Canadian Forces Housing Agency

Annual Report 2022-2023

National Defence
Défense nationale

Canada

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THE YEAR IN REVIEW FROM THE
Chief Executive Officer

Since 1996, the Canadian Forces Housing Agency (CFHA), a Special Operating Agency (SOA), has provided residential accommodation solutions for Canadian Armed Forces (CAF) members and their families on behalf of the Department of National Defence (DND). During fiscal year (FY) 2022-23, CFHA delivered housing services during the post-pandemic challenges to roughly 26,000 CAF members and their families, in over 11,650 residential housing units (RHUs) across 27 bases and wings in Canada.

The availability and affordability issues for those seeking housing across Canada have only become exacerbated by the COVID-19 pandemic in recent years and is a concern for all Canadians. Military members share the same reality; however, those concerns are amplified by the more frequent relocations associated with military service. This has translated in an increased demand for DND military housing reflected in our waiting lists being higher than ever before. The average number of personnel on the waiting list for DND military housing during FY 22/23 was 1,466, which was significantly higher than it had ever been in previous years.

Exploring New Strategies to Address Military Housing Crisis
In response to the mounting pressures on military housing exacerbated by the housing crisis across Canada, CFHA has actively started to explore strategies to alleviate the strain. One such initiative involves the design and construction of additional apartment buildings, similar to the successful model established in Comox. We have also started exploring alternative solutions through collaborative efforts with the private sector. In FY 2022-23, CFHA launched Requests for Information (RFIs) to industry to determine the willingness and capacity to partner with DND to gain access to more residential accommodations at its five priority locations: Borden, Kingston, Edmonton, Esquimalt, and Trenton with results on possible alternatives expected to be available early in FY 2023-24.

Enhancing Military Housing in FY 2022-23
Another line of effort was to continue to conduct extensive routine life cycle replacement work to effectively maintain the existing portfolio. In FY 2022-23, the Agency invested over $145M in the residential housing portfolio and housing services, completing construction projects, renovation, and lifecycle repairs in over 3,500 RHUs. As a result of this investment, the national condition assessment (CA) rating has increased from 3.14 in 2022 to 3.18 in 2023, while the number of RHUs in ‘below average’ condition decreased significantly from 2022 to 2023, going from 2,148 to 1,695 RHUs.

CFHA’s Green Initiatives Advance Energy Efficiency
Much of the work completed this past year contributed to energy efficiency upgrades in support of the Government of Canada’s (GoC) Greening Government Strategy. CFHA continued its partnership with Natural Resources Canada (NRCan) to establish a baseline of CFHA’s greenhouse gas (GHG) emissions and plan for a net zero portfolio by 2050. As part of the NRCan led 2 Billion Trees initiative, CFHA also completed tree planting projects in Wainwright, Moose Jaw, and Dundurn where a total of 3,830 trees were planted.

Surpassing Targets: DCC and CFHA's Indigenous Procurement Success
Through collaboration between Defence Construction Canada (DCC) and CFHA at the site and regional levels, Indigenous benefits were realized primarily through the implementation of voluntary set-asides under the Procurement Strategy for Indigenous Business (PSIB). CFHA has steadily increased its contracts with Indigenous-led businesses and exceeding targets (in number, dollar value and as a percentage of our investment program year-over-year). In FY 2022-23, 11.8% of contracts for these activities were awarded to Indigenous businesses, which greatly surpasses the target of 5%.

2023 Survey: High Satisfaction with CFHA Housing Amid Challenges
The 2023 DND Housing Customer Satisfaction Survey showed that 7 out of 10 occupants remain satisfied with CFHA services, which is similar to the baseline position from 2020. This can be considered as a sign of CFHA resilience and high level of adaptability in the face of many pandemic and post pandemic challenges, such as lack of materials, contractor and trades availability.

The main reasons for satisfaction identified were the property itself and its location near the base/wing. The property condition was also identified as the main reason for dissatisfaction, which shows the portfolio differences as significant investments in recent years have improved many RHU conditions, while more are still needed in the future. Affordability remains the primary reason why CAF members choose to live in DND housing, with a significant increase from 64% to 70% mentioning it unprompted.

The Agency continued to build on its Platinum level Canada Award for Excellence from Excellence Canada, by promoting a culture of continual improvement, modernizing business practices, leveraging the latest tools and technologies for employees, occupants, and applicants, and enhancing the Agency's data analytics capabilities for better decision-making. New digitized processes to streamline service and enhance the digital experience for customers continue to be added since CFHA launched the Services for Occupants webpage in 2022. Overall, more than 8,000 submissions have been received using the online forms, including more than 5,000 applications for housing. CFHA is developing additional forms to add to the webpage, offering more modernized service to occupants.

In addition to the Customer Satisfaction Survey, the Public Service Employee Survey (PSES) was conducted in 2022. Year-over-year, CFHA consistently receives positive results from this survey with the majority of CFHA employees indicating they are proud of the work they do (91%), and they have the tools, technology and equipment to do their job (89%).

Despite the post-pandemic operating challenges, overall CFHA delivered on its mandate during the past year and maintained its level of excellence as an organization by focusing on continuous improvement. CFHA remains committed to delivering the Defence Residential Housing Program (DRHP) to meet departmental requirements, to exercising diligent stewardship of its resources including the housing assets, and to continuing to improve operations and services to meet the ever-evolving needs of the CAF and its members.

Paola Zurro
Chief Executive Officer
Canadian Forces Housing Agency

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ABOUT THE **Agency**

Military Housing Overview
Canadian Forces Housing Agency

The Canadian Forces Housing Agency (CFHA) is a Special Operating Agency (SOA) established in 1995 to deliver DND's Defence Residential Housing Program (DRHP). The Agency operates entirely within the Department of National Defence (DND), with authorities similar to a Level 1 (L1) granted under its Treasury Board approved SOA Charter.

CFHA has been the Managing Authority for military housing since 1996. The Agency's strategic objectives and goals form the foundation for its operations. A set of core values guide CFHA personnel in their commitment to management and customer service excellence, and to the achievement of the Agency's Vision.

Roles and Responsibilities

CFHA is responsible for the delivery of the DRHP in collaboration with its clients and stakeholders.

