



2024-2027

STRATEGIC PLAN



2024-2027

STRATEGIC PLAN

**Operating Budgets
2024-2025**



CFMWS.

Invested in your life.

To the Members of the Canadian Armed Forces and the military community we serve:
Since our inception, Canadian Forces Morale and Welfare Services (CFMWS) has made a clear and unwavering commitment to making life better for you.

Through a balanced approach to wellness, the programs and services we deliver address those critical areas that directly impact the Canadian Armed Forces' (CAF) operational readiness. **We deliver personalized services to recognize the diverse needs of a military lifestyle that supports and includes mental, social, physical, financial, and family well-being.**

CFMWS' focused commitment to CAF 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 — to strengthen our military community's resilience.

This well-being is shaped by the strong social bonds and experiences through recreation and leisure activities, the friendships formed on the sports field and while participating in a family program, and the trust that is built with your financial advisor or local retail provider. **CFMWS is there to help your communities thrive 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 purpose across all locations.

Serving those who serve has always been our motto. Today, more than ever, our focus remains on keeping this pledge to you: we make the members of the military community stronger and healthier people for a better Canada.



The CFMWS Experience: Life-Long Benefits And Appreciation

I think back to my earliest involvement with the Non-Public Funds world that eventually became my home. I went through CFB Cornwallis for my basic training in September 1981. We were the first course of trainees required to enroll in SISIP insurance. Before this, it was voluntary for members of the military. I was 19 years old and had no idea what it was, but my Master Corporal told me it was a good thing, and he was right.

During my military career I would get married, have children and avail myself of the services provided by the CANEX system. A joy I continue to enjoy even now. As a young Corporal with a wife and now our first child, we used the CANEX Plan to purchase items for our home that we might not have been able to obtain — especially the washer and dryer that every young family living in Private Married Quarters needs.

As a military member, I received many benefits from the forerunner to the Canadian Forces Personnel Support Agency. From the mess to the clubs on the base, everything was laid out for us to enjoy our off time as well. I was lucky enough to play on some wonderful sports teams and received so much support, including equipment and coaching.

Without realizing it, people were in the background supporting my growth as a military member and, more importantly, as an adult.

Through the years, military and civilian, I have told anybody who would listen about the importance of CFMWS. The money you spend at CANEX comes back to you in so many ways.

The bases receive money from the Canadian Forces Central Fund (CFCF) that you spend in CANEX. Your SISIP life insurance and investment opportunities are an easy way for military members to look out for their families and plan for their future. The Community Recreation Association looks after your physical fitness needs. The clubs look to further your interests in anything you might want to take part in. At all turns in a military career, or in retirement or as a civilian employee, CFMWS can be there for you!

Dan Cuthbert

Team Lead, ITSS Regional Technicians, CFMWS

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Executive Summary

The changing expectations and needs of our military community continue to challenge both the strength and operational readiness of the Canadian Armed Forces (CAF). The CAF Reconstitution Plan prioritizes its efforts and resources on people — rebuilding CAF’s strength to excel as a modern and combat-ready military force. Developing the capabilities to modernize operations requires the engagement of the entire Defence Team.

Canadian Forces Morale and Welfare Services (CFMWS) programs and services are an important enabler to reconstitution and operational readiness, by making the military community stronger at both the individual and community levels. CAF members who are healthier across critical dimensions of wellness are better prepared to serve our country — whether serving in the fighting force, on the home front or as Veterans.

Strategic Focus of 2024-2027

Our 2024-2027 CFMWS strategic goal is to achieve financial sustainability, and year-over-year profitability across all programs and services delivered within the non-public property framework. To meet this strategic goal, CFMWS has identified four strategic imperatives:

			
Achieve Sustainable Revenue Sources	Improve the Quality of the CFMWS Experience	Increase Operational Efficiencies	Improve the Employee Experience

Strategy and Risk

CFMWS recognizes the importance of identifying and mitigating risks and uncertainties that can affect our ability to achieve our strategic priorities. To set our organizational priorities, we assess our external environment for impact on CFMWS’ internal realities. Our goal is to assess, prepare and address potential risks and threats as we move forward with our strategic goals and objectives, and lead the delivery of our mandate.

The unique challenges and demands facing organizations around the world since 2020 have triggered a notable shift in the business risk landscape. While people-related risks such as labour shortages and talent management remain a significant concern, the challenge of high interest rates and inflation, compounded by geopolitical tensions, climate change and cyber-attacks pose significant threats to all organizations. This risk landscape creates pressure on CFMWS’ financial objectives, leading to increased challenges in achieving financial sustainability in the short term.

Financial Overview

CFMWS is committed to a sustainable financial business model. The Staff of Non-Public Funds, Canadian Forces (SNPF, CF) are the employees who deliver the programs and services designed to support the military community. The majority of CFMWS’ costs are attributable to people.

Over the planning horizon, beginning in FY 2024-25, our enterprise will have to meet financial obligations related to legislated requirements under the *Federal Pay Equity Act*. We will need to be prepared for a potential increase in pay rates across various occupations and sectors within the enterprise. If applicable, new pay rates will need to be implemented by September 2024, affecting future fiscal years. Responding to this legislated change and current economic conditions is tantamount to the strategic goal to achieve financial sustainability, and year-over-year profitability for all programs and services delivered by CFMWS in the non-public property framework.

Our financial plan revenue is comprised of three key sources: the approved reimbursable program funds from DND to CFMWS; the social enterprise businesses that operate within the non-public framework to generate profits that are reinvested in our programs and services; and NPP investment revenue.

Working closely with our DND counterparts, we submit through the DND planning process for the Public Funds required to deliver Public programs tasked to CFMWS for delivery. We receive no Public appropriations; rather, our programs and services are delivered in the NPP Framework, and within approved budget, we seek reimbursement from DND for those services and programs on a cost recovery basis. This includes, among other items, the Public funding share of Governance costs for the NPP Framework and SNPF, CF employer obligations met by CFMWS on behalf of the MND. The Business Plan submission for FY 2024-2025 to DND identifies requirements for additional funding in three categories:

- Regulatory, legislative and fiduciary requirements
- Support to CAF Reconstitution
- Program Integrity

Management is committed to ensuring all social enterprise business lines remain sustainable such that, at a minimum, they break even each year into the future. This applies equally to the large corporate enterprises such as CANEX, SISIP Financial and the CFCF, as it does to the local Base/Wing entities.

The third and final element of our financial plan revenue is NPP investment revenue generated from NPP investment portfolios. During the planning period, investment revenue will fluctuate in relation to global economic trends and market factors.

Throughout the planning and execution of this strategic plan, expenditures will be managed with prudence, with a view to maintaining a degree of flexibility throughout the planning period to ensure that capacity for strategic reinvestment is sustained.

Conclusion

CFMWS is in a unique position to understand the challenges of military life, and the difficulties facing military families. Our role in the rebuilding and the readiness of the Canadian Armed Forces is critical to operational performance. The wellness programs and services we deliver build resilience and develop member well-being. Our strategic goal over the next three years is to strengthen the financial sustainability of our enterprise so we can continue to reinvest in the programs and services for our military community that contribute to the operational readiness of the Canadian Armed Forces.





Message from the Chief Executive Officer

Reflecting on my first year as CEO, I would like to recognize the passionate commitment of CFMWS employees to our mission. It is truly inspiring and energizing. Our mission is the shared purpose that brings us together as one team. This past year has exemplified the exceptional work by CFMWS employees, who delivered programs and services that are essential to the health and well-being of our CAF military community and their families.

Our team collaboration both at the leadership level and across divisions is among our greatest strengths. We must acknowledge the contribution of all employees who have made CFMWS what it is today — recognized for a unique set of customized wellness programs and services for our military community.

Looking ahead, we are at an inflection point. Economic challenges such as sustained inflation and interest rate volatility define our new realities. These economic truths require CFMWS to be prudent with requests for reimbursement through public funding, and accountable for addressing inefficiencies in our service delivery model. During periods of fiscal restraint, every opportunity to improve efficiencies and service while maintaining the world-class quality of our programs must be explored.

Scarcity of talent across many industries is a growing concern. We will continue to develop the programs our employees need to deliver an exceptional CFMWS Experience. Quality workplace wellness programs, learning and development opportunities, and a comprehensive total rewards offering are essential in today's competitive environment.

