

Parks Canada Agency

**Long-Term
Capital Plan**

2000-01 to 2004-05

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Executive Summary

This Long-term Capital Plan reflects the priorities and strategies for the Parks Canada Agency for the five-year period 2000/2001 to 2004/2005. It briefly describes the asset portfolio for which the agency is the custodian and details the issues and strategies the agency will apply to the management of that portfolio. This document is intended to accompany the annual Corporate Plan and provide greater detail with respect to capital planning and the management of agency assets.

The status quo with respect to the management of assets is not sustainable. The funding available to the Parks Canada Agency is approximately 1/3 of that required to adequately sustain its \$7 billion portfolio of assets. This will inevitably mean the withdrawal of services that those assets have supported, and, in the case of the cultural assets, permanent loss of national treasures and the incapacity to deliver on a key component of the agency mandate. To exacerbate the situation, the deterioration of the asset base, coupled with the operational nature of its activities, which attract a high number of visitors, also opens up Parks Canada to serious exposure to civil litigation.

Generally speaking, asset conditions are the best indicator of performance with respect to the management of assets. Parks Canada applies a comprehensive set of condition ratings to its assets (i.e. health & safety, risk to asset, level of service and overall asset condition). A long-term capital plan would normally indicate an objective, which would sustain needed assets. At this time, however, the only realistic projection is to apply available resources to health and safety factors, recognizing that the general asset base will continue to decline.

The forecast indicates that, with existing funding, \$570M dollars worth of assets are likely to be lost over the next five years while the condition of remaining assets, with few exceptions, will continue to worsen, leading to further reductions and/or closure of some services. The most adversely affected assets will be those supporting visitor services and heritage presentation.

A major additional investment of capital dollars is urgently needed to take proper care of the large, varied and nationally distributed Parks Canada infrastructure.

Part 1

Priorities and Strategies

1.1 THE ASSET PORTFOLIO

As one of the major custodians in the Canadian government, Parks Canada's holdings in real property fixed assets are diverse and extensive (numbering approximately 18,000 with a replacement value of \$7.1B).

The variety of fixed assets included in the agency's inventory is unmatched. Holdings range from modern digitally controlled buildings to dams and weirs constructed in 1832 to highways and bridges cut through the Rockies to in-situ archaeological resources. They are found, literally, from sea to sea to sea, in every type of environment this country offers. Such a varied inventory requires a diverse range of skills and resources not normally required by other custodians.

Parks Canada's assets are divided into three categories that present a further challenge for management. Cultural or historic assets (24%) are core to Parks Canada's mandate; the agency is charged with their preservation and protection for future generations. Consequences of deferred action or inaction are severe. Cultural assets also require closer management and a level of expertise distinct from that required for contemporary assets. Heritage Presentation assets (1%) are the physical assets required for the presentation of heritage messages and public education. Contemporary assets (75%) support service delivery to the visitor.

1.1.1 Cultural Assets

Parks Canada manages cultural assets located in 145 National Historic Sites, as well as cultural resources located within National Parks. Cultural assets are categorized as either level 1 or level 2. Level 1 indicates that the asset is of national significance, the highest designation, while level 2 means that the asset has historic value. The majority (85%) of cultural assets are level 1. Cultural resources take the form of: 1) built assets; 2) archaeological sites; and 3) objects (collections). The average year of construction varies among the categories: 1902 for buildings; 1879 for marine works; and 1844 for fortifications.

Built assets include buildings, structures such as fortifications, marine works, bridges, monuments, and finally, grounds, (also referred to as landscapes). On the Rideau Canal,

for example, the lockmasters' houses, dams, weirs, and the locks and the grounds themselves are all resources included in built assets.

The archaeological sites contain surface vestiges or subsurface or submerged remains of human activity. Much of Canada's human history is expressed in these remains. In Canada, archaeological sites can be up to 10,500 years old, and are the oldest asset category owned by Parks Canada.

In addition to in-situ resources, Parks Canada manages collections of both archaeological specimens and historic objects held at sites or in reserve holdings at the Service Centres for commemorative, heritage presentation and reference and research purposes.

The protection of cultural resources is critical to ensure the commemorative integrity of National Historic Sites. Commemorative integrity is a relatively new concept used to describe the health and wholeness of a national historic site, and it is the paramount performance indicator for these sites.