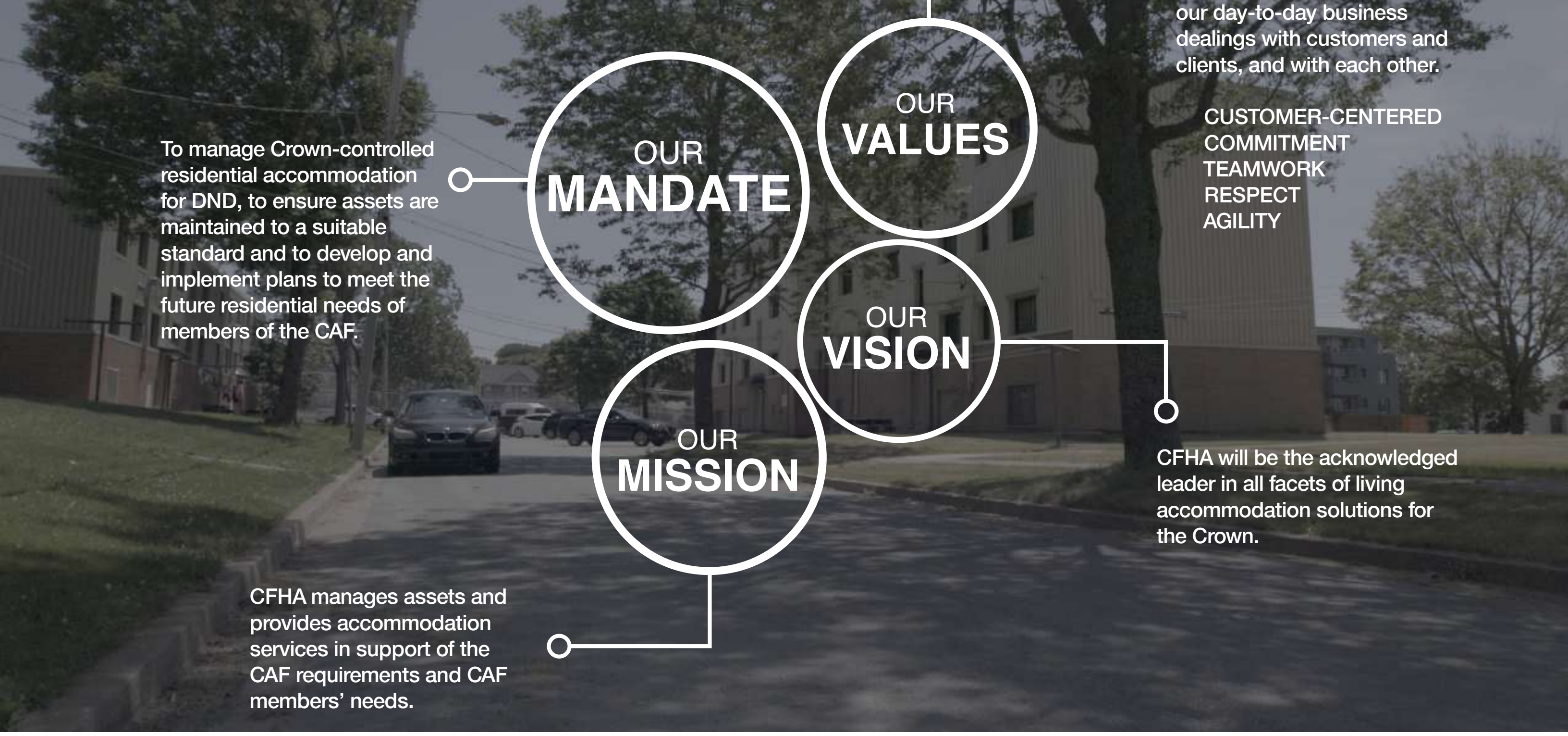
In accordance with its mandate, the Agency's purpose is two-fold:

Support to the quality of life of CAF members and their families through the provision of housing services;

and

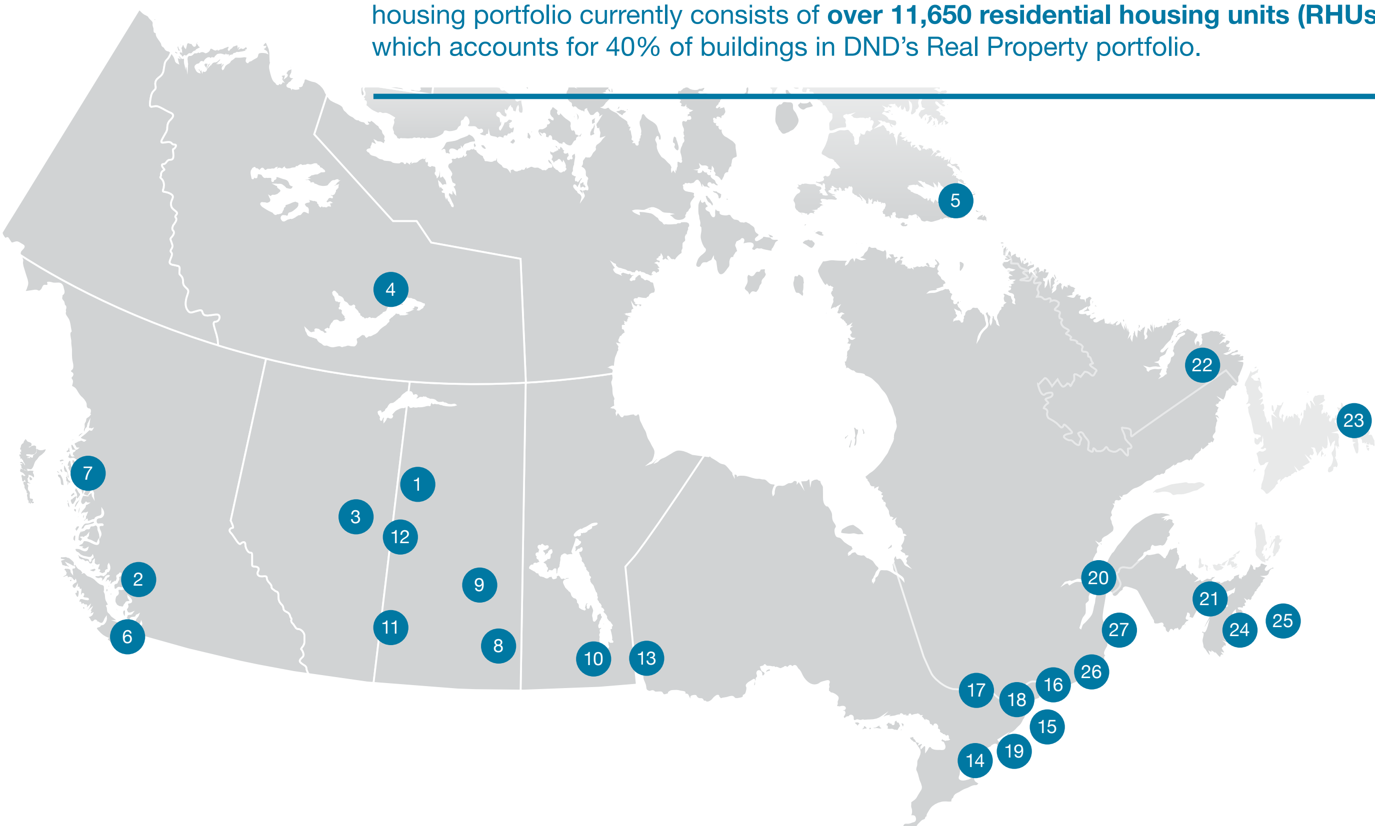
Responsible and sustainable management of the Department's housing infrastructure.

CFHA Mandate, Mission, Vision, and Values



Department of National Defence Housing Locations

CFHA maintains and operates military housing at 27 housing locations at Canadian Armed Forces (CAF) bases across Canada. The DND Crown-owned residential housing portfolio currently consists of **over 11,650 residential housing units (RHUs)**, which accounts for 40% of buildings in DND's Real Property portfolio.



Regional Reporting Structure – Location and Number of Units

Pacific and Western

1. Cold Lake | 703
2. Comox | 263
3. Edmonton | 504
4. Yellowknife | 109
   5. Iqaluit | 3
6. Esquimalt | 709
   7. Masset | 6
8. Moose Jaw | 171
   9. Dundurn | 28
10. Shilo | 651
11. Suffield | 175
12. Wainwright | 185
13. Winnipeg | 474

Central

14. Borden | 675
15. Kingston | 473
16. Ottawa | 145
17. North Bay | 182
18. Petawawa | 1,620
19. Trenton | 548

Quebec and Eastern

20. Bagotville | 359
21. Gagetown | 1,438
22. Goose Bay | 231
23. Gander | 70
24. Greenwood | 562
25. Halifax | 485
26. Montréal | 190
27. Valcartier | 710

Defence Residential Housing Program

The DRHP exists to provide residential rental housing to CAF members when and where duty demands. The Program is a critical enabler for CAF operations, and it serves to provide members and their families with rental housing options to support military operational requirements and in locations where private sector housing is either not sufficiently available or suitable.