Consumer expectations for a digital experience are accelerating. These include self-service options and easier access to programs and services. CFMWS must keep pace with new technology to make the CFMWS Experience seamless and more competitive. Integral to this digital

transformation is our steadfast focus to effectively govern and protect the privacy and management of our data and information.

Our 2024-2027 CFMWS strategic goal is to achieve financial sustainability, and year-over-year profitability across all programs and services delivered within the non-public property framework. This strategic goal represents a notable change to our strategic direction to address political shifts aligned to deficit reduction, market risks, an uncertain global economic environment and ever-increasing labour costs.

Achieving sustainable revenue sources by modernizing the CFMWS funding framework for public fund reimbursement and non-public funds is fundamental to our strategy. Establishing the true cost of service delivery, redesigning service delivery models, and developing an integrated infrastructure plan prioritized for investment will better align CFMWS to current financial realities and improve our operational efficiencies. This modernization effort will give CFMWS much needed funds to invest back into the programs and services our military community needs to improve resilience and well-being and improve the quality of the CFMWS Experience.

Improving the employee experience remains vital to attract top talent and retain our best employees. Engaged employees are motivated and energized by opportunities for continuous growth, and to build upon professional skills and capabilities that will help transform CFMWS for our digital future.

I am honoured to serve in my leadership role, and I am committed to strengthening our promise to serve our CAF military community and their families based on a strong foundation of trust, transparency and teamwork.



Ian Poulter

Managing Director, Non-Public Property
Chief Executive Officer, Staff of the Non-Public Funds

Strategy At-A-Glance

Mission

Why we exist

To improve the military community’s resilience and well-being through the design, delivery and evaluation of wellness enhancing offerings to contribute towards operational readiness, recruitment and retention of the CAF.

Vision

What we want to be

Improving lives around the world.

Mental
Social
Physical
Financial
Family

Values

What we believe and how we behave

Caring
Integrity
One Team
Creative

Strategic Goal

What we want to achieve

By 2027, we will achieve financial sustainability, and year-over-year profitability for all programs and services delivered within the non-public property framework.

Strategic Imperatives

What our core game plan will be

Achieve Sustainable Revenue Sources

Confirm sustainability and value proposition

Evaluate and implement monetization opportunities

Develop Digital Transformation Roadmap and implement priority technology initiatives

Improve the Quality of CFMWS Experience

Evaluate and reassess Service Delivery Framework

Rationalize delivery of public programs

Rationalize delivery of non-public programs for net profitability

Develop integrated infrastructure plan and prioritize for investment

Increase Operational Efficiencies

Conduct core process review and prioritize for re-engineering

Realign business practices and functional authorities

Develop Future Strategic Workforce Plans

Implement Enterprise Data Analytics and Information Management Program

Improve the Employee Experience

Implement Talent Management Strategy

Implement Digital People Management System

Implement Workplace Wellness Programs

Implement Total Rewards Programs



CFMWS Overview: Who We Are

CFMWS was established to support Canada and the CAF by improving the military community's resilience and well-being — contributing towards operational readiness, recruitment and retention of the Canadian Armed Forces. We operate as a social enterprise¹, with the fundamental goal of delivering value-added programs and services that positively impact the health and well-being of CAF members, Veterans, and their families.

CFMWS is committed to supporting a culture where our employees understand the challenges of military life and care deeply about their mental, social, physical, financial and family well-being. Our employees are uniquely positioned to improve lives by delivering responsive programs and services that are custom designed to support operational readiness. With this understanding, we anticipate the military community's needs to provide a great experience during every interaction. CFMWS cares for our employees — we act with integrity, work as one team and provide creative solutions to our challenges.

Working on behalf of the Chief of Defence Staff (CDS), and under the authority of the Minister of National Defence (MND), CFMWS is a trusted partner to the Defence enterprise by creating value for the CAF military community and Canada.

CFMWS fulfils its core responsibilities 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.

We are guided by our shared values and work as one team to support the CAF military community at home and around the world.

¹ Social Enterprise Council of Canada (SECC): 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.



MIS



To improve the military community's resilience and well-being through the design, delivery and evaluation of wellness enhancing offerings to contribute towards operational readiness, recruitment, and retention of the CAF.

VISION



Improving lives around the world.

Mental

Social

Physical

Financial

Family

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.

Managing Change

Risk Management

Risk management is an integral part of our strategy and business practices and enables appropriate risk-taking to achieve our desired outcomes as we continue to execute our mission, this three-year strategy and our 10-year vision.

Over the past 12-18 months, there have been notable shifts in the risk landscape. Building on our corporate risk profile and informed by emerging risk themes and a risk assessment survey of our senior leaders, our strategic response has been shaped to achieve our desired outcomes.

Initially, the main risk drivers revolved around supply chain disruption and the pandemic, and later evolved into people-related risks such as labour shortages and talent management. While these risk drivers persist, the macroeconomic environment trends of high interest rates and inflation coupled with Public fiscal restraint create challenges for our operating environment, as well as having a direct impact on the military community we serve. Additionally, risks driven by external factors, including geopolitical tensions, climate change and the near-constant evolution of cyber-attack risks pose significant threats to organizations. Figure 1 illustrates emerging risk themes that are top concerns for business leaders in 2024.

Emerging Risk Themes

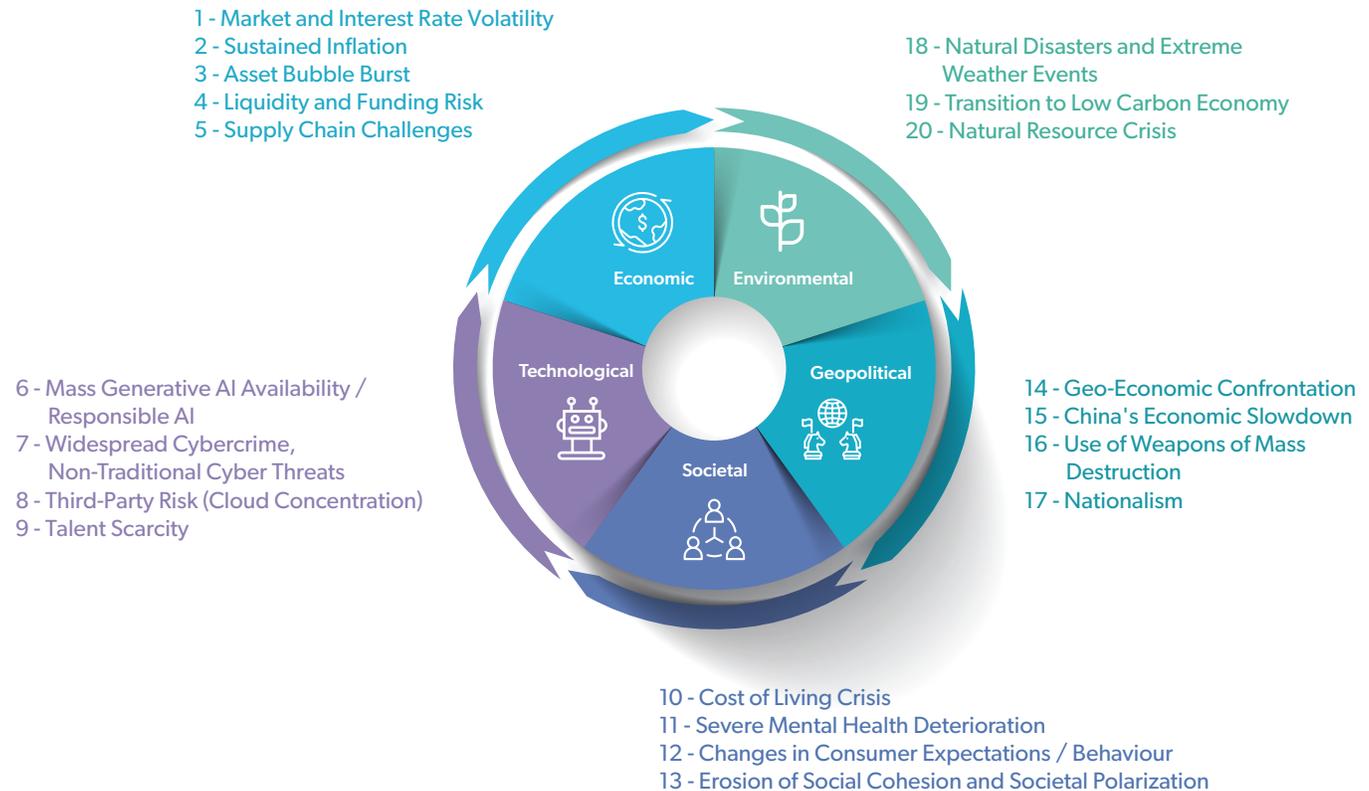


Figure 1

Source: KPMG LLP. The emerging risks listed in this illustration are based on external assessments (e.g., KPMG reports, survey and trends). This is not intended to be a comprehensive list of all emerging risk events.

