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A HISTORICAL PERSPECTIVE

Personnel support programs have been around the military, in one form or another for more than a century. Public funding has provided resources to ensure the morale and welfare of Canadian Forces (CF) personnel since the first assembly of military personnel at Camp Niagara in 1871. When Canadian soldiers went to fight in the South African War, Canadians ensured that public support was available to maintain their morale and welfare.

It was during the period of the Great War and slightly beyond, from 1914-1920, that a sustained public commitment to personnel support programs occurred.

Within days of Canada's entry into the war, Parliament passed an emergency enactment incorporating The Canadian Patriotic Fund to "collect, administer and distribute a fund for the assistance of wives, children and dependent relatives of officers and men".¹ Great emphasis was placed on the welfare of dependents, and for the first year of the war a married man could not enlist without the consent of his wife. Civil servants who join the CF continued to receive their regular salaries in addition to military pay.²

When the first contingent of over 35,000 troops assembled for training at Valcartier Camp, the YMCA set up marquees and bell tents for a post office, reading and writing tents, canteen, barber shop, shoeshine parlour and entertainment. Theatres and messes were also established. The Salvation Army and Knights of Columbus joined the YMCA in meeting the personnel support needs of soldiers when they went overseas. The Canadian Field Comforts Commission and the War Contingent Association were formed specifically to meet the needs of CF personnel.

Although these personnel support services were initially financed primarily by fundraising, by 1917 the public had to assume a much greater responsibility. YMCA personnel were taken on to CF establishments, and full time CF positions were created to support the programs and services. The organization grew to meet every conceivable need of serving members, including sports, recreation, entertainment, family support, messes, travel assistance on leave, and provision of retail goods and services.

Interestingly, by 1918, canteen sales alone, excluding unit canteens, exceeded \$100 million (in present-day funds) annually. Five per cent of gross sales were turned over in cash to Commanding Officers "for extra food, rubber boots, straw for billets, and other comforts for the men".³

1 Official History of the Canadian Forces in the Great War, 1914-1919, General Series, Volume 1, Colonel A. Fortescue Duguid, published under the authority of the Minister of National Defence, Ottawa, 1938, page 42.

2 *Ibid.*, page 29.

3 Canada in the Great War, Volume VI, United Publishers of Canada Ltd., Toronto, 1921, page 144.

Sporting events were an important part of personnel support programs during the Great War. In what may have been the largest sporting event ever staged for CF personnel, the Canadian Championship Meet was held on Dominion Day, 1918 in Tinqes, France. CF personnel numbering 70,000 competed in preliminaries. Roughly half the initial number assembled to participate in or witness the finals.

By the war's end in 1918, there were more than 1000 officers and men, and some 5000 civilian volunteers working in the personnel services domain. They were established across 1200 locations wherever CF personnel were serving around the world, including France, Belgium, Holland, Germany, England, Scotland, Palestine, Northern Russia, and Siberia. Until 1920, the staff continued to assist CF personnel on their return to Canada. Returning soldiers were supplied with low cost accommodation and meals and were provided support and assistance returning to civilian life.

SECOND WORLD WAR - 1939-1945

The modern form of public support for personnel support programs began in 1939. At the outset of the Second World War, CF members numbered 9300 regular force personnel, and each one was required for immediate duty. As that number grew ultimately to 1,008,033 members, the need for greater support became paramount.

To meet the needs of a rapidly expanding CF, the government called on outside support to address personnel support program requirements. It established agreements with the YMCA, Salvation Army, Knights of Columbus and the Canadian Legion to provide what were called "auxiliary services". Civilians from these organizations were hired to run programs, with a ratio of one civilian to every 800-1000 CF members. These newest administrators were paid as captains and given officer status.

By 1941, each of the auxiliary organizations had specialized: the Salvation Army ran canteens and cinemas, the Knights of Columbus hospitality and social functions, the YMCA sports and recreation, and the Canadian Legion provided concerts and entertainment. The Canadian Legion War Services also provided educational services and libraries.

Public donations initially supported much of the funding for these activities. By 1942, however, the annual cost had ballooned to approximately \$180 million.⁴ The government decided from this point on, that public funding would finance all auxiliary services work. A committee was set up under the National War Services Funds Advisory Board to oversee the use of both public and non-public funds used overseas. All three services and the four voluntary organizations were represented on the committee. This initiative resulted in service personnel enjoying an effective, publicly funded personnel support program. Services included sports events with equipment provided, training for trades, dances, movies and concerts, reading, writing and recreation rooms, messes, stationery, libraries, radio sets, mobile canteens and tea vans, leave hostels and information offices for those on leave. Personnel support programs and services directly enhanced operational effectiveness during the six years.

4 All funds in this history expressed in 1999 dollars.

COLD WAR TO CF INTEGRATION

When the Canadian Forces were demobilized after the Second World War, the services provided by the auxiliary organizations were taken over by the Army, Navy and Air Force. Each service was responsible for its own non-public property (NPP) activities. Numerous NPP accounts were established, including the Atlantic Command Welfare and Recreation Fund, the Maritime Command (Pacific) Development Fund, the Canadian Army Central Fund, the RCAF Central Institute Fund, the Command Amenity Fund for RCN Stations of the CFSRS, and the Canadian Army Holding Account. A 1949 Cabinet directive established provisions for non-public fund activities.

Immediately after the Second World War, the CF was reduced to a fraction of its wartime size. During the late 1940s and throughout the 1950s, however, the CF again underwent a massive expansion to meet the Cold War threat. New army units were created, new ships commissioned, and for a period, the air force added a new squadron every month. New bases and stations were built across Canada and in Europe to accommodate service members and their families. To ensure morale and a high quality of life of the CF, as part of the personnel support programs and services, schools, hospitals, gymnasias, theatres, hobby clubs, golf clubs, a full range of other recreational facilities, and thousands of homes were built at public expense. The public provided subsidized housing, rations, sports, recreation and entertainment. For those personnel who could not take advantage of subsidized quarters and rations, substantial allowances were provided as part of the personnel support program in their pay package.

Throughout this period unit commanders enjoyed a significant degree of freedom in determining how much public money to spend, and how it was spent on their personnel. Many of the sports and recreational facilities in the CF in use today are a legacy from this period.

The growth of the Army during this period also produced a change in the way the Chief of the General Staff (CGS) administered his NPP responsibilities for the Army. The burden of administration became so heavy that the MND and CGS decided to create a new organization under the Canada Corporations Act called the "Maple Leaf Services", through which the CGS believed that he could best discharge his responsibility and duty regarding NPP. The CGS intended this "agency and instrumentality" to "take over and discharge those duties and functions formerly discharged through the military or regimental institutes under the supervision and control of the various commanding officers".⁵

5 Department of Justice Memorandum of Law, 333399 dated 22 Nov 99, Non-Public Property-Bank Loan Secs. 38-41 of NDA, page 5.

CF INTEGRATION TO 1996

Just prior to the integration of the three services, a team was formed in 1966 to "carry out a study with a view to recommending a common system of non-public fund operations in the Canadian Forces." The product of this study, which came to be known as the Dillon Report, made significant observations and recommendations for the future of NPP. The report noted that "too often, the Department of National Defence is not meeting its responsibility and thus forcing the serviceman to divert his own funds (NPF profits) to provide facilities that are clearly an obligation of Government."⁶ The report made a number of recommendations, including the creation of CANEX. The Dillon Report was responsible for establishing the shape of NPP that would last the next thirty years.

With integration, the Army initiative to establish an "agency and instrumentality" to assume many of the NPP duties and functions administered through the unit Commanding Officers was implemented for the entire CF. In 1968, the Director General Personnel Services was created to administer NPP operations and publicly funded physical fitness, training and sport programs for all three services. The financial resources contained in the various NPP funds maintained by the three services were consolidated into a single fund called the Canadian Forces Central Fund (CFCF).

The following year, Treasury Board (TB) approved Directive 689194 entitled Guiding Principles for the Provision of Services and Recreational Facilities at CF Establishments and the Provision of Support to CANEX and associated non-public fund Organizations.⁷ This Directive established the philosophical basis for personnel support, in use until today, as the "employer's responsibilities". The directive stated that the Department of National Defence (DND) was obligated to ensure the availability of a reasonable level of goods, services and recreational facilities so that service personnel experienced similar treatment to their civilian counterparts. Should service levels be inadequate, DND, as an employer had to ensure their availability where practical and desirable, and was permitted to accomplish this with a system of non-public fund organizations.

The TB directive authorized public support for CANEX and associated NPP organizations, and also authorized a portion of the revenues generated by these to be used to ensure the availability of a reasonable level of recreational and community services are available.

6 [NPF Study](#), RAdm C.J. Dillon Chairman, June 1967, page 23.

7 See page 33.

FROM 1996 TO 2000 – A VISIONARY PERSPECTIVE

The next significant change in personnel support administration took place in 1996, when the Canadian Forces Personnel Support Agency (CFPSA) was established. It is an integral part of DND that uses both public and non-public resources to accomplish its mandate.

A key driving force behind the creation of the CFPSA was BGen Isidore Popowych. A native of Berlin, Germany who grew up in France and Canada, BGen Popowych became the Director General Personnel Services (DGPS) in 1993. He oversaw its transition from a publicly funded military service, to a civilian-run Agency that delivered Personnel Support Programs (PSP), CANEX retail services and Service Income Security Insurance Plan (SISIP) services. He held the DGPS position until his retirement in 2000, with a one-year hiatus as Chief, Personnel Services from 1994-95.



During the mid 1990s, the socio-economic climate produced a number of challenges that affected the content, quality and delivery of the Canadian Forces Personnel Support Programs. They included government restraint, CF/DND restructuring, growth in retail competition and lifestyle changes. In 1994, BGen Popowych, together with his team, developed a strategic plan to re-engineer personnel support programs – in essence, to standardize quality of the programs and to re-invigorate their merits among the military community.

A Personnel Policy Framework, approved by Armed Forces Council, re-affirmed the requirement and importance of personnel support for the morale and welfare of CF members and their families. However, it was recognized that the ability to deliver these programs was affected by the aforementioned challenges.