In June 2017, the Chief of the Defence Staff (CDS) confirmed an operational requirement for DND military housing to support the unique military service lifestyle, new entrants to the CAF (junior Non-Commissioned Members and Officers) early in their careers and members on extended training. It was determined that these groups may require access to DND residential housing as part of their transition to military life, as well as supporting professional and operational training activities, and as a key mechanism to mitigate and minimize the stressors that military families face due to the unique demands of military service.

In addition to the operational requirement for housing, the policy framework establishes that DND military housing should also support isolated posts, designated residences, foreign military agreements and those sites where there is a lack of market capacity.

The existing portfolio is not sufficient to meet the needs of the CAF as stated by the CDS given that the portfolio does not have the appropriate composition of unit sizes, nor does it meet the needs at some locations due to availability and affordability challenges in the private sector.

A fulsome analysis was conducted in 2018 and approved by the Living Accommodation Board (LAB) in January 2019, identifying that there were housing challenges for thousands of CAF members – requiring a layered response, with not only new constructions or acquisitions, but also changes to policy, compensation and benefits, and other possible services and supports for CAF members.

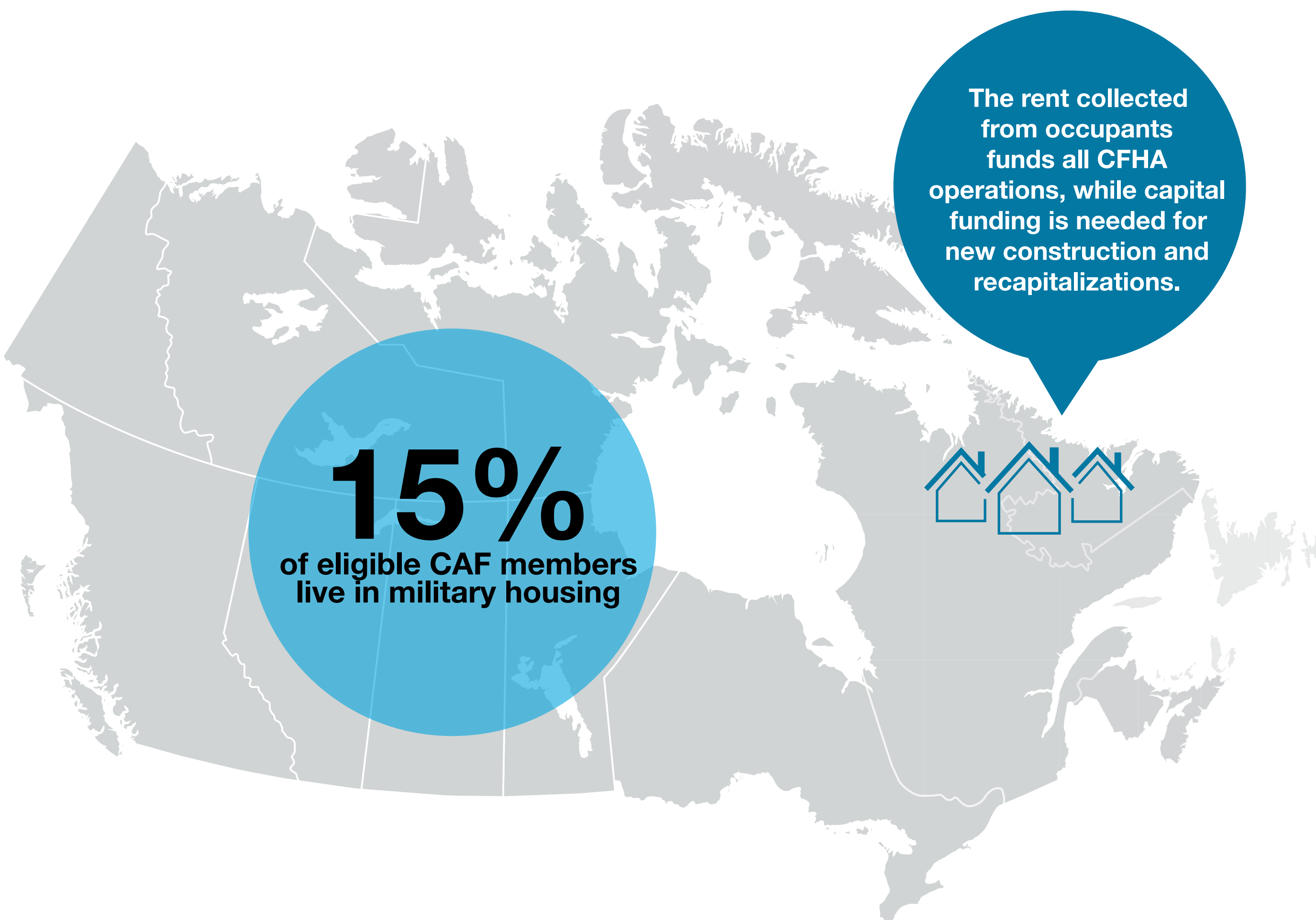
Upon completion of the accommodation policy review (to be approved in spring 2024 and implemented by December 2024), CFHA will have a year after implementation to review and revise the housing requirements, develop a proposed response plan, and submit to DND for review and decision on resourcing of investment plans required to meet the housing needs of the CAF.

Currently, more than 15% of eligible CAF members live in military housing. For those members, military housing not only offers close proximity to their work and local amenities, it also provides a supportive and safe community that promotes the quality of life of the members and their families. This is particularly important for new CAF members in their transition to military life.

The majority of the housing portfolio consists of three and four bedroom single and semi-detached houses constructed in the 1950s to 1960s. Building more housing as well as sustaining the overall condition of the DND residential housing portfolio are the top priorities for the DRHP.

The DRHP integrates Real Property management with housing services delivery in order to fulfill its mandate. Operational activities include the allocation of housing to occupants, the collection and management of rental revenues, Head Office and housing site operations, housing asset maintenance and repair, strategic portfolio planning and development, and Real Property project delivery.

The program's operational expenses, including routine maintenance and repairs, are financed by net rental revenue collected from occupants. However, capital expenditures for new construction and renovations of the existing housing portfolio are funded by the Department.



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Results

3.1 Canada's Defence Policy – *Strong, Secure, Engaged*

3.1.1 Improve Housing for CAF Personnel

Investments in the housing portfolio continued to enable the implementation of Canada's Defence Policy – *Strong, Secure, Engaged* (SSE) initiative 104B: Improve Housing for CAF Personnel.

FY 2022-23 saw a program of lifecycle replacement and capital improvements that continued to align the portfolio to the needs of the CAF, including increased energy efficiency, improved condition, and revitalized communities. CFHA operational activities ensured that RHUs were in good repair and neighbourhoods were well-maintained.

In FY 22-23, CFHA invested over $145M on projects such as:

- **120** recaptilized RHUs
- **601** roofs replaced
- **115** new kitchens
- **107** new bathrooms
- **218** new sheds or fences
- **281** steps or sidewalks replaced
- **151** new driveway
- **108** electrical panel upgrades
- **86** interior renovations completed
- **3,513** RHUs benefited from other projects during this year.

Construction of new RHUs in Comox (see Featured Projects) and Shilo and major renovation projects were implemented across the country.

New duplexes in Shilo, Manitoba. These are semi-detached 2 storey RHU's, 3 bedroom, 1.5 bath, with a full basement and detached garages. 14 RHU's (7 buildings) were constructed under the project.