The CFMWS Corporate Risk Profile is a comprehensive enterprise-wide approach to identify, assess and manage risks based on CFMWS’ risk appetite, and within the context of our risk environment. Our risk universe includes all risks that can impact the achievement of our strategy and business objectives. Through an enterprise survey of senior leaders, 10 key enterprise risks have been identified and require risk treatment and the investment of time and effort to be controlled. Our top and emerging risk identification and monitoring measures focus on potential threats to achieving our strategic results and outcomes. Figure 2 illustrates CFMWS’ risk landscape of the Top 10 risks to CFMWS from an enterprise-wide perspective.

Enterprise Ranking	Enterprise	Rating
1	Loss of Public Funding	●
2	Cyber Security Breach	●
3	Talent Attraction and Retention	●
4	Data & Information Governance and Management	●
5	Innovation	●
6	Management of Strategic Initiatives	●
7	Competition	●
8	Changing Laws and Regulations	●
9	Aging DND Infrastructure	●
10	Cost Pressures	●

Figure 2
 The Rating provided is an aggregation of the Divisional residual risk ratings and may be either: Red = High Risk, Yellow = Medium Risk, Green = Low Risk.

Overall, the risk landscape creates pressures on our organization’s top and bottom lines — leading to increased challenges in achieving financial sustainability in the short term.

Loss of public funding and cost pressures are highlighted in CFMWS’ top risks. These continue to be elevated and require proactive management to achieve our strategic goal. The loss of public funding is real, intensified by government budget constraints and cuts, while cost pressures are augmented by higher wages, vendor service costs and inflation.

Cybercrime, evolving beyond traditional methods, now poses a significant threat to the security of individuals and organizations, with the average cost of a data breach reaching \$6.02M globally. The advent of sophisticated malware and ransomware drives the need for stronger cyber and privacy training across the organization. Additionally, the impact of Artificial Intelligence and new regulations around data privacy and security require proactive management, which increases the cost of compliance.

Talent attraction and retention are also a top concern, fueled

by labour shortages and higher wage and benefit costs. This risk is intertwined with emerging macroeconomic factors and social factors. Furthermore, Staff of Non-Public Funds, Canadian Forces are subject to Government of Canada legislative labour requirements which have and will impose higher wage and benefit costs. Similar to economic risks, these pressures can ultimately impact the financial sustainability of our organization.

Summary

While some of these risks have previously been captured, our latest analysis indicates there is a continued need to make strategic investments to continue to mitigate their impact.

This strategic plan underscores the need for a dynamic and multifaceted approach to risk management. By continuously assessing our operating environment and adapting our strategies accordingly, CFMWS aims to both mitigate risks, and harness new opportunities. This is to ensure long-term success and financial sustainability, and the delivery of valued services for our members.

Enacting Special Measures During COVID

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At the beginning of the pandemic, passengers on cruise ships were contracting COVID and they were brought to CFB Trenton to quarantine. CFMWS staff worked together to assist, and to implement the constantly changing protocols, policies, world health recommendations and so much more.



With three hotels on base, we were able to house all the cruise ships guests and worked with CAF members to ensure everyone's safety. Housing became a nightmare, and those who were posted to CFB Trenton didn't always have a place to store their entire household during the beginning of COVID. Our area was converted into a huge storage facility. The arena floor was sectioned off so that an entire household could be stored until the family was able to move into their new home. The CFMWS arena staff were there to help with this process.

Bonnie ALLINSON
HR Manager, CFMWS, Trenton

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A-PS-110

Modernization

Our Canadian Armed Force's morale and welfare needs have evolved significantly over the years; therefore, the nature of morale and welfare support has also changed to meet these evolving needs.

Over the past 25 years, morale and welfare programs and services for CAF members and their families have been enabled through two governing documents: A-PS-110 and VCDS 3/96. The original funding model — from public funds and NPP — was last revised in 2007. Changes in circumstances since 2007 have created challenges for CFMWS to continue to provide the necessary level of publicly reimbursed services/programs directed by the Chief of the Defence Staff (CDS), on behalf of the Minister of National Defence (MND), without alienating or disposing of NPP.

The discrepancies in what is being delivered versus what documentation governs the delivery of services and programs were highlighted in DND's Chief Review Services (CRS) Audit in 2021. The associated recommendation was "That DND, CAF 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 funding."

Beyond the CRS Audit, and given the CAF's current Culture and Reconstitution priorities, it became increasingly necessary to review and confirm CFMWS program delivery offerings to establish a modern governance and financial framework that remains responsive to evolving CAF well-being priorities, and safeguards CFMWS' ability to continue to deliver on its CAF commitments.

JOINT PROJECT MANAGEMENT TEAM

In May 2023, the A-PS-110 Project Management Team (PMT) was created, consisting of DG-level representatives across DND, the CAF and CFMWS including from the Vice Chief of the Defence Staff Group, Chief Military Personnel, Assistant Deputy Minister (Finance) and Assistant Deputy Minister (Infrastructure and Environment). The PMT is tasked with developing a modernized A-PS-110 through new SLA(s) and crafting a framework to clearly outline the types and levels of morale and welfare services to be provided by CFMWS, as directed by the CDS on behalf of the MND.

PROJECT SCOPE

This project aims to renew the partnership between DND, the CAF and CFMWS with modern and clear Service Level Agreements. This includes:

- 1 | A redesigned and modernized A-PS-110 Framework for public funding to morale and welfare and CFMWS.
- 2 | A service level agreement for all public morale and welfare offerings being delivered in the NPP framework.
- 3 | A service level agreement for all NPP morale and welfare offerings being delivered in the NPP framework that receive some degree of public funding.
- 4 | A service level agreement for public support to NPP governance on behalf of MND and CDS.

GUIDING PRINCIPLES

The following guiding principles will underpin the work of the Project Management Team:

OUTCOME FOCUS

Achieved by facilitating program and service delivery to attain CAF operational goals and priorities by supporting the mental, social, physical, financial and family wellness of Canadian Armed Forces personnel with their families.

COLLABORATION

Demonstrated by the partnership between DND and CFMWS to achieve CAF's well-being goals, with all having critical execution roles and responsibilities to achieve desired outcomes.

TRANSPARENCY

Demonstrated by transparency in funding and financial reporting, while also leveraging regular program updates to guide future program priorities, re-investments and new investments.

RESPONSIVENESS

Achieved by facilitating the ability of CFMWS to support and respond to changing CAF and Command priorities through regular SLA reviews, and the established authorities within Commands.

TIMELINES

The A-PS-110 Modernization Initiative will be in place until 2026. It will see the development of new instruments, as well as clearly defined key performance indicators, updated public funding mechanism(s) and the full implementation of the Initiative, including modernized public and non-publicly funded programs and services.

DESIRED OUTCOME

While CFMWS contributes to the nine dimensions of wellness outlined in the CAF's Total Health and Wellness Strategy, its core focus is to support the CAF's operational readiness and effectiveness. This is enabled by providing CAF members and their families access to a reasonable level of goods, services, facilities, and programs in support of their mental, social, physical, financial, and family wellness

across all locations where they are required to serve.

This modernization effort will ensure CFMWS is able to meet the CAF needs of today and into the future, as directed by the CDS on behalf of the MND, while ensuring oversight, accountability, and transparency of the public funds provided to CFMWS and Bases/Wings.

This initiative is a cornerstone of the strategic plan goal to achieve financial sustainability.

Strategic Plan and Objectives

In 2020, CFMWS embarked on a transformational journey to modernize its business. Our 2030 strategic vision aims to improve the member and employee experience, business maturity and innovation, and financial sustainability. This transformational journey is an important component towards achieving our mission to make our CAF members stronger at the individual and community levels. Our core collective purpose impacts the health and well-being of millions of people through mental, social, physical, financial, and family dimensions of wellness.

This strategic plan is designed to achieve the long-term financial sustainability of the programs and services we deliver that strengthen the resilience of the CAF military community.

