new community." To inform the development of a Comprehensive Military Family Plan and the need for a Relocation Expertise Assistance Service, CFMWS conducted a research study, "Understanding the Needs and Processes of Canadian Armed Forces Families during Relocations". This research focused on

better understanding many important factors and gaps with respect to services related to posting. Specifically, the report indicates what would be the preferred service method for accessing relocation support services. CFMWS has developed a plan to build the resilience of military families, which supports the Department's Strategic Planning Directive. Comprehensive Military Family Plan (CMFP) initiatives include costs associated with the provision of telehealth to families unable to find a local health provider, family recreation management, and advanced research requirements. In FY 2021-2022, CFMWS was allocated an In-Year amount to fund these initiatives, however the funding could not be applied to hiring the expertise necessary, as the DND funding was for one year only. CFMWS applied to funding to deliver effect during the FY, but to achieve the effect long term, baseline funding is required. The two primary funding demands are described below:

PSP will increase the number of positions to support existing Base/Wing M&W Services through family leisure and recreation services and build the management framework to support BALANCE (CAF Physical performance strategy/Total Health & Wellness) and CMFP. These positions will address risks associated with strategy, operations, enterprise, vulnerable sector, and community integration and will focus on programming to contribute to facilitating military life transition. The baseline funding requirement to implement long-term solutions in addressing this SSE initiative is \$1.36 million for Phase I and an additional \$1.1 million in Phase II, beginning in FY 2023-2024.

With dedicated funding, CFMWS will assist military families, who frequently have to relocate, find and access the services they need in a new community. These staff will act as family advocates to support CAF families navigating through the complexity of moving to a new location. During the pilot period, CFMWS would provide assistance with Integrated Relocation Program (IRP) general information and

guidance, community services at Bases/Wings, City/Municipal community services, and more. CFMWS will assist in coordinating stakeholder engagement with the families (that is, MFRC, CFHA, military Chain of Command, and SISIP Financial.) The plan is to select three locations for this initial pilot considering the number of geographical moves per location in consultation with the CA, RCAF, and RCN. The cost to deliver on this initiative is \$552K.

Canada's Defence Policy, Strong Secure Engaged (SSE) and the Defence Team Total Health and Wellness Strategy (THWS) reinforces that people are at the core of everything the CAF does to deliver on its mandate and aims to create an environment where personnel are well-supported and resilient. As has been communicated in previous years, a further \$248K in continuous funding in support of the Electronic Fitness platform (EFIT) is necessary to ensure the hardware continues to operate and that the software can be maintained, thus ensuring the continued efficient and accurate delivery of fitness evaluations and the valuable reporting of CAF results. Notwithstanding the DND investment in FORMeFIT between 2015-2018 and the CFMWS investment in FY 2020-2021, there remains recurring program risk. Consistent, stable (baselined) funding for this program is paramount to its continued success and support to CAF and its Chain of Command.

For the 2018-2019 fiscal year, CFMWS was requested to submit funding requirements for Health and Wellness initiatives, which included Reserve Fitness Testing, the National and International Sports Program and Electronic Fitness Testing and Reporting (EFIT). DND endorsed this initiative and submitted it to the Treasury Board Secretariat (TBS). However, the funding provided to CFMWS by DND covered only the incremental salary requirements; the required O&M funding for staff to travel to reserve units to conduct FORCE tests was omitted. Consequently, the personnel hired for Reserve Force fitness testing cannot travel



to the Reserve unit locations to conduct the tests. An additional \$125K to cover the travel and O&M costs associated with conducting fitness testing at Reserve units is required.

The CAF Sports Strategy intends to align collective efforts in optimizing sport's contribution to operational effectiveness and is a key part of the THWS. Once approved, the CAF Sport Strategy will improve the design of the existing sports structure where program entities and partners will work together to support CAF personnel to achieve their greatest potential and maximize the power of sports to enhance the mental, social and physical dimensions of wellness of the Defence team. To deliver on the Sports Strategy and to realize the full impact of sport on Defence Policy objectives, \$1.1 million in incremental funding is necessary.