3.1.2 Reduce the Housing Portfolio's Greenhouse Gas Emissions

CFHA is working to align with the objectives outlined in the GoC's Greening Government Strategy. The Agency is taking action to improve the housing portfolio's energy efficiency and reduce GHG emissions by integrating these objectives into our maintenance, renovation, and construction programs.

CFHA, in partnership with NRCan's CanmetENERGY-Ottawa research team, is working to develop strategies that will help us decarbonize our residential housing portfolio over the next three decades.

The Agency has been working to incorporate net-zero ready principles into the newest version of the CFHA Design Standards and specifications for renovations. As part of our construction program, CFHA has continued the development of a net-zero ready 6-unit building. The final building design is expected in late 2023. This building design represents the beginning of a first phase of a larger construction program planned for many locations across bases and wings over the coming years. Apartment building construction will contribute to a denser, more sustainable housing portfolio.

Our participation in the GoC's Two Billion Trees program continued its implementation in Wainwright, Alberta; Dundurn, Saskatchewan; and Moose Jaw, Saskatchewan, planting a total of 3,830 trees. Thousands of additional trees are planned in several locations, continuing in Dundurn, Moose Jaw, and Trenton, Ontario, in 2023 and beyond.

The lifecycle and renovation work completed this year contributes to CFHA's commitment to energy efficiency and sustainability, in line with the GoC objectives. Improvements to occupant comfort and lowered utility costs are added benefits to this important work.

ENERGY EFFICIENCY UPGRADES

354
hot water tanks replaced

533
exterior renovations completed

471
heating systems replaced

3.1.3 Reduce Gas Emissions from Fleet Vehicles

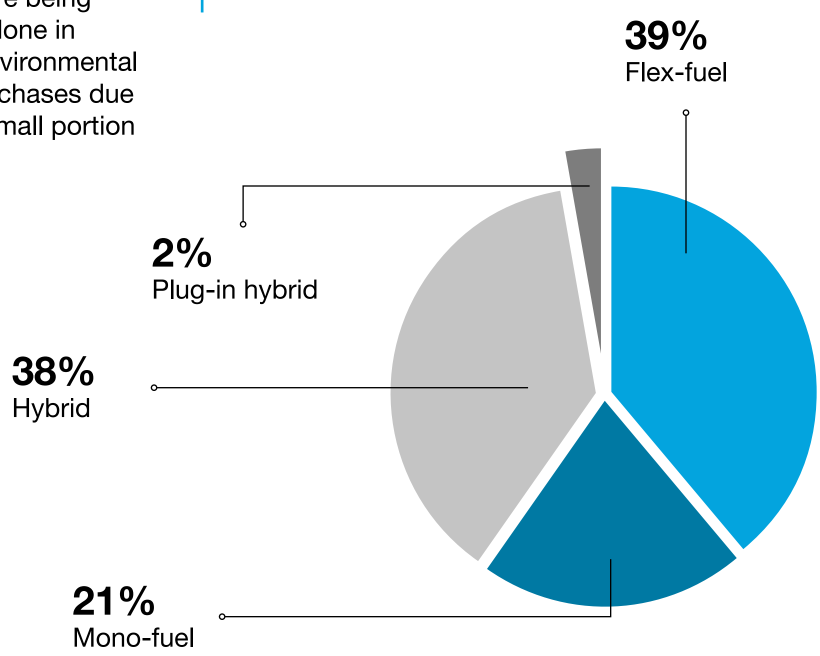
CFHA has allocated $450,000 each year to procure new vehicles as part of the greening government strategy. Most vehicle purchases involve replacing gas-powered cars with hybrids or plug-in hybrids. This aligns with the GoC greening policy. Only a very small number of gas vehicles are being replaced with other gas vehicles, and this is only done in special circumstances that support the policy's environmental goals. There has also been a slight increase in purchases due to specific operational needs, but this remains a small portion of overall purchases.

77 vehicles distributed across 24 sites:

- 30 flex-fuel
- 16 mono-fuel
- 29 hybrids
- 2 plug-in hybrids

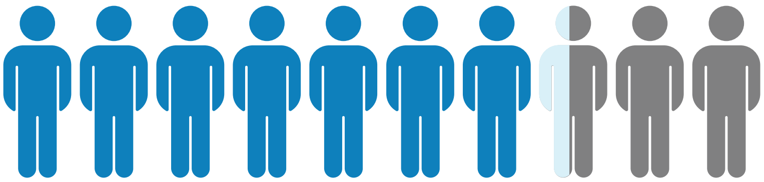
40% of hybridization

2% of zero-emission vehicle



3.2 Occupant Survey

In line with CFHA's customer-centered values, the Agency seeks to identify and implement continuous improvement of services provided to occupants of DND housing at CAF Bases and Wings across Canada. CFHA conducted its 5th CAF Occupant Survey in 2023, which has been conducted every three years since 2014. By re-administering the Occupant Survey periodically, key performance indicators can be evaluated over time.



A majority (70%) of occupants are at least somewhat satisfied with their current residences, similar to the results in 2020 (73%).

The previous online survey was conducted in 2020 in the period immediately prior to the pandemic. The results of this survey indicate CFHA has managed to weather the ongoing challenges of providing service delivery during the protracted pandemic period. Despite supply chain issues, shortages of contractors, and rising material costs, occupants' satisfaction with their housing, as well as their views about CFHA's services and communications, have for the most part maintained the positive baseline position.

- **Reasons for Satisfaction:** The main reasons for satisfaction include the property itself (81%, consistent with previous years) and the location (31%, with a slight increase from 2020).

Condition of the RHU remains key to how occupants feel about their RHU and the CFHA's service in general.

- **Areas for Improvement:** The primary concerns remain the condition of the units (83%) and repair/maintenance issues (58%). Additionally, one-third (33%) of occupants would prefer features like more storage space, additional bathrooms, or a garage/basement.
- **Location Matters:** Two-thirds (68%) find the location appealing, primarily due to its convenience (50%) being close to the base or wing.
- **Limited Options:** One-third (35%) felt they had limited alternatives, while another quarter (25%) appreciated the ease of not having to search for housing elsewhere.

DID YOU KNOW?

If you live in DND housing and you have a serious maintenance problem that is not fixed within 30 days of reporting it in writing, and it is outside of your control, you can ask to have a temporary rent reduction.

- You can start this process by letting your CFHA site office know about the problem in writing.
- The rent reduction will end once the problem is fixed.

Reasons for Choosing DND Housing

70%
Affordability
*Up from 64% in 2020

68%
Location
*50% due to proximity to Base/Wing

35%
Limited alternatives

25%
Convenience

64% to 70%

Affordability remains the primary reason why people choose to live in DND housing, with a significant increase from 64% to 70% mentioning it unprompted.

The findings from the research will be used by CFHA to:

- Assess CFHA customer satisfaction with services provided;
- Identify areas for improvement; and
- Report on departmental performance.

The DND Housing Customer Satisfaction Survey is another example of CFHA's commitment to achieving service excellence in responding to our customer needs by evaluating our performance.

3.3 Departmental Results Framework

The Policy on Results sets out the fundamental requirements for Canadian federal departmental accountability for performance information and evaluation, while highlighting the importance of results in management and expenditure decision making, as well as public reporting. The Departmental Results Framework (DRF) is the strategic view of Defence's mandate, displaying its Core Responsibilities and key performance information to frame the public conversation. It helps Canadians and parliamentarians understand what we do, what we seek to achieve, and how we will determine if we have achieved it.