The CFMWS three-year 2024-2027 Strategic Plan identifies priorities for investment and improvement at the enterprise-level to support not only the ambitious goals set out by the CAF and Department of National Defence, but also to achieve the CFMWS three-year strategic goal. Aligned to this strategic plan is the annual business planning process whereby CFMWS Divisions provide detailed operational plans, with tactical activities and financial oversight.

SUPPORT TO CDS PRIORITIES

The CDS has issued key focus areas for the reconstitution of the CAF. Higher attrition and lower recruitment result in a shortage of personnel that may undermine our military's ability to train and prepare for international and domestic operations. Aligned with Strong Secure Engaged: Canada's Defence Policy, and built around CAF's short- and long-term goals, CFMWS remains dedicated to support the CAF's desired outcomes, specifically:

To improve quality of life for retention and recruitment growth

To progress CAF Health and Wellness (mental, social, physical, financial, family)

To assist in the pursuit of Seamless Canada, in support of Chief Military Personnel (CMP)

To continue investments in foundational endeavours (culture change, modernization, and digitalization)



CFMWS Strategic Plan 2024-2027

Our long-term successful partnership with the CAF and DND ensures that CAF members, whether serving or retired, and their families are equipped to overcome the unique challenges of military life. The policy framework used to authorize public support to CFMWS for Public morale and welfare programs, agreed to by the Chief of the Defence Staff (CDS) and Deputy Minister, has not sufficiently evolved over the last 25 years.

Current government funding for public programs and services are under pressure due to political shifts aligned to deficit reduction. This, coupled with the initiative to review A-PS-110, could result in changing financial requirements which represent the true cost to serve the military community. Further, CFMWS has an obligation to provide oversight to safeguard non-public property, and steward NPP morale and welfare programs and services delivered on CAF Bases/Wings.

We will prudently evaluate program efficiency, identify risks, and assess program and service impacts to verify that they continue to be a valuable use of public funds.

Strategic Goal

By 2027, we will achieve financial sustainability, and year-over-year profitability for all programs and services delivered within the non-public property framework.

To meet our 2027 strategic goal, CFMWS has identified four strategic imperatives:

Strategic Imperatives

- 1 | Achieve Sustainable Revenue Sources
- 2 | Improve the Quality of the CFMWS Experience
- 3 | Increase Operational Efficiencies
- 4 | Improve the Employee Experience





Achieve Sustainable Revenue Sources

CFMWS has developed and implemented a unique set of customized wellness enhancing offerings that are world-class: from physical fitness programs and standardized testing to research, mental health and wellness resources and more.

Commercial offerings such as SISIP Financial and CANEX retail operations contribute critical funding sources invested back into CFMWS operations and NPP morale and welfare programs. To ensure CFMWS has the sustainable revenue sources needed in the long-term, we must build upon these programs and services. They are essential to our military community and strengthen our unique value proposition. This strategic imperative is about seizing opportunities to grow new or existing business lines, as well as to curtail morale and welfare programs that no longer meet the needs of the military community.

Key Objectives:

- 1 Confirm sustainability and value proposition:**
Evaluate the true cost to sustain morale and welfare programs and services, and the value and benefits we promise to deliver to ensure a return on investment.
- 2 Evaluate and implement monetization opportunities:** Increase revenue growth through new markets, and by leveraging the expertise we have developed through our direct programs and services to the CAF in support of its unique wellness needs.
- 3 Develop Digital Transformation Roadmap and implement priority technology initiatives:**
Establish a three-year rolling technology roadmap to deliver an ecosystem of technology tools to effectively modernize our services for the military community.

The results we want to achieve by 2027:

Increase net income by reducing operating costs and increasing revenue growth from NPP programs and services.

COMPASSIONATE CARE





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As a financial counsellor, I had the opportunity to work with a Veteran whose daughter had a rare disorder. When the daughter moved to a care facility, the family had to issue a legal challenge for control over her treatments. The legal cost was significant, as was the care of their daughter as the member's spouse stayed home to care for their child. The family had no money set aside for their daughter's passing. I worked with Support Our Troops to find a maximum grant and other resources. The news of our support gave the family a huge breath of air. They were so very thankful, with tears over the phone.

Phil Wilkins and Pierre Tremblay
SISIP Financial, CFMWS

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A member and his spouse booked an appointment with me. I sensed a lot of tension and the member's spouse seemed particularly upset. They had a very difficult time with their move, and came to their location through a compassionate posting so they could be close to family in poor health. In talking with them, I was able to discover that part of the reason the move was so difficult is that the member's spouse is on disability. She hasn't worked since 2017 and struggles with physical limitations. I noticed that they were new to the CAF and had not yet had the chance to set up life insurance through SISIP. I expressed it would be very important to do so asap as the spouse is on CPP-Disability. I booked them with an advisor to help them assess their insurance needs. There should also be an opportunity to open a Registered Disability Savings Plan (RDSP), once the spouse gets approved for the Disability Tax Credit (DTC) and RESPs for their two young children. We have a follow-up appointment booked to continue working on their budget as they are struggling and living paycheque to paycheque. It started as a simple appointment, and I was able to provide additional value and help secure the family's financial future.

CRAIG YORK

SISIP FINANCIAL, CFMWS

Improve the Quality of the CFMWS Experience

Our long-term goal is to improve the military's experience with CFMWS. Recognizing the various clients we serve — from patrons, SISIP Financial clients, CANEX consumers and CF One members, to Veterans and mess members — the CFMWS Experience is broad and encompassing. We remain committed to improving the quality of the CFMWS Experience for those we serve across multiple channels, touchpoints and interactions centred on providing the highest quality experience.

Key Objectives:

- 1 Evaluate and reassess the Service Delivery Framework:** Re-evaluate the service offering across Personnel Support Programs (PSP) and Military Family Support (MFS) to reduce duplication and modernize the offering for a seamless CFMWS Experience.
- 2 Rationalize delivery of public programs:** Redesign and modernize the A-PS-110 Framework for public funding for all public morale and welfare offerings being delivered in the NPP framework.
- 3 Rationalize delivery of non-public programs for net-profitability:** Evaluate the value for money and return on investment of non-public programs and improve for net profitability.
- 4 Develop an integrated infrastructure plan and prioritize for investment:** Develop a Strategic Asset Management Plan (AMP) to manage public and non-public infrastructure that affects the delivery of morale and welfare programs, including targeted investments.

The results we want to achieve by 2027:

Improve member loyalty as measured by increasing the CFMWS Net Promoter Score on our annual member experience research survey.

OUR COMMITMENT TO SAFEGUARD WELL- BEING



“

An interaction that I hold close to my heart happened when I received a call at the Family Information Line from the sibling of a CAF member. They felt completely helpless and powerless. After assessing the situation, I helped the sibling develop a safety plan, and provided several supportive resources. The caller thanked me several times, and I could already feel the weight being lifted off their shoulders.

Michelle

Family Information Line, Military Family Services, CFMWS

”

Increase Operational Efficiencies

CFMWS must continue to carefully examine our standards and processes to ensure long-term sustainable growth and reduced operating costs. We must look for new ways to eliminate overlap and duplication, automate our processes, share resources and streamline enterprise-wide processes to make the CFMWS Experience seamless for our community.

Key Objectives:

- 1 Conduct core process review and prioritize for re-engineering:** Identify and evaluate enterprise-wide core processes that have a significant impact on CFMWS' ability to design, develop and deliver our programs and services.
- 2 Realign business practices and functional authorities:** Improve enterprise alignment using corporate and business planning to align departmental initiatives to strategic outcomes and business objectives.
- 3 Develop Future Strategic Workforce Plans:** Develop a process to analyze, forecast and assess talent gaps to meet future workforce requirements.
- 4 Implement Enterprise Data Analytics and Information Management Program:** Develop a data-driven evidence-based decision support culture through enterprise data governance and information management, data models and analysis.

The results we want to achieve by 2027:

Reduce operating costs by improving process efficiency and reducing unit costs.

Responding To Urgent Needs





“

We had a female member come in to CANEX after a rocky divorce. She was left with no home or anything. With our “One Team” Values, we were able to provide all new fixtures for her new home. We worked to get the items that were cost effective for the client, and readily available so she would be able to use them as soon as possible. Through a few calls and emails, we found everything the member wanted and had it delivered the next day to her new home.