As College Militaire Royale de Saint-Jean (CMR) continues with its reconstitution, the demand for services and capacity provided by CFMWS, and specifically PSP continues to grow as well. CFMWS is seeking incremental funding for two positions at CMR to begin next fiscal year to improve relative parity with Royal Military College in Kingston. The first is for a full-time Cross-country coach and the second is for a Deputy PSP Manager. To achieve objectives 1.7.2 (Join the RSEQ) and 2.6.40 (Allow coaches to contribute to recruitment efforts) of the 2020-2025 strategic plan of CMR, a centrally funded full-time cross-country coach is necessary. This would align the arrangement at CMR with RMC Kingston as coaches at RMC Kingston are already full-time and centrally funded. With the growing number of cadets at CMR Saint-Jean, and the university sports program, this would be the first full-time coach position to be funded centrally. The cost of this position is \$88K.

CMR achieved NPP independence from Saint-Jean Garrison in FY 2021-22, and the financial structure of CMR is now more closely aligned to the RMC Kingston structure. The reconstitution of CMR is bringing in more cadets and as such there are and

will continue to be additional demands on CFMWS for services, particularly with PSP operations, such as the implementation of the new NPP financial structure, management of messes, clubs, and procurement. CMR's growth has reached a level where it is now necessary to add a Deputy PSP Manager. Total cost for this position is \$126K.

Funds Transfer Request

Military Family Services (MFS) is an operational division of CFMWS that contributes to the well-being of the Canadian Armed Forces (CAF) Community directly through the Military Family Services Program (MFSP). MFS stewards the implementation of the MFSP, provides oversight and guidance to MFRCs in Canada, and serves to achieve services for families that will support those most directly affected by aspects of the military lifestyle such as relocations, absences, and transitions. To better align activities with Funds, CFMWS requests to transfer \$5.93 million from Fund C109 (Morale and Welfare) to Fund C108 (Military Family Services). This amount is currently allocated to the MFS Division to execute their function. This would eliminate any C109 funds from being used in MFS. Because the funds are used to provide support to military families, it is better aligned if it is in the DND Fund designated for support to military families. As a result, DND will be able to more accurately reflect its activities in the Departmental Results Framework (DRF).

Other High Priority CAF and DND Initiatives

In addition to the Priority One and Two initiatives described above, CFMWS is also seeking DND approval of incremental funding to support two important initiatives to CAF and DND. If approved, DND would leverage the flexibility and agility of CFMWS to serve as the delivery vehicle for the Women's Physical Wellness and Fitness Program and the provision of childcare to CAF members as are described in the following paragraphs.

CFMWS has been working with MPC in the development of an investment in a research and grass roots program delivery capability focused on women's physical fitness and wellness. The aim of this research is to facilitate the leveraging of best practices from the international military community as well as adopting local Base/Wing efforts, which have been innovative and effective for women in the CAF.

There are a number of current CAF led efforts focused on supporting its people and their experience through an entire career (Journey, Total Health and Wellness, and Comprehensive Military Family Plan). Many of these efforts balance both individual and service needs with attention to career advancement, individual development, wellness and family welfare. When it comes to physical wellness and fitness, women in the CAF have unique needs within their career/journey, which require specific attention. This is especially important given that research has indicated that from 2014-2017, women had higher percentage of medical releases than men did and at earlier points in their careers. The effort would support a number of high impact, lower investment efforts throughout the Women's wellness continuum that would benefit the currently serving women in CAF in both the short and medium term focusing on recruitment and basic training through to retirement, including first posting, deployment, and prenatal and postpartum programs.

While CFMWS is committed to contributing to this program in partnership with CAF and DND, it is unable to begin implementation without dedicated baseline funds from DND. The estimated annual cost for the current proposal is \$3.7 million.

CAF and DND have also identified a need to address daycare concerns for serving CAF members. CAF requested that CFMWS investigate the feasibility of providing daycare services on select Bases and Wings across Canada.

A survey of child care/daycare across CAF Bases /

Wings in July 2021 revealed that subpopulations of CAF families that reported more challenges finding care included:

- those requiring infant care
- dual service couples
- shift workers
- single parents
- those requiring special needs care
- female CAF members

The survey further revealed that the reported demand for childcare/daycare included:

- regular hours daycare
- infant care
- families newly relocated due to postings
- before and after school care
- outside of regular business hours care
- immediate on-call spaces
- special needs care

Currently, the CAF does not have an employer childcare or daycare program. The DND-funded MFSP, provided by CFMWS Military Family Services (MFS), is mandated to provide emergency child-care. As of 6 April 2020, Emergency Child-care transitioned to Emergency Family Care Assistance, which provides in-person (where possible) and financial reimbursement to offset family care expenses arising from emergency situations that cannot be addressed through established Family Care Plan (FCP) arrangements.