A plan was drafted in consultation with all Commands, which included a customer-oriented aim to increase efficiency, effectiveness, and accountability for the delivery of personnel support to the CF. Then, endorsed by Armed Forces Council, the plan to de-militarize personnel support and hand over the operations to an Agency became one step closer to full implementation. This umbrella Agency would convert close to 600 military positions to non-publicly funded ones, add more than 400 additional positions and streamline services through a centralized service, and would include CANEX and SISIP as part of its operation.

BGen Popowych held strong the belief that the Canadian Forces member and his or her family required maximum benefit from personnel services in order to balance the unique stresses and demands of a military career. To this end, he was unrelenting in his pursuit of the development and dissemination of top-quality personnel support programs. These included sport and fitness programs, military family support services through the Military Family Resource Centres on each base, and recapitalization projects to renovate and rebuild arenas, gymnasias and community centres at bases. Further, the personnel support programs also include deployment support services to both the serving member in-theatre and the family at home, as well as recreational and leisure opportunities. BGen Popowych lead a talented team who were equally committed to excellence in program and service development and delivery. Those in the retail CANEX operations were recruited from well-known Canadian retail operations, while those administering to the financial needs of the CF community had extensive financial and military knowledge. Many employees were former military DPERA (Director, Physical Education, Recreation and Administration) operatives.

This accumulation of experience across all sectors was a key element in ensuring the first steps for the Agency were successful ones.

THE FUTURE

With this solid foundation in place the current leadership and staff of the CFPSA have a solid basis for the continuation, improvement and development of the delivery of services to the military men and women and their families. CFPSA remains committed to serving those who serve.

THE FACTS ABOUT CFPSA

- There are 181 personnel employed at the CFPSA headquarters in Ottawa.
- There are more than 5400 non-publicly funded employees throughout Canada.
- In general terms, the Agency has a net worth of about \$340 million of non-public funds derived from SISIP, CF Central Fund, Base/Wing/Unit funds, messes and CANEX operations.
- SISIP has more than 104,700 term insurance clients, and a book of business exceeding \$15.5 billion.
- The Agency's business operation is equivalent to a top-500 publicly traded company, and in private enterprise, is equivalent to a top 250 privately held company.

FROM THE CHIEF EXECUTIVE OFFICER

Fiscal Year 1999/2000 was one of excellent productivity and remarkable accomplishment. The Division reports that follow will clearly identify specific activities and practices that led to these combined and most notable results.

The preceding historical report on the development and evolution of personnel support programs clearly outlines the roots from which the Canadian Forces Personnel Support Agency (CFPSA) has grown.

Over the past years, there has been considerable change in how personnel support programs have been delivered to service men and women and their families. The fundamental principle of providing these programs and services for enhancing the quality of life of the entire military family is stronger than ever. We, in the CFPSA, will capitalize on this momentum. As we swing into the 21st century, we will continue to focus on the development of a professional, efficient, effective and responsible organization.

As a recent civilian addition to the CFPSA team in March 2000, I trust my experience in business administration and policy development will assist in guiding and charting a new course for the Canadian Forces Personnel Support Agency. We, as a team, will use our past experiences and combined knowledge, along with the input of CF members, to ensure this course is one that directs the Agency's strengths toward a long-term viability and growth constructed on a best-practices model. In so doing, our goal is to further strengthen the solid foundation and reputation established during the past four years.

As an integral part of the Department of National Defence, the CFPSA has a mandate to support the non-operational side of the military member and his or her family, Reserves and retired members to the best of our ability, providing programs and services directed at improving their quality of life. By involving CF personnel, their families, Reservists and retirees in our planning process, and by listening to their interests and concerns, we will ensure that the CFPSA addresses their needs through the execution of our programs and services.

At this point, I would like to acknowledge the efforts of two men who have recently retired from the CFPSA, without whose leadership and commitment, the Agency would have not enjoyed its current success. Brigadier General Isidore Popowych served six years as Director General Personnel Services, including the last four years at the helm of the Agency. He was committed to creating a top-notch team to deliver the very best programs and services to the Canadian Forces. He was single-minded in his mission to ensure the quality of life for CF members, and I thank him for his determination and hard work. David Roberts, President of Service Income Security Insurance Plan since 1996, devoted 12 years to providing insurance and financial services to CF members. His efforts to create a quality service for the CF member were tireless and resulted in top-level insurance and financial products. Thank you David for your leadership and vision.

I look forward to meeting as many of you as possible over the coming years. Challenges create opportunities. We intend to capitalize on these in order to meet the requirements of the people we support!



John F. Geci
Chief Executive Officer
Canadian Forces Personnel Support Agency

CANEX has provided retail services to Canadian Forces members since 1968. Through its delivery of products and services to the military community, CANEX has contributed to the quality of life of both the serving member and families through royalties to base, wing and unit funds. We are proud to serve the Canadian military community and our commitment to providing value, improved service and customer satisfaction form the basis of our operations.

With more than 1000 employees in Canada and Europe, CANEX offers brand name products and services at low prices and no interest on credit through its convenient locations. These pillars of our success are things that will not change; yet without change, we risk missing opportunities to grow our customer base and sales – at least in conventional ways. Continued pressure from both local and national competition forces us to improve what we offer, and keep our highly-committed staff motivated to bring to our customers the best products and services we can.

While sales targets in Canada were not achieved in FY 1999/00, due primarily to the Kosovo situation, overall consolidated sales (CANEX/NATEX) were \$114.3 million, a \$700K increase over the previous year's total of \$113.6 million. Net income exceeded targets and came in at record levels of \$2,490,948, an increase of \$492,330 over the previous fiscal year.

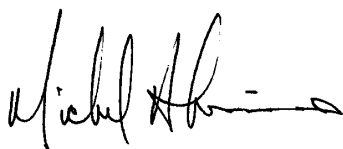
A new royalty formula was introduced halfway through the fiscal year, guaranteeing a higher level of funds for local base, wing and unit funds. The new PSP Quality of Life Grant incorporates CANEX revenue, minor Performance High Standard grants, and grants to small units, and is now distributed on a more equitable basis to all CF locations.

During 1999, CANEX embarked on an extensive recapitalization program, which will see its major stores renovated over the next two years. Nine bases/wings underwent renovation this year, with another 14 due for renovation by mid-2001. The total cost of this project will exceed \$5 million.

NATEX continues to grow as both Canadian and NATO operations increase in Europe. In FY 1999/2000, sales rose to DM 42,316,000, a 23.7% increase over FY 1998/1999, with net income reaching DM 4,136,000 an increase of DM 1,604,000 or 63% over the previous year. This trend should continue for the foreseeable future as we aggressively pursue new business with our NATO partners.

CANEX service to deployed operations in Bosnia/Herzegovina began during the fiscal year, with wholesale sales reaching well over DM 5.6 million. Our capability to meet the needs of deployed operations will be further enhanced in 2000/2001 as the CFPSA assumes responsibility for delivery of all aspects of Personnel Support Programs to these troops.

As we move forward in 2000, we are confident that we have the right people to execute our strategies and business plans of growth in sales and profitability. By leveraging the strength of those people and the power of our programs, we plan to make continuous improvements in order to achieve our goal of becoming the "retailer of choice for the CF community".



Michel A. Lemoine
President CANEX

GENERAL

SISIP Financial Services has been providing financial products and services exclusively to the Canadian Forces community since 1969.

Over the past 12 years, the range of products and services, delivered by our dedicated professionals, has been continually expanded to meet the needs of our clientele. In return for our efforts, we are proud to report that 1999 was very successful, the 11th such consecutive year for SISIP. Given the nature of our business, we are particularly proud of the mutually positive and rewarding relationships we have established with our clients and business partners.

SISIP PROPER

SISIP Proper represents all activities of the SISIP organization exclusive of the Treasury Board-supported plans and the Canadian Forces Personnel Assistance Fund (CFPAF). During 1999, many activities were undertaken, while those already in progress yielded positive results. Early in the year, the plan to provide financial counselling/financial education was approved and integrated with the financial planning initiative. By year-end, SISIP Financial Services was delivering financial counselling, financial planning and insurance services in our Ottawa, Gagetown (NB), Greenwood (NS), Halifax (NS), and Petawawa (ON) offices. The Valcartier (QC) office opened in January 2000. Given the recent favourable changes to the Income Tax Act, a group Registered Education Savings Plan (RESP) was introduced through Bank of Montreal. We continued our emphasis on the Spousal Disability Plan (SDP) and expanded the eligibility for this product to a broader market.

As at December 1999, SISIP Proper had assets of \$308 million, liabilities of \$156 million and equity of approximately \$152 million. At year-end, SISIP had more than 104,700 term insurance clients (an increase of more than 3,800 during the year), with a book of business exceeding \$15.5 billion (an increase of more than \$880 million). SISIP's market share of serving member dollars increased by approximately 3.2% during the year to 82.5% in absolute dollar terms. Financially, SISIP posted a net income of approximately \$9.6 million for 1999 which was net of our contributions of \$11 million to the Canadian Forces Personnel Support Agency's recapitalization program.

TREASURY BOARD SUPPORTED PLANS

The Treasury Board (TB) supported plans include all those partially or wholly funded by TB, which is ultimately responsible for the financial viability of the plans. In March 1999, TB approved the new split definition Long Term Disability plan (LTD) which was introduced on December 1, 1999 as planned. The new LTD plan represents a significant improvement to the disability protection plan provided to the CF members, particularly those who are medically released. At year-end 1999, the TB supported plans had assets of \$255 million, liabilities of \$253 million and a surplus of approximately \$2 million.

DOLLARS IN THE HANDS OF PEOPLE

The amount of money SISIP paid in claims over the last five years was approximately \$132 million. These monies were paid directly to claimants and beneficiaries including serving members, released members and spouses. \$29 million was paid to claimants and beneficiaries in 1999. In addition, CFPAF provided distress loans of \$706,000 in FY 1999/2000 to 174 families while SISIP provided interest-free loans of approximately \$560,000 to 154 Long Term Disability claimants involved in our rehabilitation program. In addition to the payment of claims and the approval of loans, CFPAF approved \$156,000 in grants in the 12-month period ending February 2000.