Chris Hariski

CANEX Assistant Store Manager, Ottawa Labelle, CFMWS

”



DEPLOYMENTS THAT MAKE A DIFFERENCE

Improve Employee Experience

CFMWS remains committed to our people, providing our employees with the support and tools needed to be successful at every stage of their career. We strive to build a digital, dynamic and diverse workforce of highly skilled people, working together to deliver exceptional service to the CAF military community and their families.

Key Objectives:

- 1 Implement Talent Management Strategy:**
Develop and implement a modernized talent management strategy to attract and retain a diverse workforce using the latest trends and meaningful metrics.
- 2 Implement Digital People Management Strategy:** Provide a digital platform to increase operational efficiencies and quality control by leveraging systems and automation.
- 3 Implement Workplace Wellness Programs:**
Ensure legislative compliance and create a culture of workplace wellness that empowers employees to adopt healthier behaviours across all aspects of their lives.
- 4 Implement the Total Rewards Program:**
Attract, retain and foster employee excellence through a fair, transparent and equitable total compensation package, while balancing the financial sustainability of our organization.

The results we want to achieve by 2027:

Improve employee engagement as measured by an Employee Engagement research survey.



“

I am a new PSP Manager at Op Impact and wanted to let you know that the decision to deploy one of our employees was a great decision — one that is truly making a difference in the lives of our deployed CAF members at Op Impact – Camp Canada and the outposts. As a military spouse, they have a better understanding and appreciation for what our deployed members are coping with, and it really has a positive impact on the wellness of our Camp Canada members.

ED GULLIVER

PSP Operations Manager, CFMWS, GAGETOWN

”



Financial Plan

CFMWS is committed to a sustainable financial business model.

In all aspects, CFMWS carefully manages its financial resources with a view to effective stewardship of public and non-public resources. Throughout the three-year planning horizon and execution of this strategic plan, revenues will be monitored, and expenditures will be managed with prudence — with a view to maintaining flexibility to ensure that capacity for strategic reinvestment is sustained.

Planned Revenue

Our financial plan revenue is comprised of three key aspects: the reimbursable program funds from Public to CFMWS [RPF], the social enterprise businesses [SEB] (SISIP Financial, CANEX, CFCF, NPP local entities, CAFCF (Canadian Armed Forces Charitable Funds)) that operate within the non-public framework to generate profits that are reinvested in NPP morale and welfare programs and services; and NPP investment revenue [NIR].

Figure 3 demonstrates the distribution of gross revenues by source in FY 2022-2023, forecast for FY 2023-24 based on year-to-date actuals, and the planned revenue for FY 2024-2025. In FY 2022-2023, gross revenue was \$494 million, comprised of \$176 million of RPF, \$326 million SEB, and net loss of \$8 million NIR. Gross Revenue for FY 2024-2025 is anticipated to be approximately \$615 million: \$188 million RPF, \$380 million SEB and estimated NIR of \$47 million. The detailed financial budgets can be found at Annex B and at Annex C, a graphic representation of the sources of funds

and CFMWS expenditures. The estimated revenues for fiscal years 2025-2026 and 2026-2027 are \$624 million and \$641 million, respectively.

Gross Revenue Forecast 2024-2025

All figures in CAD millions

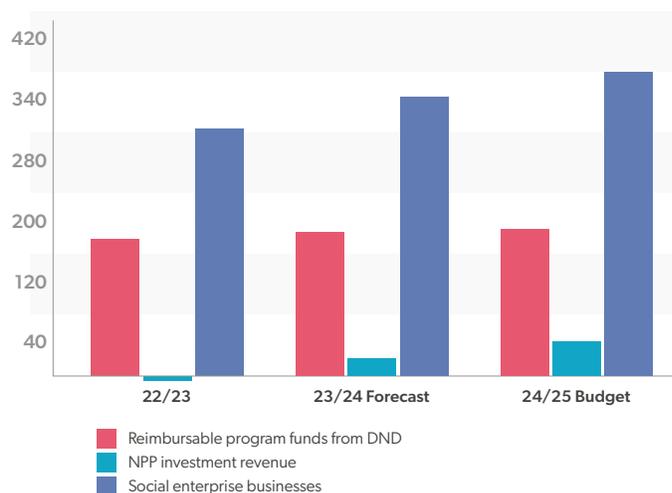


Figure 3

Note: CFMWS also provides bespoke services to Other Government Departments (OGDs), such as the Royal Canadian Mounted Police, Canada Border Services Agency, Veterans Affairs Canada, Canadian Coast Guard and the National Space Agency. Local NPP entities consists of Base/Wing Unit Funds, Unit Funds, Messes, Museums, Recreation Clubs, and Special Interest Activities.

GROSS REVENUE BY ENTITY AND SOURCE (IN \$M)

ENTITY	SOURCE	22/23	23/24 FORECAST	24/25 BUDGET
CFMWS	RPF - C108 / C109	148	160	154
	RPF - C190 / SLA	22.9	24	28.6
	RPF - OTHER GoC	5	5	5.2
	SEB (see Note 1)	n/a	n/a	n/a
		176	189	188
CANEX	SEB	132	138	144
SISIP	SEB	86.8	101.5	123
	NIR	(0.6)	14	34
		86.2	116	157
CFCF	SEB	3.3	3	2.5
	NIR	(7.3)	5.7	13.6
		(4.0)	8.7	16.2
CAFCF	SEB	3.9	4.3	4.7
Local/Other NPP	SEB	100	103	106
Gross Revenue		494	558	615

Figure 4

Note 1: For 24/25 CFMWS is budgeting to received \$187.9M in Public recoverables and \$32.5M from NPP entities in the form of contributions and user fees. Therefore CFMWS' \$32.5M NPP [SEB] gross revenue is excluded from the overall gross revenue total to avoid a double count. Details of CFMWS' NPP FY 2024-2025 budget are shown in Annex B.

Note 2: Local NPP budgets are an aggregation > 1,200 individual entities and are approved at local level.

Reimbursable Program Funds from Public to CFMWS [RPF]

Consistent and predictable public fund reimbursement from DND is paramount for CFMWS to continue to deliver its mandated morale and welfare responsibilities, including CAF personnel programs, family programs and NPP framework governance. Working closely with our DND counterparts, we submit through the DND planning process for the Public Funds required to deliver Public programs tasked to CFMWS for delivery. We do not receive Public appropriations, rather these programs and services are delivered in the NPP Framework, and as approved, CFMWS seeks reimbursement from DND for those services and programs on a cost recovery basis. This includes, among other items, the Public funding share of governance costs for the NPP Framework and SNPF, CF employer obligations met by CFMWS on behalf of the MND.

CFMWS recognizes the political challenges for DND to fund the entire defence program and that refocused government spending direction compounds the challenges it faces. The

CFMWS Business Plan submission for FY 2024-2025 to DND identifies requirements for additional baseline funding in three categories:

- Regulatory, legislative and fiduciary requirements
- Support to CAF Reconstitution
- Program Integrity

The CFMWS proposed incremental budget requirements for reimbursement from Public Funds (C108 Family Programs and C109 CAF Personnel Programs and NPP Governance) amount to \$21.2M, or 14% increase over baseline allocation, and have been prioritized to ensure program integrity. The highest priority is non-discretionary regulatory, legislative and fiduciary requirements to the program, including the public share of the economic increase in salaries and wages to Staff of the Non-Public Funds, Canadian Forces (SNPF, CF). The funding demands are of highest importance to achieve CFMWS' strategic priorities. There are several funding demands, which are also considered important to the delivery of morale and welfare programs and services. However, CFMWS has chosen to defer these demands or

will manage them through the in-year resource reallocation process with DND.

Figure 5 does not include the business plan incremental requests, and CFMWS prudently awaits funding confirmation from DND prior to committing resources in the NPP Framework.

CAF Personnel Programs

Figure 5 shows the expected C109 funding amount from DND for the next three years by program activity for the delivery of mandated morale and welfare responsibilities. The majority of the C109 funding is for CAF Personnel Programs. Figure 5 also includes the associated NPP source of funds for public program activities, as applicable. For example, NPP augments the sports program by contributing to the National Sports and CISM programs. The C109 allocation to CAF program costs for FY 2024-2025 is approximately \$71 million. Figure 5 reflects the agreed funding ratios established under A-PS-110.