To address the identified child-care needs of military families, balanced with the unique operational requirements of CAF operations and in reflection of the current childcare/daycare accessibility deficiencies, a CAF child-care strategy is necessary. CFMWS is prepared, with dedicated DND funding for the construction and operation of daycare facilities on Bases and Wings as determined by CAF and DND to manage and operate the facilities, under provincial licensing oversight. This would include the establishment and operation of CAF members child-



care centres for primarily preschool aged children, with capacity for before and after school for children aged 6-12, and non-traditional hours for emergency care, on Bases and Wings across Canada, managed by CFMWS in the NPP framework.

This would be achieved through the construction of dedicated child-care facilities on Base/Wings operating under the NPP Accountability Framework. The operational costs would be covered through a blend of cost recovery from fees to parents, infrastructure maintenance costs billed to DND, and reimbursement to CFMWS from DND for operating costs of service provision. Where required, the centres would be accessible 24/7 with capacity to address CAF operational schedules. Hours of operation would align with the daily operational tempo of the specific location.

The program would include access and continuity of care with dedicated space for CAF families with preschool children (0-5 years), school aged children (6-12 years) before and after school, and emergency care that could include overnight / extended child-care. Programming would include:

- full day child-care for preschool age with extended hour access (post 1800 hrs)
- school aged child programs including before and after school and school holidays

Efforts on this initiative can only begin in earnest once a source of funds is arranged and secured. Once confirmed, CFMWS will stand up a Project Management Office to begin developing a plan and will work closely with DND stakeholders to achieve success. While a total of \$150 million is being sought by DND from Government for the first five years, CFMWS will require \$1 million for each of the next two years and assuming construction of the first centre begins in year three, an additional \$9.4 million is forecasted for 2024-2025. Operations would then begin in

2025-2026 and would be scalable, with the initial phase including the construction of six centres at locations to be determined in conjunction with CAF and DND.

Conclusion

In summary, to meet the non-discretionary, legislative, regulatory, and fiduciary requirements, as well as to ensure adequate funding is allocated to deliver on its lines of business, CFMWS requires a minimum increase in its allocation of \$5.9 million in FY 2022-2023. These Priority One items represent financial requirements should not be viewed as pressures. If this funding, as a minimum, is not provided to CFMWS, it will be forced to make program reductions which will directly impact on the services provided to CAF members and families. These items directly support the priorities set out in this Strategic Plan and if not funded, CFMWS will alter its programme accordingly via a reduction of services provided on Bases and Wings across Canada through workforce terminations, specifically in the areas of fitness, sports and grants to Bases and Wings used to maintain physical fitness equipment. CFMWS also requests DND support of its Priority Two initiatives to maintain and improve the level of service provided to CAF members and their families, to reduce the exposure to risk, and to invest in its employees. In total, CFMWS is requesting \$15.2 million, which consists of \$9.9 million in Baseline funding and \$5.3 million In-Year in addition to the notional allocation for FY 2022-2023 of \$100 million in C109. CFMWS is requesting an incremental increase for Military Family Support (C108) of \$579K over and above the Defence escalator to account for the increase in cost of living to MFRC staff for a total of \$37.3 million, instead of the notional allocation of \$36.7 million in C108. Finally, CFMWS requests to transfer \$5.9 million from C109 to C108 to better align MFS activities to the proper Fund and enable DND to more accurately reflect its activities in the DRF.