THE FUTURE

For 2000, SISIP Financial Services, in addition to its current mandate, will focus on the following:

- Establishment of nine additional offices during the year, to provide store-front access to financial counselling, financial planning and insurance services; and
- Delivery of a personal financial management life skills program at existing entry-level and leadership training programs of the Canadian Forces.



W. David Roberts
President SISIP

PROGRAMS

GENERAL

The Programs Division of the Canadian Forces Personnel Support Agency manages and/or provides a variety of Personnel Support Programs to the Canadian Forces. FY 99/00 has been the most productive year yet as a number of new initiatives are coming to fruition. These include the Personnel Support Program (PSP) Recapitalization Project, a number of new family related programs and the initiation of 24/7 French and English Canadian Forces Radio and Television Service to our deployed forces. A summary of FY 99/00 accomplishments follows.

PHYSICAL FITNESS PROGRAM DELIVERY

The delivery of CF Fitness programs to bases/wings, training schools and RMC has been extremely successful in 1999. Non-Public Fund PSP Fitness Instructors and staff continue to improve both the quality and quantity of our programming. Spurred on by the opening of new fitness facilities at 4 Wing Cold Lake and 19 Wing Comox, the CF participation rates in voluntary fitness training are up significantly at both locations. We anticipate these increased activity levels will also be evident as the remainder of our new fitness facilities open later this year.

On the technical side, the 20 Metre Shuttle Run (MSR) is now an evaluation option for all CF personnel. This more accurate and time efficient evaluation reduces the number of person years required to conduct the CF evaluation program, freeing up more instructor resources to individual and group training.

CFPSA TRAINING CENTRE

The CPFSA Training Centre in Borden continues to deliver high quality fitness and sports training despite the financial restrictions imposed by Canadian Forces Recruiting, Education and Training System (CFRETS). The Centre was particularly successful at delivering on-site training at considerable savings to the host base/wing. Six Basic Fitness Trainer Assistant courses were conducted (four in Borden and two on location), as well as seven Recreation Activity Leader Courses (four in Borden and three on location). Two Agency-training indoctrination courses were conducted (one in French in St-Jean and one in English in Borden). The Centre supported the National Youth Summit in August.

SPORTS PROGRAMS



All scheduled Regional and CF National Sports Championships were held in 1999. The CF Triathlon championship was moved from Kingston to Montréal and was held in conjunction with the Montréal International Triathlon Championship, a world class event ideally suited to make our elite level triathletes more competitive at the international level. The CFB Valcartier Women's Broomball team was the first CF Team to participate at the Canadian Broomball Championship. They finished 4th overall.

The 2nd Military World Games were held in Zagreb, Croatia from 8-17 August 1999. Our Canadian delegation of 135 competed in eight sports. As a highlight, Lt Annick Chayer from CFB Valcartier won a bronze medal in taekwondo and Pte Murray Davidson from 17 Wing Winnipeg received the top scorer award for basketball.



The CF High Performance Program started in 1999 with a number of sports and officials clinics. A successful accredited taping course was conducted in Borden for athletic trainers and coaches. Sixty military personnel qualified from Level II to Level IV at the annual hockey referees' clinic in Borden. An agreement with Sport Canada and the various National Sport Training Centres now permits carded Canadian athletes restricted access to CF base/wing fitness training facilities.

The eleventh Canadian Forces Sports Award Ceremony was held for the first time at the Ottawa Congress Centre on 30 October 1999. The theme was a "Salute to the 2nd Military World Games". More than 325 athletes attended the event.

The CF Sports Hall of Fame is now accessible through both the Intranet (<http://hr.dwan.dnd.ca/cfpsa>) and Internet (www.cfpsa.com).



Capt Sharon Donnelly, 1999 Pan Am triathlete gold medallist and CF Sports Awards ceremony guest speaker.

PHYSICAL FITNESS RESEARCH AND DEVELOPMENT

1999 was a very busy year. The Universality of Service project team identified in its personnel policy objectives the requirement to maintain operationally effective forces by upholding performance-based employment standards. The team will focus on the composition of requirements for the minimum level of physical fitness and individual performance needed by each Service Member in order to be deployable. In 1999, to ensure the validity of Minimum Physical Fitness Standard (MPFS), the CFPSA through a contract with Queen's University in Kingston, tested and studied the physical fitness results of 600 soldiers, airmen and sailors. Research data gathering was completed at Trenton, Petawawa and Halifax for the validation of the CF MPFS. The findings will be reported to the Armed Forces Council in late 2000 with possible changes to follow. Work has either been completed or continues on a number of trade/occupation related physical fitness R & D initiatives. The Search and Rescue (SAR) Tech Physical Fitness Standard R&D has been completed, accepted and implemented by Chief of the Air Staff (CAS). Research has been completed studying hyperoxic Self Contained Breathing Apparatus (SCBA) to increase fire fighter endurance and the CFPSA is currently studying helium as an inert gas rather than nitrogen in SCBA in order to increase fire fighters ability to endure high heat environments. The development of fire fighter physical fitness selection standards is also progressing as is the development of unique fire fighter fitness training programs. The Army Fitness Manual is nearing completion and will become an integral part of soldiers' individual and group physical fitness training programs. Work will begin shortly on the development of physical education programs for recruit school and Junior Leadership Course to provide individual and junior leadership knowledge of physical fitness standards and programs in the CF. Special programs for pregnant members are being developed to assist them in preparing for the demanding tasks upon return from maternity leave.

Physical fitness in the military – from the laboratory to the field



MILITARY FAMILY SERVICES PROGRAM

The CFPSA has been able to offer greatly improved services to military families, through the Military Family Services Program (MFSP), with the substantial financial aid provided by the Quality of Life (QOL) project office. Programs initiated last year have been further developed to address the lifestyles of military families and new programs have been added.

The Spousal Employment Assistance Service (SEAS) provides substantial support to spouses in gaining employment, augmenting existing skill sets, career planning and attaining second household incomes. In January 2000, a national SEAS conference brought together a team of highly motivated, professional Employment Assistance Coordinators (EAC) from Military Family Resource Centres (MFRC) throughout Canada, the United States and Europe to work on service standardization, best career counseling practices and national employment opportunities for spouses. The demand for this service far exceeds the original expectation. The year ahead will realize the creation of a customized information management system, an Internet based resume databank for spouses, and further national sponsorship initiatives.

The deployment-related and emergency childcare assistance service has been improved to provide an increased period of fully subsidized childcare as well as respite childcare services.

Support to families of reservists during and following deployments has dramatically improved. The extensive outreach program has expanded to include reservists and their families in many MFRC services, activities and support programs. Several tools for MFRCs relative to deployment support for CF families have been developed including the "Family Handbook, Military Operations" which is used by families as a resource manual for services available when the member is deployed.

In 1999, a pilot project to provide improved second language training for spouses was initiated at seven bases. In the year ahead, this highly successful program will be offered through all MFRCs, as required. Other initiatives introduced include extensive Education Information Assistance to CF families at the time of posting, and the development of a directive for MFRCs on day care services.

A national MFSP insurance program to cover the core requirement of all MFRCs has been implemented. Study is underway to introduce employee group benefits such as long term disability and group life insurance. MFRC service audits were completed for over a third of the MFRCs to ensure adequate service delivery and financial management. Service standards for the MFSP have been developed related to Alternate Service Delivery, resource allocation, procurement, human resources and communications.

Director Military Family Services (DMFS) has reorganized staff areas of responsibility to ensure there is expertise in all MFSP program areas and in finance, administration and training. A new position – Board, Staff and Volunteer Training Coordinator – was created to develop national guidelines and standards for training, and to identify and develop training materials and opportunities for MFRCs. MFRC regional workshops and national program coordinators' workshops will enhance the skills of all involved. In addition, a European advisor on Military Family Services has been hired to support and provide training to six MFRCs in Europe as well as to provide technical expertise to Commanding Officers.

A standardized MFSP National Information Database and monthly MFRC statistical reporting forms have been introduced effective April 2000. This will assist in evaluating and conducting research on the MFSP as well as in guiding local programming and best practices. The MFSP Home Page on the Intranet and the Internet has been brought on line and all MFRCS have been supported in their development of home pages. To date, more than 70% of the MFRCs have developed home pages outlining their programs as well as topics of particular interest to military families and local and posting information.

The revision of the Military Family Services Program Operational plan, to reflect the expanded services offered, is underway and will be completed December 2000. This includes the level of service agreement between the MFRC, the local Commander and DMFS, as well as the Business Plan, service delivery and funding criteria. In preparation for the revision, a number of workshops are being held such as the focus group on the Crisis Intervention and Referral Program held in August 1999. This group studied the history and evolution of the program and made recommendations for change appropriate to the predicted needs of families in the new millenium.

DMFS provided guidance to MFRCs in support of OPERATION ABACUS. MFRCs were prepared to provide a great deal of support working in cooperation with base authorities including emergency child care, communication, volunteer services, supportive counseling and outreach and in the provision of food and housing. Several MFRCs actively participated in OPERATION PARASOL as Kosovar refugee families were either 'landed' or housed for varying lengths of time at their bases.



CFPSA staff planned and conducted a national consultation with 63 youth from CF families at a forum held at Geneva Park, near Orillia Ontario, 23 – 26 August 1999. The recommendations resulting from the National Youth Summit and pre-Summit local consultations were published in a well-received final report. MFRCs are actively engaged in implementing a number of these recommendations. To strengthen the delivery of youth services, CFPSA is committed to developing national minimum standards in this area, such as outreach services and program delivery through Youth Centres.

PERSONNEL SUPPORT PROGRAM SERVICE STANDARDS

The Standing Committee on National Defence and Veterans Affairs (SCONDVA) Report observed that personnel support programs and services are not consistent or comprehensive across the CF particularly in areas affected by downsizing or base closures. Project Management Office (PMO) Quality of Life tasked the CFPSA to undertake a review of the level of PSP services offered across the CF, focusing on those locations where CF personnel are posted which are not bases. The study identified core or essential PSP services, shortfalls in their delivery at each location and solutions including the cost of ensuring these services are available at each location. The report was presented to PMO Quality of life in August 1999, which is currently seeking funding to address this issue with assistance from the CFPSA.