The CFHA portfolio is well-maintained – the national condition assessment (CA) rating has increased from 3.14 in 2022 to 3.18 in 2023. This result shows that the portfolio is performing at a satisfactory level with condition improvements across all sites (see table below). It indicates that the Agency is conducting extensive routine maintenance and life cycle replacement work.

CFHA Housing Condition Assessment Summary - April 2023

Site	Number of Units				Assessed*	2022 Average Condition	2023 Average Condiion	Change 2022-2023
	Below Average	Average	Above Average	New or Like New				
Bagotville	5	279	58	16	358	3.25	3.29	↑
Borden	115	482	45	33	675	3.21	3.21	–
Cold Lake	160	496	38	9	703	3.11	3.16	↑
Comox	2	201	43	6	252	3.22	3.27	↑
Dundurn	9	13	0	6	28	3.16	3.31	↑
Edmonton	12	430	52	11	505	3.20	3.25	↑
Esquimalt	0	676	28	3	707	3.15	3.21	↑
Gagetown	218	1,072	130	15	1,435	3.17	3.20	↑
Gander	2	53	8	8	71	3.27	3.45	↑
Goose Bay	101	117	9	6	233	3.08	3.10	↑
Greenwood	1	525	16	21	563	3.16	3.21	↑
Halifax	84	373	25	0	482	3.06	3.13	↑
Kingston	3	466	1	0	470	3.08	3.08	–
Montreal	13	175	3	0	191	3.10	3.15	↑
Moose Jaw	11	127	27	7	172	3.21	3.30	↑
North Bay	20	148	8	6	182	3.25	3.25	–
Ottawa	24	115	3	3	145	3.08	3.10	↑
Petawawa	118	1,351	97	67	1,633	3.18	3.23	↑
Shilo	116	425	70	28	639	3.18	3.23	↑
Suffield	0	169	2	4	175	3.06	3.16	↑
Trenton	64	413	55	16	548	3.16	3.21	↑
Valcartier	379	319	4	0	702	2.95	2.95	–
Wainwright	19	121	28	18	186	3.34	3.37	↑
Winnipeg	219	244	12	0	475	2.96	2.98	↑
National Total	**1,695 14.7%**	**8,790 76.2%**	**762 6.6%**	**283 2.5%**	**11,530**	**3.15**	**3.18**	↑

** Note: The assessed units includes emergency houses, but excludes heritage units, leased units, trailer pads, HSC offices and storage spaces,units with a CA rating of 0, and non-residential properties.*

The CFHA investment program continues to develop in response to the operational requirement for housing, secured baseline funding (supporting multi-year planning), and increased pressures in the Canadian housing market. The DRHP experiences a profound strain when faced with insufficient lead time in securing funding, extended construction or renovation periods, and a shortage of contractors.

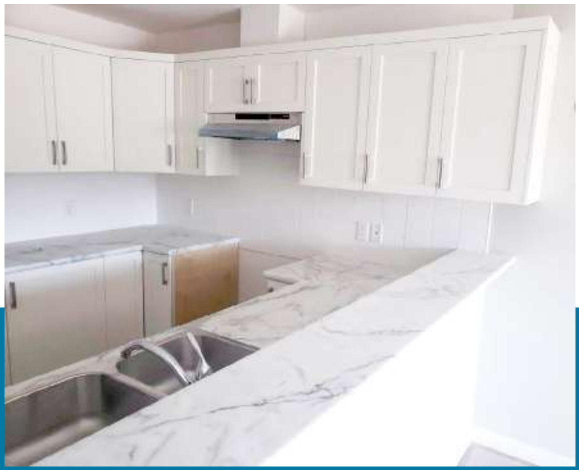
While the Agency continued its work improving housing for CAF personnel in FY 2022-23, the year was not without challenges that tested the ability of our personnel to quickly change course and adapt. The derecho storm, which was a significant tornado-like event, in the National Capital Region (NCR) in May 2022, damaged 48% of the portfolio in Ottawa, including electrical infrastructure, which necessitated forecast repair expenditures of over $100,000. The Ottawa housing site, including the site office, was without power for 11 days, and supply challenges necessitated the procurement of repair parts from outside the local area. Thanks to virtual work platforms developed during the COVID pandemic, staff were able to conduct repair administration remotely while the site power was out, and conducted daily site visits to oversee progress until it was restored.

Some of the damage to RHUs in Ottawa as a result of the derecho storm in the NCR in May 2022.

3.4 Feature Projects

New Apartments in Comox

In FY 2022-23, CFHA completed construction on an apartment building, with 12 individual apartments. This apartment block was one of four total that were constructed during the four phases of the project, which lasted four years. Each apartment within the building has two bedrooms, one bathroom, in-suite storage space, plus dedicated locker storage. Total living space is 903 ft^2. Each unit has two dedicated parking stalls, as well as an exterior storage enclosure.



Planting Trees Across Canada

In FY 2022-23, CFHA partnered with NRCan to support tree planting at residential housing sites across Canada.

Tree planting is being completed as part of the larger GoC Two Billion Trees Commitment, a program that will help to mitigate climate change by investing in nature-based climate solutions. It is anticipated that this work will reduce GHG emissions by up to 12 megatons by 2050. It will also provide additional benefits to Canada by improving biodiversity, creating thousands of new jobs, and supporting human wellbeing through the creation of green spaces.

CFHA is contributing to this effort by developing planting projects across all 27 locations by 2029. It is estimated that this work will involve planting approximately 14,450 trees across CFHA's portfolio over the next five to seven years.

Costs for these tree planting projects will be equally shared between CFHA and NRCan. Participation in this program will help CFHA:

- Contribute to greening targets established in the Greening Government Strategy;
- Achieve human well-being co-benefits for occupants of residential housing sites by fostering a sense of connection with nature;
- Reduce noise pollution;
- Reduce soil erosion and rainwater run-off;
- Provide a windbreak for residential housing units;
- Provide shade for occupants and buildings; and
- Improve aesthetics.

Trees ready to be planted at HSC Wainwright.

White spruce, lodgepole pine, balsam poplar and pin cherry planted at HSC Wainwright.

Various tree species planted at HSC Moose Jaw.

Various tree species planted at HSC Dundurn.

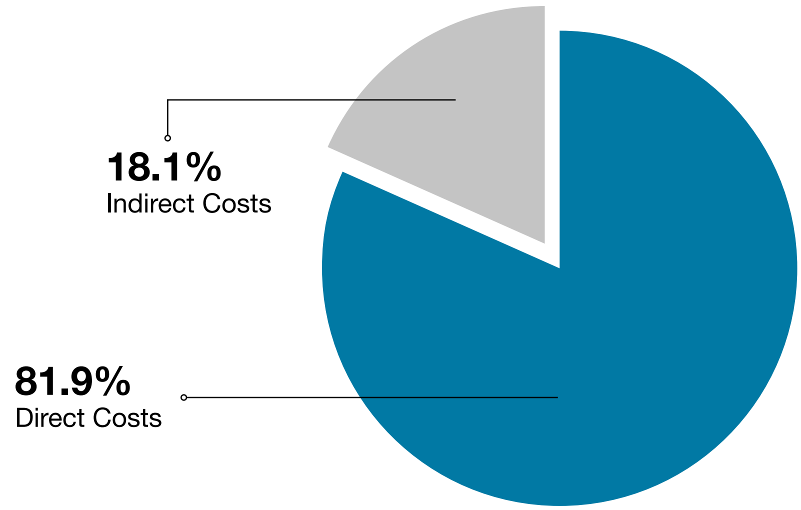
3,830

TREES PLANTED

The work kicked off in FY 2022-23 with 1,612 trees planted in Wainwright, 1,613 in Moose Jaw, and 605 in Dundurn. Plans were developed for FY 2023-24 to plant an additional 1,600 trees in Moose Jaw, 694 trees in Dundurn, and 916 in Trenton.