Annex E

Summary of Service Level Agreements between CFMWS and DND Organizations

Client	Purpose	Effective Date
Base level SLAs (30)	To define the level of PSP programs and services provided to CAF Bases and Wings	Various
Canadian Forces Support Unit (Europe) (CFSUE)	To define level of programs and services that will be provided by PSP to CFSUE	Sep 2019
CANSOFCOM - PSP	To define the level of services, support and resources provided by PSP to CANSOFCOM	Aug 2020
CANSOFCOM - MFS	To establish the framework for an effective working relationship between CANSOFCOM and CFMWS MFS division to focus on programs and services to support the unique needs for CANSOFCOM families that are additional to local MFRCs.	Mar 2020
CJOC	To provide morale and welfare services to deployed operations.	Nov 2008
CF Health Services	Program delivery of the CFHS Strengthening the Forces Health Promotions Program on CF Bases and Wings	Oct 2020
VCDS - Sexual Misconduct Response Centre (SMRC)	Program delivery of the Respect in the CAF Workshop by Health Promotion personnel on CAF Bases and Wings	Dec 2020
CAFTG	To establish the framework for an effective working relationship between CAF TG and CFMWS to support Soldier On and its program and services available to ill/injured members.	Oct 2019
CMP - Children's Education Management (CEM)	To confirm an effective working relationship between CMP and CFMWS to continue to provide counselling services to CAF families administered by CEM, posted both outside Canada (OUTCAN) and within Canada.	Mar 2021
Canadian Army (CA) - Reserve Units	To confirm the responsibilities and resource requirements to bring CA Reserve unit NPP operations under the CFMWS NPP Accountability Framework	Aug 2015
Canadian Forces Environmental Medicine Establishment (CFEME)	To define the services that will be provided by PSP for the RCAF Aircrew Conditioning Program (ACP)	Oct 2021
DND Litigation Team	To provide records support to DND for the purpose of the CAF-DND Sexual Misconduct Class Action final settlement agreement claims process	Jun 2020
VCDS OUTCAN	To provide MFS support to CAF members OUTCAN.	Feb 2022
VCDS Rest Of World (ROW)	To provide MFS support to CAF members posted at ROW locations.	Feb 2022
CDLS Washington and NORAD	To establish the framework for an effective working relationship for the provision of the Military Family Service Program to CAF member and their families assigned OUTCAN	Jul 2019
CFFM Firefighter	To enhance health, work performance and safety of DND/CAF firefighters through the medium of physical fitness standards training programs.	Mar 2020



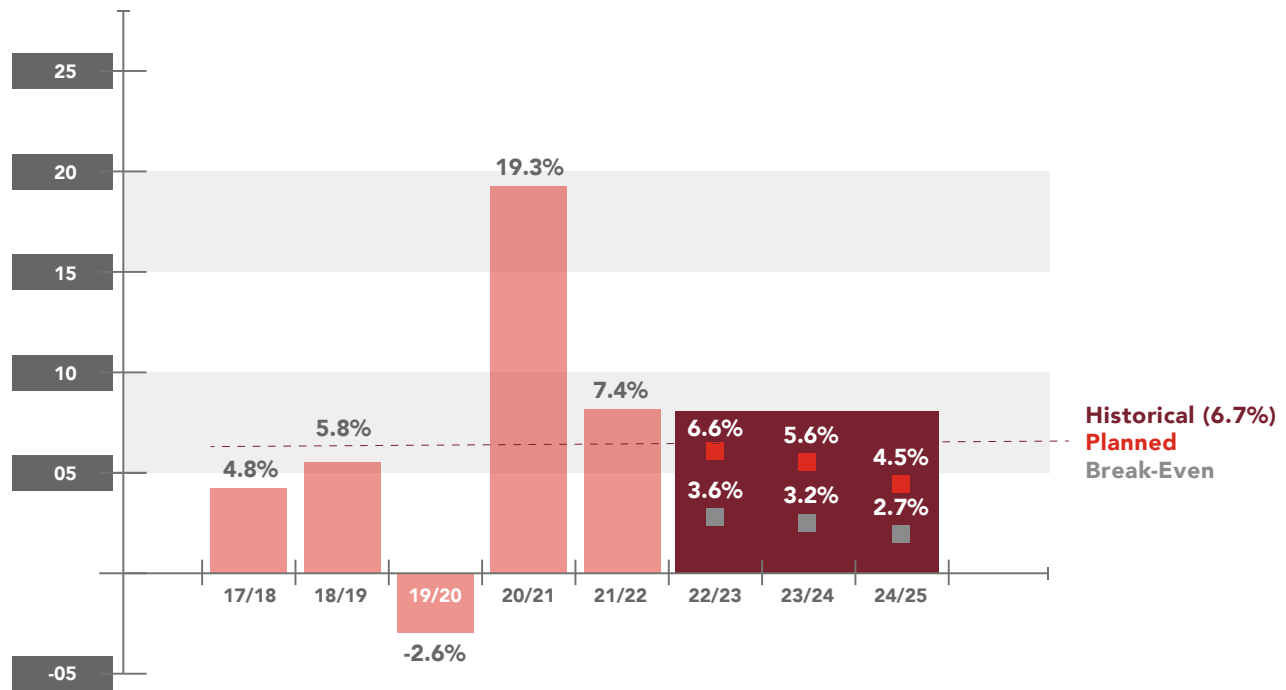
Annex F

Investment Portfolio Returns | Scenarios

The figure below shows a graphical representation of historical returns for SISIP. Over the past four years, the average rate of return has been 6.7%. Returns from this portfolio are necessary to provide the NPP share of cost to operate CFMWS. The NPP Demand is the contribution CFMWS requires to fund its expenditure, net of revenues from user fees and insurance premiums. The Available Funding is the profit (net income) of SISIP (investment and non-investment), CANEX & CFCF that is available to be contributed to CFMWS. Net incomes for SISIP and CFCF are highly dependent on market returns from their investment portfolios.