MESSES

A Messes Beyond 2000 (MB 2000) Project was launched as follow-on to the 1995 Mess Study initiative and as a response to SCNDVA. The purpose of MB 2000 is to develop an action plan to revitalize the mess ethos, improve the quality of mess operations and programs and re-establish customer satisfaction. The project plan will confirm the current situation, define the way ahead, establish agreed upon requirements, develop the action plan to address the requirements and implement the plan.

Currently, there are a number of major issues undermining the success of our messes including dissatisfaction with mess dues, reduced O&M budgets, the "drinking hole" reputation of messes, minimal attendance, outdated policies and inadequate training for managers. The MB2000 project will provide facilitated strategic planning sessions for Environmental Working Groups (WG) to deal with issues such as the importance of change, current business trends, changing demographics and attitudes and marketing as well as the value of goals and objectives for our messes. Requirements will be identified by the WGs and verified by the stakeholders Base/Wing Commanders (BComds), PSP Managers/Services Officers (PSP Mgrs/SvcsO), Presidents of Mess Committees (PMCs) and the mess members. An action plan will then be developed, presented to the Environmental Commanders for approval and implemented. A communication plan to inform CF members on the ongoing MB 2000 process will also be introduced. Any major policy issues arising from MB 2000 will be briefed to AFC.

DEPLOYMENT SUPPORT PROGRAMS

The CFPSA's deployment services were heavily committed in 1999. Our ongoing requirement to support approximately 2200 deployed troops increased dramatically this year with an increase in the number of personnel deployed to Aviano, Italy during the NATO air campaign, as well as deployments to Kosovo in June, 1999 and to East Timor in October, 1999. In addition, we provided support to the Disaster Assistance Relief Team (DART Team) deployed to Turkey for earthquake relief in August/September 1999, and to HMCS Calgary during its extended stay in Singapore because of mechanical problems. This past year, we provided PSP services and support to more than 4,000 CF members deployed around the world.

The Canadian Forces Radio and Television (CFRT) service commenced in January 2000. Funding for CFRT was approved in Oct 98, and a contract for the service was awarded to International Datacasting of Ottawa, Ontario on 10 Nov 99. It is a 24 hour a day, seven-day a week satellite radio and television signal, and is available to CF troops deployed within a satellite footprint covering Africa, the Middle East, Europe and the former Yugoslavia. Satellite ground receive stations are operating at each of the main Canadian camps in Bosnia and Kosovo and in the Golan Heights and the Multi-Force Observers (MFO) in the Middle East.

The CFPSA Show Tour program was also extremely active in 1999, providing a normal tour package of entertainment show tours to deployed forces and adding Kosovo, East Timor, and HMCS Regina deployed in the Persian Gulf to the tour schedule. Over the Christmas season, shows were conducted aboard HMCS Protecteur, in Darwin, Australia and in Zumalai, Zuai and Dili, East Timor.

In 1999, Operation Santa Claus almost doubled in size because of the deployments to Kosovo and East Timor. During Christmas 1999, 4,053 Christmas packages were distributed to military personnel at 20 CF missions around the world. Once again, 25 Canadian Forces Supply Depot (25 CFSD) and 3 Combat Support Group (3CSG) were indispensable partners. They provide the warehousing, packaging and shipping for more than 275,000 individual items donated by 23 Canadian companies.

COMMUNITY RECREATION AND YOUTH SERVICES

Three recent initiatives have elevated the profile of community recreation programs in the CF. The establishment of full time recreation directors/coordinators at most CF locations has been a big boost for community recreation programs. New community recreation facilities built as part of the PSP Infrastructure Re-Capitalization Project are contributing to increasing participation in community programs, and the emphasis the Standing Committee on National Defence and Veterans Affairs (SCONDVA) provided on quality of life programs such as community recreation has had a very positive impact on CF recreation programs.

NATIONAL YOUTH SUMMIT

In response to concerns expressed in the SCONDVA report that programs in military communities have not kept pace with the needs of youth, the CFPSA, with financial assistance from the Project Management Office - Quality of Life (PMO QOL), sponsored a National Youth Summit (NYS) 23 – 26 August 1999. This national youth forum was launched to provide youth (ages 13-19) with an opportunity to identify issues of concern to them and to make recommendations about potential CF initiatives that would benefit youth in CF families. As a result of the NYS, a staff position has been established at the CFPSA as a focal point for youth services and to begin action on the six major recommendations that came out of the Summit.



Some of the 63 youth attendees who came to YMCA Geneva Park
from 26 different CF locations

PSP CONSTRUCTION

In January 1998, Project Management Board (PMB) approved the funding formula for the PSP Infrastructure Re-Capitalization Project. This approval allowed the CFPSA to proceed as quickly as technically possible with the \$150M project. During 1999, it became obvious that the original scope of the PSP Infrastructure Re-Capitalization Project could not be met within the \$150M allocated. Submissions were made to both the NPF Board of Directors and PMB to have the funding increased and the scope of the project expanded to \$162M. To date, \$58.3M worth of projects have been completed with a remaining \$68.5M worth of projects under construction. The remaining projects, with the exception of two new projects, will be implemented in calendar 2000



Comox Fitness and Community Centre



The new pool at the Col. J.J. Paar Sports Centre, Cold Lake, AB

PSP CONSTRUCTION SUMMARY

MARCH 2000

Completed

Greenwood Community Centre	\$1M
Staff College Fitness Centre	\$1.3M
Borden Arena	\$3.5M
RMC Arena	\$1M
Cold Lake Sports/Fitness Centre	\$12.8M
Comox Fitness Centre	\$10.5M
Comox Arena	\$1M
Edmonton Community Centre	\$3.5M
Gagetown Arena	\$1M
Valcartier Arena	\$1M
Bagotville Community Centre	\$2.2M

Under Construction

Bagotville Gym	\$3.2M
Borden Field House	\$6M
Edmonton Gym/Pool	\$1.6M
Edmonton Arena	\$1.4M
Esquimalt Community Centre	\$2.6M
Gagetown Field House	\$10.5M
Gander Gym	\$1.6M
Greenwood Gym/Pool	\$8.5M
Halifax Dockyard Gym	\$4.8M
Kingston Sport Centre	\$13.3M
Kingston Community centre	\$2.1M
Petawawa Field House	\$9.3M
Petawawa Community Centre	\$2.9M
Petawawa Arena	\$4.7M
Shilo Gym	\$3M
Valcartier Field House	\$7.5M
Valcartier Community Centre	\$3.8M
Wainwright Gym	\$2.3M

Awaiting Construction Starts

Halifax Stadacona Gym	\$4.1M
Winnipeg Gym	\$3.9M
Meaford Fitness/MFRC	\$2.6M
Montreal Fitness Centre	\$2.5M
Trenton Gym	\$2.5M
Trenton Fitness Centre	\$2.3M
Trenton Arena	\$3.9M
Shilo Arena	\$.6M
Esquimalt Gym/Pool	\$3.3M
Gagetown Community Centre	\$.8M
Halifax Community Centre	\$4.2M
Halifax Arenas	\$.5M
Borden Sports Fields	\$3M

In Development

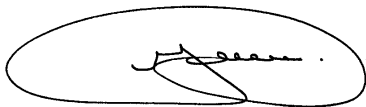
Goose Bay PSP Facilities	\$1M
Toronto PSP Facilities	\$5M

SPONSORSHIP PROGRAM

Sponsorship continues to grow and, in 1999 exceeded the \$300,000 mark for the first time. Sponsors span a cross section of Canadian industry, both defence and non-defence sectors and include service groups such as The Royal Canadian Legion. Although sponsors were equally divided between defence and non-defence sectors, 67% of sponsorship revenue was derived from the defence sector. To date the sponsorship program has raised more than \$1M for CF Personnel Support Programs (PSP).

THE FUTURE

The year 2000 will see the Program Division working closely with Environmental Chiefs of Staff (ECS) staff and Bases/Wings to: complete the PSP Re-capitalization Project; fine tune the new Military Family QOL initiatives; consolidate PSP in-theatre services to our deployed forces in Bosnia; extend the in-theatre PSP support initiative to United Nations Disengagement Observer Forces (UNDOF); and introduce revised minimum physical fitness standards (MPFS) to the CF. Our greatest challenge will be to continue to expand our programs while retaining a high level of customer satisfaction.



G.W. Pearson,
Chief Programs Officer

GENERAL

FY 99/00 was a successful year for the Finance Division. The PSP Quality of Life Grant (QOL) system was successfully introduced, Y2K issues were successfully managed and an improved management information system for CANEX financials was implemented. Further progress was achieved in enhancing the Non-Public Property Wide Area Network, work commenced to extend the Non-Public Property accountability framework to the Reserve Force, and the Canadian Forces Support Unit (Ottawa) (CFSU(O)) accounting office was integrated into the Ontario Region.

CFCF INVESTMENT PORTFOLIO

Canadian Forces Central Fund (CFCF) investment revenues for FY 99/00 amounted to \$6.2M. While this amount is above the \$5.1M achieved in FY 1998/99 (see Figure 1), it is considerably below the highs achieved in the mid-1990s. However, the year ended with \$6.5M in unrealized market gains. Overall portfolio performance was above benchmark (14.70 vs 14.53%) (see Figure 2).