04

DISTRIBUTION of Funds



Direct Costs		Indirect Costs	
33.3%	**Capital and Betterment** New construction and recapitalization, or work completed to improve asset.	8.9%	**Operational Salaries** Salaries for Housing Services Centre personnel.
24.4%	**Life Cycle and Maintenance** Activities that maintain the useful life of the asset or its components (e.g. roof replacement, siding replacement, furnace replacement).	7.0%	**Corporate Salaries** Salaries for Head Office personnel.
8.4%	**Repairs** Activities that address breakages of the asset, response to failures, or unforseen events (e.g. concrete repairs, electrical repairs, plumbing repairs, heating, ventilation and air conditioning repairs).	1.7%	**Corporate Overhead** Lease and utilities, supplies, training, professional services, travel for Head Office employees, market studies, and strategic site plans.
15.7%	**Housing Operations** Activities directly attributable to regular/ periodic upkeep of the housing units (e.g. snow removal, grass cutting, and general maintenance between occupancy) and management of vacant units.	0.5%	**Housing Services Centre Overhead** Recurring activities required in running site offices (e.g. office lease and utilities, supplies, training, and travel for Housing Services Centre employees).
0.1%	**Demolition** Activities related to the disposal of housing asset that are non-capital.		

05

FINANCIAL Statements

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2023, and all information contained in these statements rests with the management of CFHA. These financial statements have been prepared by management in accordance with the accounting policies set out in Note 2 of the statements, on a basis consistent with that of the preceding year.

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

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities, and policies.

Management also seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; and through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency.

The CFHA financial statements have not been audited.

Approved by:

Paola Zurro
Chief Executive Officer
Canadian Forces Housing Agency

Anthony Soares, CPA, CA
General Manager
Finance, Procurement, and Resource Management

Date: February 1, 2024

Statement of Financial Position (Unaudited)
As of March 31, 2023

(in thousands of dollars)	2023	2022 Restated (Note 12)
Liabilities		
Accounts payable and accrued liabilities (note 4)	76,426	74,049
Vacation pay and compensatory leave	1,352	1,748
Environmental liabilities and asset retirement obligations (note 5)	234,767	260,217
Employee future benefits (note 6)	636	754
Total liabilities	**313,181**	**336,768**
Financial assets		
Accounts receivable (note 7)	152	104
Total financial assets	**152**	**104**
Net debt	**313,029**	**336,664**
Non-financial assets		
Tangible capital assets (note 8)	587,397	541,963
Total non-financial assets	**587,397**	**541,963**
Net financial position	**274,368**	**205,299**

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

Paola Zurro
Chief Executive Officer
Canadian Forces Housing Agency

Anthony Soares, CPA, CA
General Manager
Finance, Procurement, and Resource Management

Date: February 1, 2024

Statement of Operations and Net Financial Position (Unaudited)
For the year ended March 31, 2023

(in thousands of dollars)	2023	2022 Restated (Note 12)
Expenses		
Strategic Housing Portfolio Planning	914	802
Real Property Housing Programs	30,755	26,946
Housing Operations and Customer Services Programs	95,299	90,519
Military Housing Program Support, Control and Coordination	9,707	9,186
Total expenses	**136,675**	**127,453**
Revenues		
Shelter charges	102,377	99,197
Miscellaneous revenues	6,904	6,281
Total revenues	**109,281**	**105,478**
Net cost of operations	**27,394**	**21,975**
Government funding and transfers		
Net cash provided by government	94,370	44,401
"Services provided without charge by other government departments (note 10)"	2,093	2,249
Net cost of operations after government funding and transfers	**(69,069)**	**(24,675)**
Net financial position — beginning of year	**205,299**	**180,624**
Net financial position — end of year	**274,368**	**205,299**

Segmented information (note 11).
The accompanying notes form an integral part of these financial statements.

Statement of Change in Net Debt (Unaudited)
For the year ended March 31, 2023

(in thousands of dollars)	2023	2022 Restated (Note 12)
Net cost of operations after government funding and transfers	**(69,069)**	**(24,675)**
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 8)	65,694	50,468
Amortization of tangible capital assets (note 8)	(20,260)	(17,624)
Adjustments of tangible capital assets	-	43,395
Total change due to tangible capital assets	**45,434**	**76,239**
Net increase (decrease) in net debt	**(23,635)**	**51,564**
Net debt — beginning of year	336,664	285,100
Net debt — end of year	**313,029**	**336,664**

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

Statement of Cash Flow (Unaudited)
For the year ended March 31, 2023

(in thousands of dollars)	2023	2022 Restated (Note 12)
Operating activities		
Net cost of operations	**27,394**	**21,975**
Non-cash items		
Amortization of tangible capital assets (note 8)	(20,260)	(17,624)
Services provided without charge by other government departments (note 10)	(2,093)	(2,249)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable	48	7
Decrease (increase) in accounts payable and accrued liabilities	(2,377)	(2,031)
Decrease (increase) in vacation pay and compensatory leave	396	(102)
Decrease (increase) in environmental liabilities and asset retirement obligations	25,450	(6,242)
Decrease (increase) in employee future benefits	118	199
Cash used by operating activities	**28,676**	**(6,067)**
Capital investment activities		
Acquisitions of tangible capital assets (note 8)	65,694	50,468
Cash used by capital investment activities	**65,694**	**50,468**
Net cash provided by Government of Canada	**94,370**	**44,401**

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

Notes to the Financial Statement (Unaudited)

1. Authority and Objectives

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

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

Effective FY 2019-20, the Agency implemented a new Departmental Results Framework (DRF) composed of four core responsibilities. It replaced the Program Alignment Architecture (PAA) used in previous years.

The new DRF clearly defines the results to be achieved, carefully measures the progress in achieving them, and most importantly communicates to Canadians what has been achieved on their behalf and the resources used to do so.

Effective FY 2021-22, the Agency implemented a new Departmental Results Framework (DRF) segment to better represent its operations. The new segment titled "Revenues" includes all revenues generated from shelter charges and miscellaneous recoveries. With the addition of this new segment, the Agency's Departmental Results Framework (DRF) is now composed of five core responsibilities.

The activities associated with the core responsibilities were aligned and regrouped in the new DRF as summarized below:

(a) Strategic Housing Portfolio Planning—DRF 6.4.1
Conduct strategic portfolio planning and program development activities, analyze, and determine housing requirements and issue program direction.

(b) Real Property Housing Programs—DRF 6.4.2
Manage housing real property programs including residential housing unit construction, recapitalization, betterment, and housing portfolio rationalization and disposal projects.

(c) Housing Operations and Customer Service Programs—DRF 6.4.3
Manage housing operations, asset life cycle, maintenance, and repairs programs. Housing operations includes snow removal, grass cutting and janitorial, landscaping, pest control, and utility payments. Life cycle includes the replacement of major components or assemblies that are at or near the end of their useful life. Repairs are to restore damaged or worn-out property to normal operating conditions.

Provide housing services to CAF members, including housing allocation, shelter-charge setting and collection, move-in/move-out coordination, customer relations, terms of occupancy and licence agreements and maintenance requests.

(d) Military Housing Program Support, Control and Coordination—DRF 6.4.4
Manage, control, and monitor the Defence Residential Housing Program to achieve expected program outcomes. Includes program support activities such as corporate services, financial management, planning, procurement, human resource services, IT services and infrastructure, governance, performance measurement, reporting relationship and partnership management and advice relating to DND and CAF housing.