With the average return of 6.7% applied to the next three years, it would generate \$44.1 - \$53.4M. When

compared to the demand for funds to CFMWS, this would produce a surplus of funds, thus affording CFMWS adequate NPP funding to continue operating on investment returns. Given market conditions, and a more conservative outlook for the next three years, planned return rates are less than the historical rates. With these planned rates, the investment portfolio would still produce an annual surplus of between \$10.8M and \$15.7M. Finally, from a Break-Even view, the investment portfolio would need to return \$28M in FY 23/24 to \$30.2M in FY 24/25. To earn these amounts, the investment portfolio would need to earn 3.6% in FY 22/23, 3.2% in FY 23/24, and 2.7% in FY 24/25.



	Planned			Historical (4yr Avg)			Break-Even		
All figures in \$Ms	22/23	23/24	24/25	22/23	23/24	24/25	22/23	23/24	24/25
Net Investment Return \$	29.5	25.2	20.4	29.8	30.8	31.6	15.0	13.1	10.7
Net Investment Return %	6.6%	5.6%	4.5%	6.7%	6.7%	6.7%	3.6%	3.2%	2.7%
CFMWS Demand	28.0	29.0	30.2	28.0	29.0	30.2	28.0	29.0	30.2
Available Funding	43.8	42.3	40.9	44.1	48.4	53.4	28.0	29.0	30.2
Surplus	15.7	13.3	10.8	16.1	19.4	23.3	-	-	-

Annex G

Performance Measurement Matrix

S/N	Strategic Priorities	KPI	Data Source	Baseline	Target	Date
1	I. Member & Employee Experience	% of employees that self-identify as Indigenous	Accero	3.5%	4.7%*	Mar-25
2	I. Member & Employee Experience	% of employees that self-identify as visible minorities	Accero	8.9%	15.0%	Mar-25
3	I. Member & Employee Experience	% of employees that self-identify as persons with disabilities	Accero	10.6%	9.5%	Mar-25
4	I. Member & Employee Experience	% of employees that self-identify as women	Accero	60.2%	56.4%	Mar-25
5	I. Member & Employee Experience	Status of national recruitment strategy (% progress)	Internal Documents	45%	100%	Jan-23
6	I. Member & Employee Experience	Member Experience Score	Survey	44%	TBD	Mar-23
7	I. Member & Employee Experience	Member NP score	Survey	47%	TBD	Mar-23
8	I. Member & Employee Experience	Member usage of/participation in our offerings	Not (yet) available	TBD	TBD	TBD
9	I. Member & Employee Experience	Member score on Wellness Index	Not (yet) available	TBD	TBD	TBD
10	II. Business Maturity & Innovation	Enterprise Data Maturity Score	Internal Documents	Initial (Level I)	Defined (Level III)	Mar-25
11	II. Business Maturity & Innovation	Net Income/EBITDA (by revenue-generating programs)	Prophet	TBD	TBD	TBD
12	II. Business Maturity & Innovation	Progress on a modernized agreement with DND/CAF	Internal Documents	10%	100%	Mar-24
13	III. Financial Sustainability	Annual Rate of Return on Investments (SISIP Seg Fund, Pension, & CFCE)	Prophet	10.53%	Inflation + 3.5%**	Mar-23
14	III. Financial Sustainability	Status of CFMWS Infrastructure Strategy (% progress)	Internal Documents	10%	100%	Apr-22
15	III. Financial Sustainability	Status of SNPF, CF Pension sustainability review	Internal Documents	10%	100%	Mar-25

*The targets for KPIs #1 through #4 are updated every year based on the changes in the Canadian population.

**The NPP investment objective that flows from the consolidation of the above prioritized objectives is to earn a rate of return, that exceeds the rate of inflation (as measured by the Consumer Price Index) and net of any investment fees by at least 3.5% as calculated on an annualized basis over moving four-year time period.



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