Family Programs

As directed by the Treasury Board minutes for the Military Family Service (MFS) Program, DND flows the baseline funding to Military Family Resource Centres (MFRCs) through CFMWS in Fund C108. MFRCs are provincially incorporated, not-for-profit entities administered through a Memorandum of Understanding between the entity and DND.

CFMWS provides the funds in advance to ensure the operational continuity of MFRCs, and DND reimburses CFMWS in arrears. The baseline amount for FY 2024-2025 is \$47 million, with nearly 85% provided directly to MFRCs to deliver programs to military families across Canada, at OUTCAN locations and through the virtual MFRC. The remaining 15% (\$8 million) is allocated to MFS Program governance.

A MFRCs' primary expenditure is salaries, wages and benefits for those who deliver the essential Family Programs to CAF members and their families. For 2024-2025, CFMWS is seeking, on behalf of MFRCs additional C108 funds, to mitigate the differential between the DND cost escalator rate and the Consumer Price Index (CPI) applied to salaries and wages. In general, MFRC staff are not part of the employee

compliment of the SNPF, CF and do not participate in the SNPF, CF benefits or pension scheme.

Governance of NPP Framework

Governance includes many of the items indicated in Figure 5 summarizing Public and Non-Public Fund requirements for mandated morale and welfare programs. In accordance with cost share set out in A-PS-110, CFMWS is entitled to claim public fund cost recovery for oversight of the delivery of Public programs and services, and governance of NPP morale and welfare programs and services. The DND allocation varies from 47.1% for IM/IT, 56% for HR and 63% for Finance to 100% for PSP Management. Governance costs for FY 2024-2025 are expected to be \$64 million.

C109 and Associated Non-Public Funds Requirements for Mandated Reimbursable Program Funds from Public to CFMWS and Associated Non-Public Funds Requirements for Mandated Morale and Welfare Responsibilities (in \$K)

Business Line	2024-2025			2025-2026			2026-2027		
	Public Funds	Non-Public	Total	Public Funds	Non-Public	Total	Public Funds	Non-Public	Total
Provision of CAF Sports & Physical Fitness Program	37,557	250	37,807	38,618	250	38,868	39,709	250	39,959
Provision of Personal Support Program Management	2,025	912	2,937	2,079	937	3,016	2,135	954	3,089
Provision of Personal Support Program Field Management	7,663		7,663	7,890		7,890	8,124		8,124
Provision of CAF Women's Wellness	3,756		3,756	3,850		3,850	3,946		3,946
Provision of CAF Mess Management	4,664		4,664	4,804		4,804	4,948		4,948
Provision of PSP to Deployed Operations	1,833		1,833	1,878		1,878	1,925		1,925
Provision of CAF Community Recreation Management	2,822	40	2,862	2,907	40	2,947	2,993	40	3,033
Provision of Critical Stress Response Team - Sexual Misconduct	1,190		1,190	1,225		1,225	1,261		1,261
Provision of Base/Wing Fitness & Sports Programming (PFMG & MSWG)	2,184		2,184	2,217		2,217	2,250		2,250
Provision of Human Performance Research	2,014		2,014	2,071		2,071	2,130		2,130
Provision of Military Family Support Program (C108)	7,777		7,777	7,969		7,969	8,166		8,166
Transfers to MFRCs (C108)	39,305		39,305	40,091		40,091	40,893		40,893
Provision of CAF Financial Counselling & Education	3,532		3,532	3,638		3,638	3,747		3,747
CANEX Management	3,108		3,108	3,200		3,200	3,296		3,296
NPP Corporate Services	4,524	1,023	5,547	4,647	1,052	5,699	4,774	1,071	5,845
NPP Finance Responsibilities	11,527	6,205	17,733	11,846	6,383	18,229	12,175	6,505	18,680
NPP Human Resource Responsibilities	6,746	4,743	11,489	6,938	4,871	11,809	7,136	4,959	12,095
NPP IMIT Responsibilities	7,488	12,462	19,950	7,687	12,747	20,434	7,890	12,974	20,864
Technology Investment Plan		3,386	3,386		3,386	3,386		3,386	3,386
Communications, Marketing and Member Experience	2,989	1,946	4,935	3,065	1,990	5,055	3,143	2,020	5,163
Provision of Accidental Dismemberment Insurance	450		450	457		457	464		464
Corporate Costs	571	-3,133	-2,562	579	-3,108	-2,529	588	-3,091	-2,503
TOTAL RPF C108/C109	153,726	27,834	181,560	157,657	28,548	186,205	161,694	29,068	190,762

Figure 5

Note: CFMWS expects to receive \$153.7 million from DND for reimbursable public program delivery, \$28.6 million from C190 and SLAs and \$5.2 million from OGDs, resulting in \$189 million in Reimbursable Program Funds.

Social Enterprise Businesses (SEB)

Financial sustainability, and year-over-year profitability hinges upon NPP entities being self-sufficient and ideally turning a profit. Key to the social enterprise concept is the profitability of SISIP Financial, CANEX and CFCF. Annex B details the forecasted NPP income statements for the next three fiscal years.

SISIP Financial

Insurance premiums are forecasted to grow steadily over the next three years. This will be offset by a continued increase in life insurance claims, according to actuarial forecasts. The claims to premium ratio is budgeted to be 82% in FY 2024-2025, rising to 84% in FY 2026-2027.

Reinsurance is purchased from the global reinsurance market to mitigate risk when unpredictable events occur. Reinsurance premiums payable by SISIP Financial are increasing, citing inflation and wartime sanctions as the top two factors.

SISIP Financial continues to invest in modernizing and transforming the business with investment in technology, people and operations. These investments are imperative to ensuring sustainable revenue growth, improved client experience and business efficiencies.

Financial counselling is a public responsibility delivered by SISIP Financial. Counselling services are facing unprecedented member demand and is in need of an enhanced service delivery model to help scale services to meet increased demand. As a result, a shortfall of \$1.4M - \$1.6M in public cost recoveries is forecasted over the next three years.

Overall, excluding segregated fund investments, SISIP Financial is forecasting to break-even in FY 2024-2025.

CANEX

Over the planning horizon, CFMWS will pay particular attention to CANEX and ensure its return to profitability continues. There has been a steady improvement, despite pandemic challenges, supply chain shortages and increasing labour costs. Several revenue-generating and cost-saving initiatives have been implemented such that CANEX has delivered improved financial performance. As can be seen in Annex B, CANEX is forecasting a return to profitability in FY 2024-2025.

Canadian Forces Central Fund (CFCF)

Canadian Forces Central Fund (CFCF) was established by the Chief of the Defence Staff on February 1, 1968, under Section 2 and Sections 38 to 41 of the National Defence Act. This fund provides banking services to units and trusts from non-public funds, and financial assistance to units to establish and improve messes, recreational and social facilities for the benefit of Canadian Forces personnel and their dependents.

A strategic review is underway to confirm the financial sustainability of the programs offered by the CFCF. It is expected that over the planning horizon, there will be recommendations to:

- Implement an up-to-date fee structure and deductibles for the Consolidated Insurance Program (last reviewed in 2011);
- Cancel the Accounts Receivable/ Accounts Payable buyout from CFCF;
- Review and alignment of 100% NPP Programs to enable better monitoring and reporting;
- Review and alignment of SLAs to enable better monitoring and reporting;
- Review of the CANEX/SISIP Financial Dividend and implement changes over the next three years;
- Review of the CFCF interest options policy;
- Review of the CFCF treasury functions;
- Review and alignment of CAF Charitable Funds philanthropy and program funding;
- Review of Queensway Corporate Campus (QCC) Investment;
- Review of CFCF portfolio Statement of Investment Policies and Procedures – annually; and
- Review and update of the CFCF Charter.

Specific to the QCC investment, adverse market conditions such as mortgage interest rates, tenant vacancy rate, facility maintenance and minor capital investments cost are impacting the cash flow from the investment.

NPP Investment Revenue (NIR)

The third and final element of our financial plan revenue is NPP investment revenue generated from NPP investment portfolios. Prudent management of investments to support the fiscal well-being of NPP entities, and to create wealth for reinvestment in NPP projects is key to financial sustainability.

Combined, CFCF and SISIP Financial have approximately \$700 million invested in the capital markets. Gains on the portfolios generate the necessary cashflow for the NPP share of the cost to operate CFMWS, including dividend distributions to the Bases/Wings, and interest allocations to the NPP entities with funds on deposit in the Consolidate Bank Account. CFMWS is forecasting a demand of \$27.4 million in FY 2024-2025, with NPP funding increasing to \$29.1 million by 2026-2027 driven by costs associated with the *Federal Pay Equity Act*.