(e) Revenues—DRF 6.4.5
Rental revenues generated from shelter charges for residential housing units and miscellaneous recoveries, including recoveries for damages.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the government's accounting policies stated below, which are based on Canadian Public Sector Accounting Standards (PSAS).

Significant accounting policies are as follows:

(a) Net Voting Authority
CFHA receives authority to operate net voting from Parliament with the approval of an Appropriation Act. Net voting is the authority to expend revenues generated by shelter charges to offset related expenditures.

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

(b) Net Cash Provided by Government Of Canada
The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Federal Government.

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

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

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

(e) Expenses
Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee Future Benefits

i. Pension Benefits
Eligible civilian employees participate in the Public Service Pension Plan (the Plan), a multi-employer plan administered by the Government of Canada. The Department's contributions to the Plan are charged to expenses in the year incurred and represent the total Departmental obligation to the Plan.
The Department's responsibility with regard to the Plan is limited to its contributions.

ii. Severance Benefits

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

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits of termination from the public service.

(g) Accounts Receivable

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

(h) Tangible Capital Assets

All tangible capital assets, having an initial cost of $30,000 or more are recorded at their acquisition cost.

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

Asset Class	Amortization Period
Buildings (new construction)	**40** years
Buildings (betterment)	**20** years
Work in progress	Once in service, in accordance with asset class
Vehicles	**6** years

(i) Environmental Liabilities and Asset Retirement Obligations

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. If the likelihood of the government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements.

An asset retirement obligation is recognized when all of the following criteria are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The costs to retire an asset are normally capitalized and amortized over the asset's estimated remaining useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed. The measurement of the liability is the government's best estimate of the amount required to retire a tangible capital asset. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable, and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the government's cost of borrowing, associated with the estimated number of years to complete remediation. The recorded liabilities are adjusted each year, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

(j) Measurement Uncertainty

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

Asset retirement obligations (ARO) are recognized and measured in accordance with applicable accounting standards. As this is the first year of implementation, there are inherent uncertainties related to identifying and quantifying obligations, assessing the timing and magnitude of future cash flows, and determining appropriate discount rates. The recorded asset retirement obligations disclosed in Note 5 of these financial statements may be subject to revisions in subsequent periods as additional information becomes available and as the estimation process is refined. Management will continue to evaluate and update measurements as necessary based on new developments and changing circumstances.

(k) Related Party Transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following:

i) services provided on a recovery basis are recognized as revenues and expenses on a gross basis and measured at the exchange amount.

(ii) certain services received on a without charge basis are recorded for departmental financial statement purposes at the carrying amount.

3. Parliamentary Authorities

The Agency receives a portion of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current, or future years.

Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconiciliation of Net Cost of Operations to Current Year Authorities Used:

(in thousands of dollars)	2023	2022 Restated (Note 12)
Net cost of operations before government funding and transfers	**27,394**	**21,975**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets (note 8)	(20,260)	(17,624)
Services provided without charge by other government departments (note 10)	(2,093)	(2,249)
(Increase) decrease in employee future benefits	118	199
Decrease (increase) in environmental liabilities and asset retirement obligations	25,450	(6,242)
(Increase) decrease in vacation pay and compensatory leave	396	(102)
Adjustments to previous year's accounts payable	(2)	(283)
Other adjustments	6,344	25
Total items affecting net cost of operations but not affecting authorities	**9,953**	**(26,276)**
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets (note 8)	65,694	50,468
Total items not affecting net cost of operations but affecting authorities	**65,694**	**50,468**
Current year authorities used	**103,041**	**46,167**

b) Authorities Provided and Used:

(in thousands of dollars)	2023	2022 Restated (Note 12)
Net cash provided by government	**94,370**	**44,401**
Revenue not available for spending		
Change in net position in the Consolidated Revenue Fund		
(Increase) decrease in accounts receivable	(48)	(7)
(Decrease) increase in accounts payable, accrued liabilities	2,377	2,031
Adjustments to previous year's accounts payable	(2)	(283)
Other adjustments	6,344	25
Current year authorities used	**103,041**	**46,167**

4. Accounts Payable and Accrued Liabilities

The following table presents details of the Agency's accounts payable and accrued liabilities:

(in thousands of dollars)	2023	2022 Restated (Note 12)
Accounts payable - other government departments and agencies	6,765	4,568
Accounts payable - external parties	67,669	67,484
Total accounts payable	**74,434**	**72,052**
Other liabilities	1,992	1,997
Total accounts payable and accrued liabilities	**76,426**	**74,049**

5. Environmental Liabilities and Asset Retirement Obligations

Environmental liabilities and asset obligation include:

(in thousands of dollars)	2023	2022 Restated (Note 12)
Remediation liability for contaminated sites	1,039	642
Asset retirement obligations	**233,728**	**259,575**
Total environmental liabilities and asset retirement obligations	**234,767**	**260,217**

(a) Remediation of Contaminated Sites

"The government's "Federal Approach to Contaminated Sites" sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the government has inventoried the contaminated sites identified on federal lands, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in identification of the high risk sites in order to prioritize allocation of limited resources to those sites which pose the highest risk to the environment and human health."

The Agency has identified approximately 11 units (10 units in 2021–22) where contamination may exist and assessment, remediation and monitoring may be required. The Agency has recorded a gross liability of $1,039 thousand ($642 thousand in 2021–22) for these units. This liability estimate has been determined based on site assessments performed by environmental experts reviewing the results of site assessments, and proposing possible remediation solutions.

No further units have been identified at this time and no liability has been recognized. Liabilities will be reported as soon as a reasonable estimate can be determined.

b) Asset Retirement Obligation

The Agency has recorded asset retirement obligations for the removal of asbestos and other hazardous materials in buildings.

The changes in asset retirement obligations during the year are as follows:

(in thousands of dollars)	2023	2022
Opening balance	259,575	253,458
Revisions in estimates	(32,086)	-
Accretion expense*	6,239	6,117
Closing balance	**233,728**	**259,575**

* Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are $441,957 thousand ($443,785 thousand as at March 31, 2022).

Key assumptions used in determining the provision are as follows:

(in thousands of dollars)	2023	2022
Discount rate	2.8-3.8%	2.4-2.5%
Discount period and timing of settlement	2 to 48 years	3 to 49 years
Long-term rate of inflation	2.00%	2.00%

The Agency's ongoing efforts to assess contaminated sites may result in additional environmental liabilities and asset retirement obligations.

6. Employee Future Benefits

a) Pension Benefits

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

Both the employees and the Department contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups - Group 1 related to existing plan members as of December 31, 2012, and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2022-23 expense amounts to $2,124 thousand ($2,225 thousand in 2021-2022). For Group 1 members, the expense represents approximately 1.02 times (1.01 times in 2021-2022) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2021-2022) the employee contributions.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Consolidated Financial Statements of the Government of Canada, as the Plan's sponsor.