Figure 1

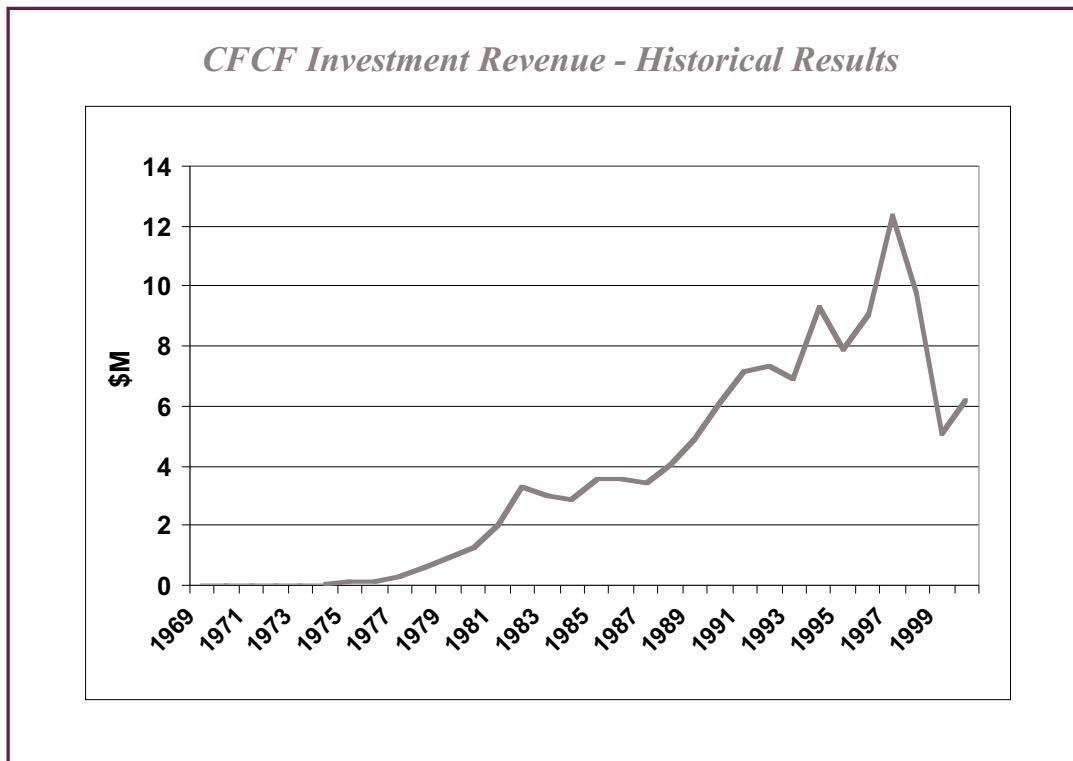
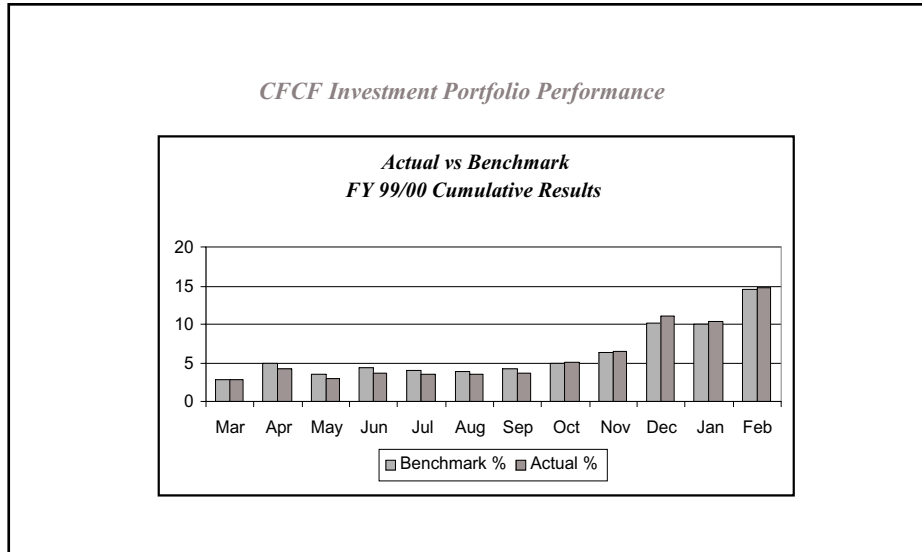


Figure 2



The investment portfolio's asset mix was consistent with the approved range throughout the year. Figure 3 depicts the asset mix at the end of the fiscal year.

The investment portfolio's asset mix was consistent with the approved range throughout the year.

Figure 3 depicts the asset mix at the end of the fiscal year:

Figure 3

	Asset Mix 5 Mar 00	Approved Range (%)
Term Deposits/Treasury Bills/ Bankers Acceptance	6.4	2-20
Bonds — Canada/federally Guaranteed/provincial	54.1	40-75
Equity (Stocks/Convertibles)	39.5	15-40

The market neutral position is 5% Cash, 65% bonds and 30% equities. The benchmark for performance is based on the 90 day T-bill rate, the Scotia McLeod Bond Universe Index, and the TSE 300 return, weighted 5%, 65% and 30%, respectively.

FUNDS DISTRIBUTION TO UNITS

A comprehensive PSP Quality of Life Grant Program was approved by the NPP Board of Directors in June 1999 and introduced in September 1999. This grant program, which distributes funds to units, replaces the Grants to Small Units Program, Minor Program High Standard, and the CANEX Royalties. In total, \$6.0M was distributed to units through the PSP Quality of Life, its predecessor programs and interest payments on the units share of the Consolidated Bank Account.

PROPERTY AND LIABILITY INSURANCE

The NPF Consolidated Insurance Program (CIP) provides a complete range of insurance coverage to protect NPF interests. The CIP operates a two-tier approach - (1) commercial insurance is obtained at the national level to protect against major losses (\$100K deductible for property, \$25K deductible for general liability), and (2) coverage is provided to bases/wings with a much lower deductible - with the CFCF underwriting the difference. Commencing 1 March 2000, the unit deductibles have been increased from \$1,500 to \$5,000 for bases and from \$150 to \$500 for ships and small units. This is the first increase in deductibles in more than ten years.

For FY 99/00, commercial premiums totaled \$371K, while the cost to the CFCF to fund the deductible difference between the commercial insurance and the unit deductible was \$198K.

PROPOSED IMPROVEMENTS TO CFPSA FUNDING MECHANISM

Currently, the costs associated with the PSP plan are billed to the Public on a monthly basis in accordance with Vice Chief of Defence staff (VCDS) Instruction 3/96. Accountability/visibility was improved effective FY 98/99 with the establishment of the dedicated Corporate Account. Commencing 1 April 2000, certain Operation and Maintenance (O&M) funding related to the delivery of PSP (e.g. Conseil international du sport militaire, National Sports Program, Amenities Support to Deployed Operations, etc.) will be included in the Corporate Account. This consolidation of O&M funding in the PSP Corporate Account will further enhance visibility, accountability and program delivery.

FUTURE

FY 00/01 promises to be a challenging year for the Finance Division. The Division will continue to consolidate the gains made through regionalization and centralization to have a sound basis for pursuing a strategy of continual improvement and to provide even greater savings to both NPF and the Public. The management information capabilities will continue to be improved to CFPSA managers at all levels as the business intelligence system continues to be developed and rolled out. A completely revised NPF accounting policies and procedures manual will be issued this year as part of the wider CFPSA project to update all policies and procedures. Uncertainties in the financial markets will continue to pose a significant challenge in managing the investment portfolio. As well, the re-capitalization program for PSP facilities, which will be completed during FY 00-01, involves significant expenditures and the financing arrangements will continue to require careful management.



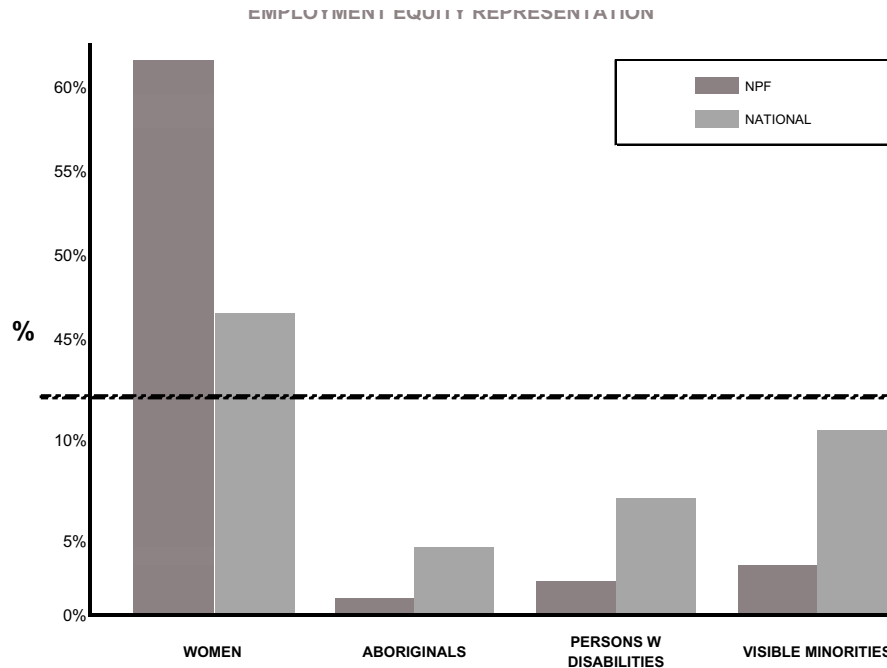
R.J. Smith
Chief Financial Officer

The Canadian Forces Personnel Support Agency has approximately 5,400 non-publicly funded (NPF) employees to serve the needs of Canadian Forces members and their families throughout Canada and at selected locations in Europe. In order to increase the effectiveness of Agency managers and employees, the Administrative Division provides support in the areas of human resources, labour relations, compensation and benefits, and corporate services.

Human resources professionals at most Bases, Wings and Units throughout the Canadian Forces provide human resources and payroll services for NPF operations. The challenge to the CFPSA in these multi-locational operations is to apply human resources policies in a consistent manner at a high level of satisfaction, regardless of employee location. To this end, all HR policies were reviewed, rewritten in more user-friendly terms, and will be published, shortly. In addition, all HR staff have received additional training in order to better serve the needs of the NPF community. The 1999 customer satisfaction rate for these services, as measured by an annual survey of NPF managers, was 76%, down slightly from 78% in the previous year.

A number of new training initiatives were undertaken in 1999 in recognition of the need for continuous skill and competency upgrades for employees. Of particular note, the Administrative Division developed and tested a well-received management training program. This program will be delivered over the next two years to the 500+ Agency supervisors and managers.