Over the planning horizon, investment revenue will fluctuate in relation to the global economy and other market factors. There is a risk that financial market volatility will impact annual investment income. In the worst case, poor investment returns affect the ability to fund CFMWS' NPP governance and program responsibilities and execute necessary strategic investment.

The NPP Investment Committee governs the CFCF and SISIP Segregated Fund investments. The Committee meets quarterly and is comprised of both management and expert external advisors. The Committee reports annually to the NPP Audit Committee and the NPP Oversight and Advisory Board. During the quarterly meetings, members have direct access to the Outsourced Chief Investment Advisors (OCIO) and receive regular updates on the performance of the portfolios. The investment strategy is set out in the Statement of Investment Policy (SIP). Compliance with this policy is monitored by portfolio custodians, and annually by the external financial auditors. Overall, the investment strategy seeks long-term growth at a reasonable price to achieve target returns.

As set out in Annex B, budgeted average gross rate of return of 5.9% has been applied to the next three years, which would generate \$42.5 million per year (net \$34.1 million after deducting investment management fees and interest distribution). When compared to the demand for funds under CFMWS, this would produce a surplus of funds, thus affording CFMWS adequate NPP funding. CFMWS depends upon a gross investment return of 4.8% - 5.2% to meet

CFMWS's NPP \$27-29 million per year requirement over the next three years.

Employee Salaries, Wages and Benefits

The Staff of Non-Public Funds, Canadian Forces (SNPF, CF) are the employees who deliver the programs and services designed to support the military community. A significant component of costs associated with our business model are attributable to people who directly deliver the mandated public and non-public morale and welfare services and programs. As the source of funds for these human resources is linked to the program or service they are tasked to deliver, there is a direct impact on public funding and/or the NPP source of funding whenever there is a change in cost (such as an economic increase), or an increase in activity.

Over the planning horizon, beginning in FY 2024-2025, our enterprise will have to meet financial obligations related to legislated requirements under the *Federal Pay Equity Act*. We will need to be prepared for a potential increase in pay rates across various occupations and sectors within the enterprise. If applicable, new pay rates will need to be implemented by September 2024, affecting future fiscal years. Responding to this legislated change and current economic conditions is tantamount to the strategic goal to achieve financial sustainability, and year-over-year profitability for all programs and services delivered by CFMWS in the non-public framework.

Capital Investments in Technology

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 IM/IT investment with the public to provide its share (47.1%) in arrears. For FY 2024-2025, the total investment cost is \$6.4M (public's share is \$3.01 million).

The Technology Investment Plan (TIP) remains core to CFMWS achieving its future goals. As the investment in technology comes into operation, there are personnel, operations and maintenance (PO&M) tail costs to maintain the initial investment. The forecasted PO&M requirement for 2024-2025 is \$6.17 million and is expected to reach \$6.46 million by FY 2026-2027. As key investments come into operation, CFMWS will be in position to harvest reductions based on efficiency gains and reduce demand for additional PO&M.

| Annexes





Annex A

Performance Measurement

	Strategic Imperative	Measurable Objectives 2027
1.0	Achieve Sustainable Revenue Sources	Net Income
1.1	Confirm sustainability and value proposition	Funding to cost ratio
1.2	Evaluate and monetize opportunities	Return-on-investment of monetized programs / activities
1.3	Develop Digital Transformation Roadmap and implement priority initiatives	Return-on-investment of technology implementation
2.0	Improve Quality of the CFMWS Experience	Net Promoter Score
2.1	Evaluate and reassess Service Delivery Framework	Number of duplicated services
2.2	Rationalize delivery of public programs	Efficiency of Public programs
2.3	Rationalize delivery of non-public programs for net profitability	Net profitability of all non-public programs combined
2.4	Develop integrated infrastructure plan and prioritize for investment	Facilities condition index
3.0	Increase Operational Efficiencies	Operating Costs
3.1	Conduct core process review and prioritize for reengineering	Return-on-investment of reengineered processes
3.2	Realign business practices and functional authorities	Efficiency in decision-making
3.3	Develop Future Strategic Workforce Plans	Number of authorized positions tracked and monitored
3.4	Implement Enterprise Data Analytics and Information Management Program	Adoption of Data and Information Management policies
4.0	Improve Employee Experience	Employee Engagement Score
4.1	Implement Talent Management Strategy	Employee turnover
4.2	Implement Digital People Management System	Employee usage rate of adopted modules
4.3	Implement Workplace Wellness Programs	Number of legislated program-related incidents
4.4	Implement Total Rewards Programs	Employee perception of Total Rewards programs

Annex B

NPP Operating Budgets 2024-2025 and Forecasts

CFMWS <i>All figures in CAD thousands</i>	Forecast FY 23/24 \$	Budget FY 23/24 \$	FY 24/25 \$	FY 25/26 \$	FY 26/27 \$
Revenues					
SISIP Financial	20,392	22,579	24,010	25,455	25,651
CFCF	4,492	4,492	3,354	2,607	2,915
Contributions	24,884	27,071	27,363	28,062	28,566
User Fees	4,600	4,600	5,130	5,145	5,162
Total Revenues	29,484	31,671	32,493	33,207	33,728
Expenses					
PSP	583	583	563	570	575
CF One Membership	539	539	362	369	373
Sponsorship	617	617	639	657	669
Programs & Services	1,739	1,739	1,565	1,596	1,617
Corporate Services	1,038	1,038	1,023	1,052	1,071
Marketing and Member Experience	1,476	1,476	1,584	1,621	1,647
Finance	5,687	5,687	6,205	6,383	6,505
IM/IT	10,410	10,410	12,462	12,747	12,974
Human Resources	4,830	4,830	4,743	4,871	4,959
TIP	3,386	3,386	3,386	3,386	3,386
Corporate & Support Services	26,827	26,827	29,402	30,059	30,542
Staff of the NPF (net) cost	(4,000)	(1,000)	(4,000)	(4,000)	(4,000)
Other	258	(555)	867	892	909
Other Expenses	(3,742)	(1,555)	(3,133)	(3,108)	(3,091)
Total Expenses	24,824	27,011	27,834	28,547	29,068
Surplus (Deficit) before Distributions	4,660	4,660	4,660	4,660	4,660
Distribution to Bases and Wings	(4,660)	(4,660)	(4,660)	(4,660)	(4,660)
Surplus (Deficit) on a Cash Basis	-	-	-	-	-

CFCF <i>All figures in CAD thousands</i>	Forecast FY 23/24 \$	Budget FY 23/24 \$	FY 24/25 \$	FY 25/26 \$	FY 26/27 \$
Revenues					
Investment Income	5,683	14,764	13,643	12,265	12,948
Interest on loans receivable	1,325	1,553	622	580	613
Credit Plan Admin Fees	858	858	-	-	-
Gain (Loss) on Real Estate Investments	95	(169)	(335)	(481)	(455)
Consolidated Insurance Premiums	700	700	2,200	2,244	2,289
Other Revenue	64	60	60	60	60
Total Revenues	8,725	17,766	16,190	14,668	15,455
Expenses					
Interest to Base/Wing Funds, Messes & Trusts	1,508	6,000	5,800	5,700	5,800
CFCF Management	435	435	435	435	435
Support Services User Fees	350	350	350	350	350
Investment Services	428	421	448	475	502
Consolidated Insurance Claims & Reinsurance	1,300	1,326	2,200	2,244	2,289
Other Expense	240	250	250	250	250
Total Expenses	4,260	8,782	9,483	9,454	9,626
Surplus (Deficit) before Contribution	4,464	8,984	6,707	5,214	5,829
Contribution to CFMWS	(2,232)	(4,492)	(3,354)	(2,607)	(2,915)
Net Income (Loss)	2,232	4,492	3,354	2,607	2,915
Investment Income	3,747	8,343	7,395	6,090	6,647
Non-Investment Income	717	641	(688)	(876)	(817)
Total Net Income (Before Distributions)	4,464	8,984	6,707	5,214	5,829