(in thousands of dollars)	2023	2022
Pension expenses	2,124	2,225

b) Severance Benefits

Severance benefits provided to the Agency's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees (completed by 2012). Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2023	2022
Accrued benefit obligation - beginning of year	**754**	**953**
Expenses for the year	(3)	(177)
Benefits paid during the year	(115)	(22)
Accrued benefit obligation - end of year	**636**	**754**

7. Accounts Receivable

The following table presents details of the Agency's accounts receivable balances:

(in thousands of dollars)	2023	2022
Receivables - External parties	435	316
Receivables - Other government departments and agencies	-	(6)
Subtotal	**435**	**310**
Less: allowance for doubtful accounts on receivables from external parties	(283)	(206)
Net receivables	**152**	**104**

8. Tangible Capital Assets

The following table presents details of the cost of tangible capital assets:

(in thousands of dollars)	Balance Beginning of Year	Adjustments	Acquisitions	Disposals and Write-Offs	Balance End of Year
Buildings and works					
Residential houses	508,582	72,866	-	-	581,448
Work in progress	220,318	(72,866)	65,285	-	212,737
Vehicles	**441**	**-**	**409**	**-**	**850**
Gross tangible capital assets	**729,341**	**-**	**65,694**	**-**	**795,035**

The following table presents details of the amortization of tangible capital assets:

(in thousands of dollars)	Balance Beginning of Year	Adjustments	Amortization	Disposals and Write-Offs	Balance End of Year
Buildings and works					
Residential houses	187,303	-	20,106	-	207,409
Work in progress	-	-	-	-	-
Vehicles	**75**	**-**	**154**	**-**	**229**
Total	187,378	-	20,260		207,638

The following table presents details of the amortization net book value:

(in thousands of dollars)	Net Book Value	
	2023	2022 Restated (Note 12)
Buildings and works		
Residential houses	374,039	321,279
Work in progress	212,737	220,318
Vehicles	**621**	**366**
Total	587,397	541,963

Amortization expenses for the year ended March 31, 2023 is $20.26M ($17.62M in 2021-22).

CFHA-managed residential housing assets were transferred from DND at the time of CFHA formation with “0” cost value, instead of the historical cost of the assets and fully amortized value. This is because the residential housing portfolio was more than 50 years old and there was a lack of accurate cost information dating back to that time.

9. Contractual Obligations

The nature of the Agency’s activities may result in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments in order to carry out its transfer payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2023-24	2024-25	2025-26	2026-27	2027-28 and Thereafter	Total
Projects	45,991	8,736	-	-	-	54,727
Operating lease	5,562	684	692	700	235	7,873
Total	**51,553**	**9,420**	**692**	**700**	**235**	**62,600**

10. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. Related parties also include individuals who are members of key management personnel or close family members of those individuals, and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. The Agency did not identify any material transactions that occurred at a value different from which would have been arrived at if the parties were unrelated.

(a) Common Services Provided Without Charge by Other Government Departments

During the year, the Agency received services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recorded in the Agency's Statement of Operations and Net Financial Position as follows:

(in thousands of dollars)	2023	2022
Employer's contributions to the health and dental insurance plans paid by Treasury Board Secretariat	2,093	2,249
Total	**2,093**	**2,249**

The government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada and audit services provided by the Office of the Auditor General are not included in the Agency's Statement of Operations and Net Financial Position.

(b) Other Transactions with Related Parties

(in thousands of dollars)	2023	2022
Accounts payable to other government department and agencies	6,765	4,568

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

11. Segmented Information

The presentation by segment is based on the Departmental Results Framework (DRF) as stated in note 1 and is based on the accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main result framework, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Strategic Housing Portfolio Planning	Real Property Housing Programs	Housing Operations and Customer Services Programs	Military Housing Program Support, Control and Coordination	Revenues	2023	2022 Restated (Note 12)
Operating expenses							
Salaries and employee benefits	531	714	15,404	6,536	-	23,185	24,138
Professional and special services	367	2,221	4,986	434	-	8,008	7,423
Repair and maintenance	-	1,305	60,347	12	-	61,664	56,937
Amortization	-	20,260	-	-	-	20,260	17,624
Utilities, materials and supplies	-	-	7,575	357	-	7,932	7,172
Accommodation	-	-	4,639	676	-	5,315	4,950
Travel and relocation	16	10	376	118	-	520	240
Communication	-	-	24	61	-	85	91
Advertising, printing and related services	-	-	8	2	-	10	15
Equipment and other rentals	-	-	56	10	-	66	75
Other services	-	-	1,679	321	-	2,000	1,882
Expenses related to tangible assets	-	-	109	1,177	-	1,286	764
Loss on disposals of tangible capital assets	-	-	-	-	-	-	-
Bad debts	-	-	77	-	-	77	7
Other expenses	-	6,245	19	3	-	6,267	6,135
Total operating expenses	**914**	**30,755**	**95,299**	**9,707**	**-**	**136,675**	**127,453**
Revenues							
Shelter charges	-	-	-	-	102,377	102,377	99,197
Miscellaneous revenues	-	-	-	-	6,904	6,904	6,281
Total revenues	**-**	**-**	**-**	**-**	**109,281**	**109,281**	**105,478**
Net cost of operations	**914**	**30,755**	**95,299**	**9,707**	**(109,281)**	**27,394**	**21,975**

12. Adjustments to Prior Year's Results

As of April 1, 2022, the Public Sector Accounting Board (PSAB) approved recommendations for the adoption of an accounting standard specific to Asset Retirement Obligations that requires all public sector entities following Public Sector Accounting Standards (PSAS) to account for any Asset Retirement Costs at the time of construction or acquisition of the asset and to add those costs to the value of the asset. This adoption required financial reporting regrouping of some balance sheet items. In addition, the Agency identified a $103,000 loss on disposal that occurred in 2018-19. This was due to a financial system error and was discovered in 2022-23.

These changes have been applied retroactively and comparative information for 2021-22 has been restated. The effect of these adjustments are presented in the table below:

(in thousands of dollars)	2022 As Previously Stated	Effect of the Adjustment	2022 Restated
Statement of Financial Position			
Accounts payable and accrued liabilities	74,691	(642)	**74,049**
Environmental liabilities and asset retirement obligations	-	260,217	**260,217**
Total liabilities	77,193	259,575	**336,768**
Net debt	77,089	259,575	**336,664**
Tangible capital assets	500,592	41,371	**541,963**
Total non-financial assets	500,592	41,371	**541,963**
Net financial position	**423,503**	**(218,204)**	**205,299**

(in thousands of dollars)	2022 As Previously Stated	Effect of the Adjustment	2022 Restated
Statement of Operations and Net Financial Position			
Real Property Housing Programs	18,908	8,038	**26,946**
Total expenses	119,415	8,038	**127,453**
Net cost of operations	13,937	8,038	**21,975**
Net cost of operations after government funding and transfers	(32,713)	8,038	**(24,675)**
Net financial position - beginning of year	390,790	(210,166)	**180,624**
Net financial position - end of year	**423,503**	**(218,204)**	**205,299**

(in thousands of dollars)	2022 As Previously Stated	Effect of the Adjustment	2022 Restated
Statement of Change in Net Debt			
Net cost of operations after government funding and transfers	(32,713)	8,038	**(24,675)**
Amortization of tangible capital assets	(15,703)	(1,921)	**(17,624)**
Adjustments of tangible capital assets	-	43,395	**43,395**
Total change due to tangible capital assets	34,765	41,474	**76,239**
Net increase (decrease) in net debt	2,052	49,512	**51,564**
Net debt — beginning of year	75,037	210,063	**285,100**
Net debt — end of year	**77,089**	**259,575**	**336,664**

(in thousands of dollars)	2022 As Previously Stated	Effect of the Adjustment	2022 Restated
Statement of Cash Flow			
Net cost of operations	13,937	8,038	**21,975**
Amortization of tangible capital assets (note 8)	(15,703)	(1,921)	**(17,624)**
Decrease (increase) in accounts payable and accrued liabilities	(2,156)	125	**(2,031)**
Increase in environmental liabilities and asset retirement obligations	-	(6,242)	**(6,242)**