The CFPSA continues to advance employment equity in its work force. A number of initiatives have been undertaken in partnership with three unions representing NPF employees. Outreach programs for designated groups have been established at a number of locations across Canada. The Agency has forged strong links to Military Family Resource Centre employment counsellors to ensure that military spouses are given the opportunity to apply for NPF positions. In addition, a service level agreement has been signed with the SISIP rehabilitation department of Maritime Life to increase employment opportunities for disabled ex-military members. The NPF workforce representation in 1999 for the four designated groups was 62.2% women, as compared to the national average 46.4%; Aboriginals represented 1% compared to the 2.1% external representation; Persons With Disabilities were represented at 1.4% compared to a 6.5% external equivalent, and Visible Minorities formed 1.6% of internal workforce, compared to 10.3% externally.

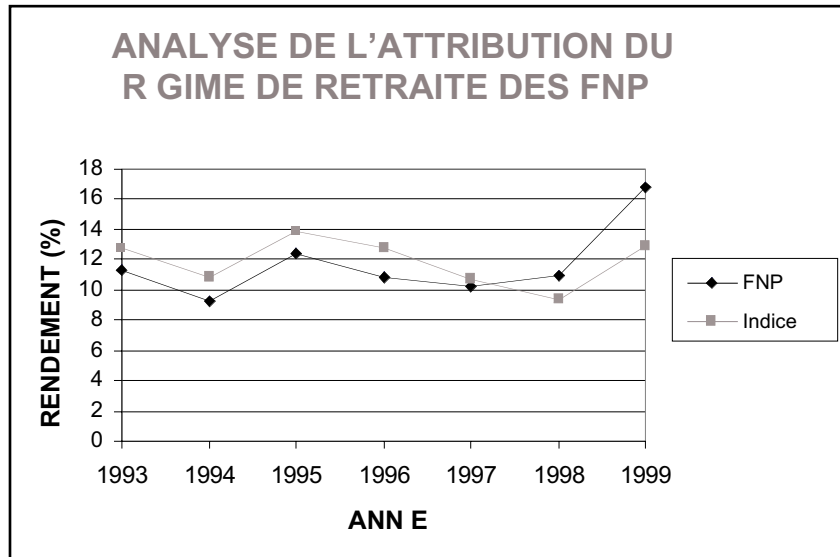


The Administrative Division continues to progress with labour relations. The National Labour Management Relations Committee met on several occasions in the past year to discuss issues of mutual concern. Negotiations have been concluded on five collective agreements within mandate, with negotiations progressing with six additional bargaining units.

The NPF gender-neutral job evaluation plan has been developed and implemented, and job evaluation is now complete for all NPF positions. New salary structures have been put in place for all Category II positions and, based on the job evaluation results, new wage rates for Category I positions have been negotiated with nine bargaining units.

The costs of benefit coverage for NPF employees have once again been contained. The implementation of a more proactive Long Term Disability (LTD) program has achieved a 31% reduction in active LTD claims. This has subsequently resulted in our benefit carrier, Manulife, initially refunding to the Agency \$504.5K in Oct 99 with an additional \$500K-\$600K being refunded shortly, permitting, for the first time in many years, the Agency to reduce LTD premiums for FY 00/01.

The NPF pension fund returns have also been excellent for 1999, with investment returns of 16.7% compared to the benchmark rate of 12.94%. The NPF pension fund assets as of 31 December 1999 were \$64.7 million



FUTURE

The development and implementation of a performance management system for the Agency nears completion. Performance measurements linked to the Agency's strategic objectives have been established and will be implemented using Enterprise Scorecard software by spring 2000. In support of the performance measurements, customer satisfaction surveys were finalized and are being administered to CF members and spouses during April and May 2000.

J.E. Finn
Chief Administrative Officer



MAINTAINING PERSPECTIVE

Building on the strength of prior performance, the Director Review and Internal Audit (DRIA) reported continued growth in the number of requests for Review and Internal Audit services. The growth was across the full spectrum of the Division's products: the traditional internal audit, the broader-focused operational review and consultancy projects and the increasingly popular Control Self Assessment program - a dynamic and innovative program that continues to gain momentum throughout the PSP community.

While the number of projects carried out specifically for CFPSA managers remained relatively constant over the year, there was an appreciable upswing in project requests from PSP managers and base/wing Commanders. This surge in demand reflects prior success many managers have noted in partnering with DRIA. Through such partnering, managers have realized how independent, objective analysis and consultancy result in efficacy in internal controls, policies and procedures involving messes, clubs, base/wing funds and ancillary sports and recreation activities.

The growing demand for DRIA's services reflects the client mind-set "Getting More Bang for Your PSP Buck" as described in the Agency brochure.

DEVELOPING CAPABILITY

DRIA continues to progress in developing performance standards as well as integrating management control issues and comprehensive reviews within the Review and Internal Audit service delivery program. Coverage of these and other initiatives is contained in the DRIA Annual Report to the Chairman, NPP Audit Committee - FY 99/00. This comprehensive report, prepared for the Board's Audit Committee, provides a thorough overview of activity undertaken, and contains abstracts of projects administered, along with management's comments where available. It serves as part of the overall broad performance measurement system for PSP.

Serving as consultant to management, coach to staff and as reporter to the Audit Committee, the internal auditor's roles and relationships are constantly evolving, expanding and changing. DRIA promotes a comprehensive program of professional development and academic upgrading for all the Division's auditors in order to keep abreast of developments across the PSP spectrum, and to ensure that Review and Internal Audit Division staff is familiar with the methods practised by the profession.

CLIENT SERVICE TEAMS – ON-SITE ASSISTANCE

DRIA's Client Service Teams differ for each project. From eight auditors, DRIA structures teams according to the on-site requirements of the clients whether they are from the Agency or any of the 26 bases/wings, deployed operations, or Military Family Resource Centers. DRIA's professional team is well equipped to meet a diversity of client needs:

- Four Accountants, three Masters Degrees in economics, administration, marketing, entrepreneurial business planning and fitness administration, two Certified Internal Auditors
- Eight Certified Group Facilitators; five Control Self Assessment Practitioners
- Certified Fitness Practitioners, Personal Trainer, Lifeguard, Coach
- Training in computer programming, data extraction, and computer auditing
- A combined total of 90+ years military experience with expertise in NPF Accounting, Mess Management, Mess Executive Committees, and Community Councils

During the year, we created project-specific Client Service Teams based on the needs of the manager, the broad knowledge base within the Division and the outcome of staff professional development. This project-by-project approach to team composition resulted in clients rating their DRIA projects as "very good" to "excellent" seven out of ten times. We see this as a strong endorsement of DRIA's ability to "add value" in overall PSP delivery.

PRODUCTIVITY

At year-end, approximately 48 DRIA projects had been completed or were underway. Measured in terms of direct audit productivity, these projects accounted for 71% of the total available audit person-days with the balance going to special projects, professional development, leave and administration. These figures compare favourably with most audit organizations.

While the actual number of projects is a relative indicator of productivity, we believe that the 'true productivity measure' is action taken by managers subsequent to working with a Client Service Team.

This year, DRIA teams' efforts resulted in:

- Initiation of a Human Resources Information System Upgrade Project
- Enhancements to the NPF payroll system procedures
- Improved cash flow and contribution to the CFCF investment base and, in turn, potential growth in investment income
- Productivity gains in messes, clubs and Military Family Resource Centers

FUTURE

BUSINESS PLANNING

Details of many of DRIA's current and future undertakings involving partnering, professional development, corporate governance, control self assessment, audit cost/benefit measurement and reporting are contained in the DRIA Annual Report to the Chairman, NPP Audit Committee - FY 99/00. This report and the accompanying DRIA Business Plan FY 2000-2001 will serve to guide the Division in the year ahead.

CONTINUED PARTNERING

The benefits of partnering within the Department's review and internal audit community have been clearly demonstrated over the past two years. While cooperative ventures have yielded significant gains in productivity, there is still much to do to make good use of our resources. DRIA will continue to seek opportunities for cooperative arrangements that capitalize on the Division's credibility and effectiveness as a strategic partner with management.

NPP CORPORATE GOVERNANCE

The NPP Board of Directors has, this year, approved a framework for NPP Corporate Governance. Under the auspices of the Audit Committee, DRIA is taking the lead in promoting awareness and adoption of an NPP governance framework at the base, wing and unit levels. We view this as a critical step in being accountable to our stakeholders.



Terry P. Payan
Director Review and Internal Audit

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The following comments apply to the financial statements included in this annual report:

- the FY 98/99 figures for CANEX, CFPAF, CFCF and the NPF Employee Group Insurance Plans are taken from the FY 98/99 audited financial statements. The FY 99/00 figures are from the financial statements that are currently being audited
- the 1998 figures for SISIP - Treasury Board Supported Plans, SISIP Proper, and the CF Non-Public Funds Employee Pension Plan are taken from the FY 98 audited financial statements. The 1999 figures are from the financial statements currently being audited
- the financial statements for Base Funds and Messes are summaries of Base Fund and Mess operations produced for information only
- explanatory notes have been kept to a minimum. Complete explanatory notes and supporting financial schedules are included with the audited financial statements prepared for each activity

CANEX

Balance sheet as at 27 February 2000
(Unaudited)

	99/00	98/99
ASSETS		
<i>Current</i>		
Cash	2,357,076	2,306,255
Accounts receivable	8,578,777	7,448,128
Inventories	15,314,363	14,805,462
Prepaid expenses	371,987	381,741
Total Current Assets	26,622,203	24,941,586
<i>Capital Assets</i>	15,279,021	14,747,249
Total Assets	41,901,224	39,688,835
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued charges	7,726,112	6,757,635
Current portion of loans payable	1,597,245	1,794,752
Total Current Liabilities	9,323,357	8,552,387
<i>Long-term portion of loans payable</i>	8,115,396	7,982,505
Total Liabilities	17,438,753	16,534,892
<i>Contributed capital</i>	23,132,694	23,107,306
<i>Earnings (deficit)</i>	2,509,814	18,894
<i>Currency conversion adjustment</i>	(1,180,037)	27,743
Total Equity	24,462,471	23,153,943
Total Liabilities and Equity	41,901,224	39,688,835

Note:

NATEX and AMSTO assets and liabilities have been translated at the rate of exchange prevailing at the balance sheet date 1DM = 74¢ for FY 99/00 and 85¢ for FY 98/99.