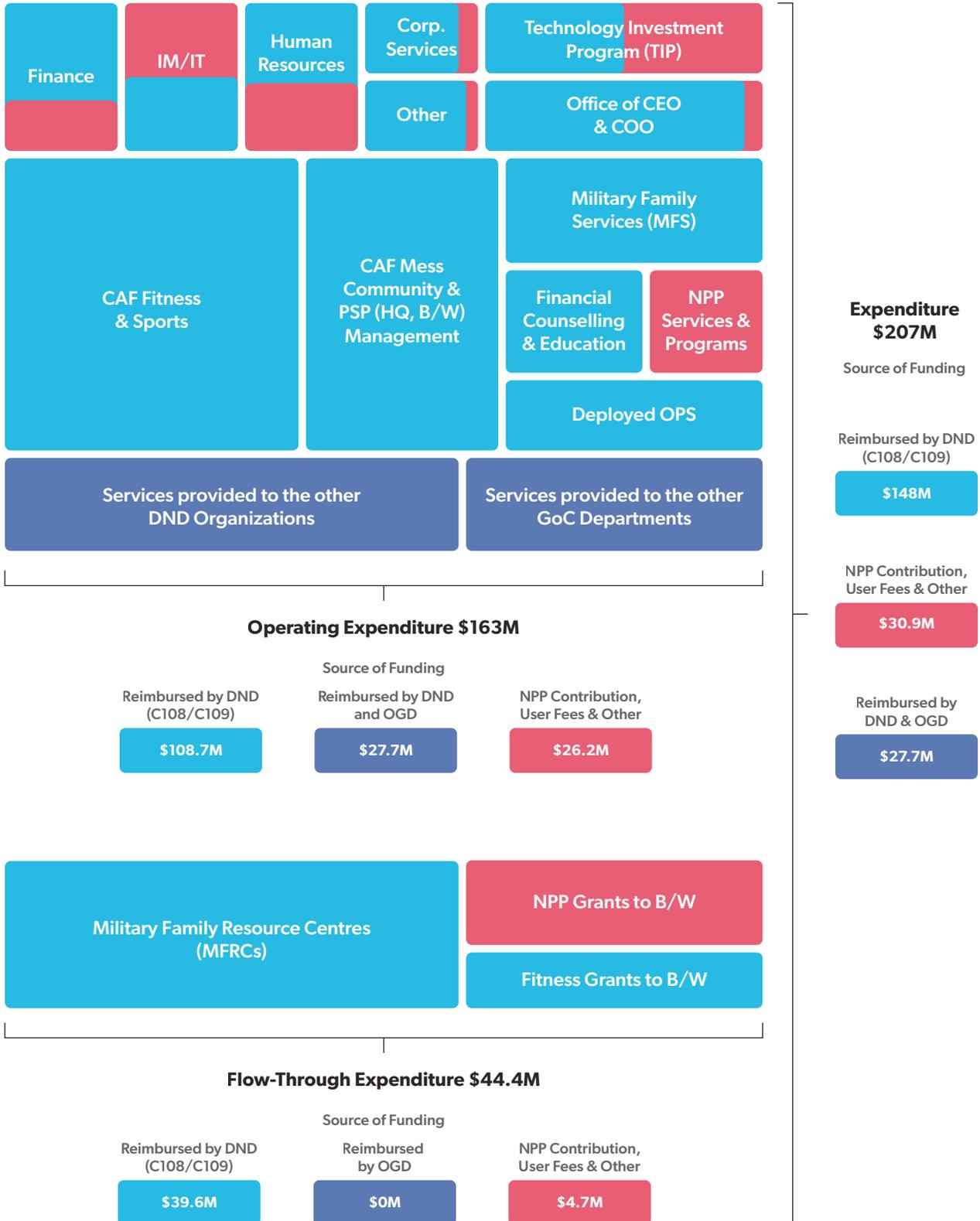
SISIP Financial <i>All figures in CAD thousands</i>	Forecast FY 23/24 \$	Budget FY 23/24 \$	FY 24/25 \$	FY 25/26 \$	FY 26/27 \$
Revenues					
Premium income group life insurance	92,728	92,847	96,018	99,077	102,556
Investment income (Seg Fund)	14,020	37,235	33,967	27,456	27,418
Realized (loss) gain on group life reserve	(16,364)	0	0	0	0
Interest credited	8,004	6,868	8,314	8,481	8,650
CAF LTD program administration	6,222	5,615	6,601	6,733	6,867
Affinity partners: T100; Travel; Critical illness	190	158	196	200	204
Financial Planning commissions	6,991	8,060	8,228	10,341	11,357
Financial Counselling (Public) cost recovery	3,757	3,532	3,673	3,783	3,859
Other	(14)	-	-	-	-
Total Revenues	115,533	154,314	156,997	156,072	160,912
Expenses					
Life insurance claims	82,429	70,335	78,302	81,618	85,063
Life insurance tax on sales & premium	3,259	3,984	3,391	3,529	3,672
Net reinsurance premium	2,000	1,600	2,000	2,100	2,205
Policy administrative charges	2,235	2,276	2,335	2,391	2,449
Investment management fees (Seg fund)	2,283	2,128	2,227	2,167	2,164
Reserve - change in plan experience	4,175	4,175	4,541	4,632	4,725
Reserve - change in assumptions	(18,346)	0	0	0	0
Salary and benefit	18,680	19,577	24,859	27,042	27,583
Facilities (rent, rep/main, office renos)	847	783	893	910	929
CFMWS divisional users fees	824	824	824	824	824
Other operating expenses	4,194	4,225	5,849	5,961	5,902
Total Expenses	102,581	109,907	125,221	131,175	135,514
Net income before distribution	12,953	44,407	31,776	24,897	25,398
Contribution to CFMWS	(20,392)	(22,579)	(24,010)	(25,455)	(25,651)
Net Income	(7,440)	21,828	7,766	(558)	(254)

CANEX <i>All figures in CAD thousands</i>	Forecast FY 23/24 \$	Budget FY 23/24 \$	FY 24/25 \$	FY 25/26 \$	FY 26/27 \$
Revenues					
Canada	107,109	107,109	110,323	113,632	118,178
Europe	9,989	9,989	10,613	11,290	11,831
Online	7,000	7,000	7,210	7,426	7,649
Gross Sales	124,098	124,098	128,146	132,348	137,658
Cost of Sales	97,770	97,770	100,231	102,894	106,997
Gross Profit	26,328	26,328	27,915	29,454	30,661
GP%	21.2%	21.2%	21.8%	22.3%	22.3%
Other Revenue	13,723	13,723	16,021	16,701	17,420
Total Revenues	40,051	40,051	43,936	46,155	48,081
Expenses					
Salary & Benefits	23,380	23,380	24,637	25,596	26,686
Depreciation	4,575	4,575	2,983	3,304	2,983
Services	3,098	3,098	3,057	3,415	4,321
CFMWS divisional users fees	3,431	3,431	3,568	3,591	3,600
Facilities	2,133	2,133	2,433	2,508	2,588
Interest Expense	1,191	1,191	352	443	353
Marketing / Advertising	1,853	1,853	1,917	1,974	2,031
Fees	1,036	1,036	1,069	1,101	1,087
Other (Bad Debt, Supplies, Travel)	1,400	1,400	1,484	1,645	2,135
Total Expenses	42,097	42,097	41,500	43,577	45,784
Net Income (Loss) Before Distributions	(2,046)	(2,046)	2,436	2,578	2,297
Distribution to NATEX Base	(457)	(457)	(430)	(431)	(431)
Net Income (Loss)	(2,503)	(2,503)	2,006	2,147	1,866

CAF CHARITABLE FUNDS	Forecast FY	Budget FY	FY 24/25	FY 25/26	FY 26/27
<i>All figures in CAD thousands</i>	23/24	23/24			
	\$	\$	\$	\$	\$
Revenues					
Philanthropic Donations	3100	3500	3500	3500	3500
Interest on Deposits	600	600	600	600	600
Contributions from Levies	300	300	300	300	300
Interest on Loans Receivable	225	225	225	225	225
Other	100	100	100	100	100
Total Revenues	4,325	4,725	4,725	4,725	4,725
Expenses					
Good Works Activity	3460	3460	3460	3460	3460
Fundraising Expense	600	853	853	853	853
General Expense	350	412	412	412	412
Total Expenses	4,410	4,725	4,725	4,725	4,725
Net Income (Loss)	(85)	-	-	-	-

Annex C

Sources of Funding and CFMWS Expenditures FY 2023-2024





**Canadian Forces Morale
and Welfare Services**

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