CANEX

Statement of Earnings and Deficit as at 27 February 2000 (Unaudited)

	99/00	98/99
Sales	114,336,211	113,550,824
Cost of merchandise sold & services provided	85,716,050	84,565,816
Gross profit	28,620,161	28,985,008
Payroll	15,861,100	16,325,638
Other operating expenses	8,574,188	8,932,864
Depreciation and amortization	2,040,831	2,001,831
Levies to Central Funds	371,181	373,085
Interest	366,491	378,083
Miscellaneous revenue	5,416,802	4,994,101
Income from Operations	6,823,172	5,967,608
Gas bar decommissioning costs	630,000	200,000
Royalties and contributions	3,702,264	3,769,030
Net Income for the Year	2,490,908	1,998,578
Deficit, Beginning of Year	18,906	(1,979,684)
Earnings (Deficit), End of Year	2,509,814	18,894

Note:

NATEX and AMSTO revenues and expenses have been translated at the average rate of exchange for the year 1DM = 79¢ for FY 99/00 and 86¢ for FY 98/99.

SISIP Treasury Board Supported Plans

Balance Sheet as at 31 December 1999

(Unaudited)

	1999	1998
ASSETS		
<i>Funds:</i>		
LTD	245,220,942	227,811,972
Res LTD	4,707,569	4,084,805
GOIP/Res GOIP	4,767,426	4,172,926
MPRLIP	452,001	295,276
Total Assets	255,147,938	236,364,979
LIABILITIES & SURPLUS		
<i>Liabilities - Reserves:</i>		
LTD	251,859,093	239,978,012
Res LTD	748,276	701,916
Res GOIP	2,059	1,716
MPRLIP	17,132	18,298
GOIP	449,707	384,779
Total Liabilities	253,076,267	241,084,721
<i>Surplus/(Deficit):</i>		
LTD	(6,638,151)	(12,166,040)
Res LTD	3,959,293	3,382,889
GOIP/Res GOIP	4,315,660	3,786,431
MPRLIP	434,869	276,978
Total Surplus/(Deficit)	2,071,671	(4,719,742)
Total Liabilities & Surplus	255,147,938	236,364,979

SISIP Treasury Board Supported Plans

Income Statement as at 31 December 1999

(Unaudited)

	<i>1999</i>	<i>1998</i>
REVENUES		
<i>Premiums</i>	<i>17,710,061</i>	<i>14,001,833</i>
<i>Investment</i>	<i>18,102,162</i>	<i>17,820,385</i>
Total Revenues	<i>35,812,223</i>	<i>31,822,218</i>
OPERATING EXPENSES		
<i>Claims & Related</i>	<i>13,509,548</i>	<i>11,873,686</i>
<i>Reserve Increase</i>	<i>43,880,169</i>	<i>25,120,546</i>
<i>Other</i>	<i>3,209,437</i>	<i>2,662,689</i>
Total Operating Expenses	<i>60,599,154</i>	<i>39,656,921</i>
Operating Income / (Loss)	<i>(24,786,931)</i>	<i>(7,834,703)</i>
Extraordinary Items		
<i>Other</i>	<i>31,578,345</i>	<i>(5,199,099)</i>
Total Extraordinary Items	<i>31,578,345</i>	<i>(5,199,099)</i>
Net Income/(Loss)	<i>6,791,414</i>	<i>(13,033,802)</i>

SISIP - Proper

Balance Sheet as at 31 December 1999
(Unaudited)

	1999	1998
ASSETS		
Funds:		
SIB	220,510,589	271,747,685
DL	18,371,545	18,791,637
CAR/PRCP	45,382,043	42,032,785
OGTI	23,410,423	17,417,188
RTIP	776,306	515,042
SDP	118,501	16,350
Total Assets	308,569,407	296,520,687
LIABILITIES & SURPLUS		
Liabilities - Reserves:		
SIB	112,102,453	108,787,895
DL	184,428	171,756
CAR/PRCP	9,534,506	8,002,241
OGTI	34,199,808	36,831,499
RTIP	34,205	29,570
SDP	90,505	
Total Liabilities	156,145,905	153,822,961
Surplus/(Deficit):		
SIB	108,408,136	108,959,790
DL	18,187,117	18,619,881
CAR/PRCP	35,847,537	34,030,544
OGTI	(10,789,385)	(19,414,311)
RTIP	742,101	485,472
SDP	27,996	16,350
Total Surplus/(Deficit)	152,423,502	142,697,726
Total Liabilities & Surplus	308,569,407	296,520,687

Note:

The Segregated fund of \$110,485,434 is apportioned to the product line by W.M. Mercer Ltd.

SISIP - Proper

*Income Statement as at 31 December 1999
(Unaudited)*

	1999	1998
REVENUES		
<i>Premiums</i>	<i>26,010,449</i>	<i>24,121,731</i>
<i>Investment</i>	<i>13,822,454</i>	<i>15,341,920</i>
<i>Segregated Fund (Unrealized Gain)</i>	<i>5,703,851</i>	<i>6,898,956</i>
Total Revenues	45,536,754	46,362,607
OPERATING EXPENSES		
<i>Claims & Related</i>	<i>15,535,299</i>	<i>21,395,714</i>
<i>Reserve Increase</i>	<i>13,381,720</i>	<i>10,400,011</i>
<i>Other</i>	<i>5,108,808</i>	<i>5,216,967</i>
Total Operating Expenses	34,025,827	37,012,692
Operating Income / (Loss)	11,510,927	9,349,915
Extraordinary Items		
<i>Transfer to CEP</i>	<i>(11,000,000)</i>	<i>(3,000,000)</i>
<i>Other</i>	<i>9,214,848</i>	<i>(18,313,989)</i>
Total Extraordinary Items	(1,785,152)	(21,313,989)
Net Income/(Loss)	9,725,775	(11,964,074)

Canadian Forces Personnel Assistance Fund

Balance sheet as at 29 February 2000

(Unaudited)

	99/00	98/99
ASSETS		
Current Assets		
Deposit with Canadian Forces Central Fund	3,658,118	2,052,636
Cash held by bases for loans	140,871	177,575
Contributions and other receivables	12,255	12,999
Current self-improvement loans receivable	6,571,924	7,210,552
Current of distress loans receivable	1,122,367	1,380,191
Education loans receivable	1,151,734	850,418
Total Current Assets	12,657,269	11,684,371
Other Assets		
Office Equipment, net of accumulated amortization of \$36,863 (1998 - 27,595)	6,288	10,180
Self improvement Loans Rec - Long Term	1,049,613	1,185,518
Distress Loans Rec - Long Term	1,164,459	1,807,107
Total Other Assets	2,220,360	3,002,805
Trust Assets		
Deposit with Canadian Forces Central Fund	44,179	44,669
Total Trust Assets	44,179	44,669
Total Assets	14,921,808	14,731,845
Liabilities		
Accounts Payable	344	3,754
Trust Liabilities	44,179	44,669
Total Liabilities	44,523	48,423
Surplus		
Beginning of Year	14,683,420	
Change for the Year	<u>193,865</u>	
End of Year	<u>14,877,285</u>	<u>14,683,422</u>
Total Liabilities & Surplus	14,921,808	14,731,845

Canadian Forces Personnel Assistance Fund

Statement of Operations and Surplus as at 29 February 2000

(Unaudited)

	99/00	98/99
REVENUE		
<i>Interest on loans receivable</i>	448,192	420,400
<i>Contribution from Canadian Forces Central Fund</i>	227,735	188,803
<i>Interest on deposits</i>	125,791	76,289
<i>Funds Transfer from ABF</i>	-	-
<i>Miscellaneous</i>	7,489	4,128
Total Revenue	809,207	689,620
EXPENSES		
<i>Salaries and employee benefits</i>	308,784	311,855
<i>Grants</i>	144,854	159,611
<i>Loans written off</i>	139,768	174,525
<i>Computerization development contract</i>	563	12,738
<i>Depreciation</i>	5,792	5,338
<i>Miscellaneous</i>	15,051	4,612
<i>Office equipment</i>	530	634
Total Expenses	615,342	669,313
Net Income for the Year	193,865	20,307

Canadian Forces Central Fund

Balance sheet as at 27 February 2000

(Unaudited)

	99/00	98/99
ASSETS		
Current Assets		
Cash and S/T investments	13,587,960	11,095,785
Loans receivable - current portion	3,189,735	3,128,240
Accounts receivable	3,817,203	2,931,557
Accrued interest receivable	1,908,284	1,634,097
Accrued levies receivable	29,288	199,141
Prepaid expenses	32,338	64,720
Accrued revenue	30,983	5,046
Total Current Assets	22,595,791	19,058,586
Other Assets		
Long term investments	69,595,442	72,812,018
Loans receivable - Deferred portion	15,078,894	15,343,037
Fixed assets	726,656	730,330
Total Other Assets	85,400,992	88,885,385
Trust Assets		
Cash and investments held in trust	31,981,514	32,161,659
Receivable	450,864	4,500
Total Trust Assets	32,432,478	32,166,159
Total Assets	140,429,161	140,110,130
Liabilities and Capital		
Accounts payable	3,971,658	3,933,281
Employee deductions payable	2,307,672	2,146,120
Deferred "Accident benefit" liability	320,780	395,235
Total Liabilities	6,600,110	6,474,636
Trusts		
Unappropriated Revenue/Expense	99,186,853	99,215,511
Appropriated for grants/ projects/Pers Liab	384,520	
	2,276,164	2,253,824
Total Capital	101,847,537	101,469,335
Total Liabilities and Capital	140,429,161	140,110,130

Canadian Forces Central Fund

*Statement of Income and Expense for the year ended 27 February 2000
(Unaudited)*

	99/00	98/99
INCOME		
<i>PSP Public revenue</i>	21,840,057	19,323,081
<i>Accounting user fees</i>	2,116,490	2,094,273
<i>HR user fees</i>	1,017,770	1,055,211
<i>Investment income</i>	6,198,003	5,111,032
<i>Interest - loans</i>	667,390	687,496
<i>CFCF levies</i>	259,025	264,509
<i>Pension administration fees</i>	97,874	83,946
<i>CPO activities</i>	278,561	153,812
<i>Production Centre</i>	693,999	764,045
<i>Miscellaneous</i>	220,851	21,557
Total Income	33,390,020	29,558,962
EXPENSES		
<i>Salaries - Public positions</i>	19,777,189	17,749,618
<i>Salaries - NPF</i>	4,951,016	4,180,742
<i>Miscellaneous Public recovery</i>	359,545	575,404
<i>Distribution to Units/Trusts - Interest on CBA</i>	1,231,955	1,091,063
<i>CFCF grants</i>	1,539,124	207,725
<i>PHS, minor projects</i>		1,648,246
<i>PHS, major project</i>	1,273,292	5,705,457
<i>PSP Personnel appropriation expenses</i>	238,364	172,639
<i>IM/IT Support</i>	614,657	514,952
<i>Banking charges</i>	278,475	284,079
<i>Insurance</i>	568,970	554,399
<i>Litigation payments</i>	93,275	325,926
<i>CPO activities / PSP promotions</i>	515,738	395,041
<i>Travel</i>	210,781	210,749
<i>Depreciation</i>	160,756	139,915
<i>Training</i>	189,682	167,059
<i>Production Centre</i>	650,474	722,118
<i>Miscellaneous</i>	353,247	531,019
Total Expenses	33,006,540	35,176,151
<i>Income/(Loss) before special items</i>	383,480	(5,617,190)
<i>Gain from Closure of Units</i>	1,040	279,586
<i>Less: Write-off of loans from closed Bases</i>		3,000,000
<i>SISIP contributions</i>		3,000,000
Income/(Loss) from Operations	384,520	(2,337,604)

Summary of Base Funds
Balance Sheet for the year 27 February 2000
 (Unaudited)

	99/00	98/99
ASSETS		
Central Bank Account	21,211,760	19,236,342
Inventories	1,503,492	1,278,309
Other Current Assets	5,413,469	6,522,325
Investments in other Entities	732,179	
Fixed Assets	23,029,502	22,775,464
Total Assets	51,890,402	49,812,440
LIABILITIES		
CFCF Loans	8,499,119	8,807,796
Trust Accounts	6,366,609	5,905,778
Other Liabilities	4,155,701	3,189,248
Total Liabilities	19,021,429	17,902,822
CAPITAL		
	32,868,973	31,909,618
Total Liabilities & Capital	51,890,402	49,812,440

Notes:

These summaries of unaudited financial statements are produced for information purposes only to provide a reasonable appreciation of the amplitude and complexity of NPF activities at Base/Wing/Station level. It is important to note that, except for investment in subsidiaries, inter-entity transactions have not been eliminated and therefore these financial reports do not constitute consolidated statements.

Capital figures for FY 98/99 include net reductions of \$330,955 from prior year adjustments, contributed capital, new and closed entities and wash out of previous year investment in subsidiary.

Summary of Base Funds

*Revenue and Expense for the year 27 February 2000
(Unaudited)*

	99/00	98/99
REVENUES		
<i>Operating Profit</i>	<i>2,276,916</i>	<i>2,292,169</i>
<i>CANEX Contribution</i>	<i>2,292,098</i>	<i>2,484,938</i>
<i>Messes Contribution</i>	<i>860,986</i>	<i>933,145</i>
<i>Sports & Recreation</i>	<i>1,844,012</i>	<i>2,529,983</i>
<i>Other</i>	<i>13,429,264</i>	<i>11,560,708</i>
Total Revenue	20,703,276	19,800,943
EXPENSES		
<i>Sports & Recreation</i>	<i>2,180,434</i>	<i>2,567,112</i>
<i>Accounting Services</i>	<i>686,910</i>	<i>688,565</i>
<i>Personnel Management Services</i>	<i>422,294</i>	<i>413,033</i>
<i>Other</i>	<i>16,123,328</i>	<i>15,412,336</i>
Total Expenses	19,412,966	19,081,046
Net Income/(Loss)	1,290,310	719,897

CF NPF Employees Pension Plan

*Statement of Net Assets available for Benefits and Accrued Pension Benefits
For Year Ended 31 December 1999
(Unaudited)*

Net Assets Available for Benefits

	1999	1998
<i>Investments at Manuvest, at market</i>	64,808,688	57,906,116
<i>Bank</i>	180,823	196,136
<i>Contributions receivable</i>	-	127,405
<i>Fixed Assets</i>	136,690	
	<u>65,126,201</u>	<u>58,229,657</u>
<i>Less: accrued liabilities</i>	189,630	485,076
<i>Net assets available for benefits</i>	<u>64,936,571</u>	<u>57,744,582</u>

Accrued Pension Benefits and Surplus

	1999	1998
<i>Actuarial value of accrued pension benefits</i>	51,866,346	49,782,855
<i>Surplus</i>	13,070,225	7,961,727
<i>Accrued pension benefits and surplus</i>	<u>64,936,571</u>	<u>57,744,582</u>

Statement of Changes in Surplus For Year Ended 31 December 1999 (Unaudited)

	1999	1998
<i>Surplus of net assets available for benefits over accrued pension benefits, beginning of year</i>	7,961,727	15,047,460
<i>Net increase in net assets available for benefits</i>	7,191,989	4,295,715
<i>Net increase in accrued pension benefits</i>	(2,083,491)	(11,381,448)
<i>Surplus of net assets available for benefits over accrued pension benefits, end of year</i>	<u>13,070,225</u>	<u>7,961,727</u>

CF NPF Employees Pension Plan

Statement of Changes in Net Assets Available for Benefits

For Year Ended 31 December 1999

(Unaudited)

	1999	1998
INCREASE IN NET ASSETS		
Contributions		
Employees	1,134,938	1,007,990
Employer	559,843	497,141
Total Contributions	1,694,781	1,505,131
Investments		
Interest income	1,504,661	1,737,443
Dividend income and distributions	792,396	492,229
Capital gain - fixed income (loss)	(391,814)	1,144,033
Capital gain - equities (loss)	87,819	(1,942,612)
Unrealized market gain (loss)	7,406,854	4,555,146
Gain (loss) on currency	521	185
Total Investments Income/Gains	9,400,437	5,986,424
Total Increase in Net Assets	11,095,217	7,491,555
Withdrawals		
Annuity payments	2,458,502	2,274,656
Refunds	877,897	505,308
Total Withdrawals	3,336,399	2,779,964
Operating Expenses		
Pension administration	97,874	83,946
Actuary fees	82,123	65,844
Audit fees	11,400	9,595
Investment management fees	205,429	138,983
Miscellaneous expenses	162,939	117,508
CPAS Depreciation expense	7,065	0
Total Operating Expenses	566,829	415,876
Total Decrease in Net Assets	3,903,228	3,195,840
Net Increase in Net Assets during the Year	7,191,989	4,295,715
Net Assets Available for Benefits, Beginning of Year	57,744,582	53,448,866
Net Assets available for Benefits, End of Year	64,936,571	57,744,582

NPF Employee Group Insurance Plans

Balance Sheet as at 29 February 1999

(Unaudited)

<i>Operations</i>	<i>99/00</i>	<i>98/99</i>
ASSETS		
<i>Bank</i>	<i>2,972,678</i>	<i>2,380,451</i>
<i>Accounts Receivable</i>	<i>-</i>	<i>495,669</i>
<i>GST Receivable</i>	<i>-</i>	<i>-</i>
<i>Total Assets</i>	<i>2,972,678</i>	<i>2,876,120</i>
LIABILITIES		
<i>Accrued Payable</i>	<i>4,684</i>	<i>31,774</i>
<i>Group Life Waiver</i>	<i>304,806</i>	<i>-</i>
<i>Accrued GDRA</i>	<i>-</i>	<i>-</i>
<i>Total Liabilities</i>	<i>309,490</i>	<i>31,774</i>
SURPLUS		
<i>Beginning of Year</i>	<i>2,844,346</i>	<i>1,927,936</i>
<i>Change for the Year</i>	<i>(181,159)</i>	<i>916,410</i>
<i>End of Year</i>	<i>2,663,188</i>	<i>2,844,346</i>
<i>Total Liabilities & Surplus</i>	<i>2,972,678</i>	<i>2,876,120</i>

NPF Employee Group Insurance Plans

*Statement of Contributions and Expenses for the year ended 29 February 2000
(Unaudited)*

	99/00	98/99
CONTRIBUTIONS AND INCOME		
<i>Employee Contribution</i>	586,993	534,257
<i>Employer Contribution</i>	818,359	748,243
<i>Interest Income (CBA)</i>	132,355	106,528
<i>GECA Revenue</i>	783	322,697
<i>Communication Allowance</i>	-	1,896
<i>Overpayment of Tax</i>	-	1,139
<i>UDA Revenue</i>	-	491,366
Total Income	1,538,490	2,206,125
EXPENSES		
<i>Premiums Paid</i>	1,385,414	1,254,137
<i>Professional Fees</i>	29,428	26,864
<i>Tax Arrears</i>	-	6,497
<i>Reserve Expense</i>	304,806	-
<i>LTD Payment</i>	-	2,217
Total Expenses	1,719,648	1,289,715
Surplus for the Year	(181,159)	916,410

CFPSA EXECUTIVE MANAGEMENT



Back row (left to right): T.P. Payan, Director Review and Internal Audit, M.A. Lemoine, President, CANEX, H.J. Armstrong, Director Corporate Services, G. W. Pearson, Chief Programs Officer, R.J. Smith, Chief Financial Officer
Front row (left to right): P. Lemay, President, SISIP, John F. Geci, President and Chief Executive Officer, J.E. Finn, Chief Administrative Officer

**CANADIAN FORCES
PERSONNEL SUPPORT AGENCY**



**AGENCE DE SOUTIEN DU PERSONNEL
DES FORCES CANADIENNES**