1.1.2 Contemporary Assets

The largest component of the portfolio is comprised of contemporary assets which include campgrounds, visitor reception centres, roads & highways, bridges, contemporary canal locks and dams, water & waste water facilities all of which are used by the visitors and resident public. In addition, Parks has extensive holdings in administration facilities, staff houses, works compounds as well as a fleet of vehicles and heavy equipment. Parks Canada also has a significant capital investment in the (IM/IT) Architecture. It is composed of a complex mix of capital assets which are used to enable the effective delivery and storage of information and knowledge resources. Although referred to in the funding component of this document, a further capital strategy for the IM/IT architecture will be presented in a subsequent document. Collectively, these contemporary assets are the means by which millions of Canadians use and enjoy the highly popular services provided by Parks Canada.

1.1.3 Heritage Presentation Assets

Heritage presentation assets are the physical products, tools, or venues, which assist in delivering educational information about the significance of Canada's national parks, national historic sites and national marine conservation areas. These include exhibits, interpretive signage, audio-visual productions, and equipment used at or away from

our parks and sites for interpretive programs. These assets play a vital role in delivering messages that help Canadians understand their past and define their sense of identity.

1.1.4 Asset Conditions

The best insight into long-term capital requirements is derived from the condition of those assets. Parks Canada applies a comprehensive Condition Rating Program to the management of its assets. The elements of Risk to Asset, Health and Safety, Level of Service and Overall Asset Condition are rated as: Good, Fair, Poor and Closure. Proper asset life cycle management and cost efficient practice require maintaining the assets in “good” condition. In the absence of a “good” rating, risks to health & safety rankings range from elevated to severe, risk to asset rankings range from threatened individual components to advanced deterioration of the entire asset and level of service rankings range from reduced operations to full closure. It is alarming to note in Table 1 below, that more than two thirds of the assets have deteriorated to a point below that all-important threshold. A third party verified the condition ratings, which stem from Parks Canada’s National Asset Review, to be consistent and accurate.

Table 1: Asset Portfolio

ASSET CATEGORY	REPLACEMENT COST	ASSET COUNT	AVERAGE AGE	GOOD %	FAIR %	POOR %	CLOSE %
Archaeology Collections	N/A	80	N/A	19%	25%	55%	1%
Bridges	171,318	372	36	38%	46%	14%	2%
Buildings	1,144,105	5,266	40	30%	45%	22%	3%
Equipment	32,038	1,685	15	42%	37%	20%	1%
Fleet, Heavy Equipment & Boat	94,291	2,481	9	28%	65%	7%	0%
Fortification	437,927	260	148	28%	53%	17%	2%
Grounds, Monuments and Plaques	903,657	3,963	37	39%	39%	20%	2%
Highways	1,011,524	126	31	29%	40%	31%	0%
Historic Objects and Reproductions Collections	N/A	142	N/A	17%	71%	13%	0%
In-situ Archaeological Resources	N/A	534	N/A	11%	74%	13%	1%
Marine	1,758,181	1,003	67	32%	36%	27%	4%
Presentation	100,127	1,023	14	27%	45%	25%	2%
Roads	1,076,732	645	37	19%	34%	46%	2%
Townsites	193,849	335	40	13%	18%	69%	1%
Utilities	212,179	739	26	18%	55%	21%	5%
TOTAL	7,135,926	18,654	36	29%	40%	29%	2%

N/A = Not Applicable

N.B.: Condition rating percentages computed on the basis of replacement cost with the exception of collections and in-situ archeological resources which are based on the

number of assets. This table presents overall asset condition ratings for contemporary assets and risk to asset ratings for cultural assets.

Table 2: Portfolio by Cultural/Contemporary/Heritage Presentation Assets

Asset Grouping	REPLACEMENT COST	ASSET COUNT	GOOD %	FAIR %	POOR %	CLOSE %
Cultural Assets	1,697,350	2,398	27%	41%	28%	4%
Contemporary Assets	5,338,450	15,233	30%	39%	29%	2%
Heritage Presentation Assets	100,127	1,023	27%	45%	25%	2%
TOTAL	7,135,926	18,654	29%	40%	29%	2%

N.B.: Condition rating percentages are calculated on the basis of replacement costs; these ratings are risk to asset for Cultural Assets (where replacement values are applicable), and overall asset condition ratings for Heritage Presentation and Contemporary Assets.

1.2 FUNDING

1.2.1 Funding Requirements

Generally accepted industry standards set a benchmark that requires an organization to invest the equivalent of approximately 2% of the replacement cost of its asset base annually in order to sustain its holdings. Application of that benchmark to the \$7 billion Parks Canada portfolio indicates that the average annual investment for Parks should approximate \$140 million.

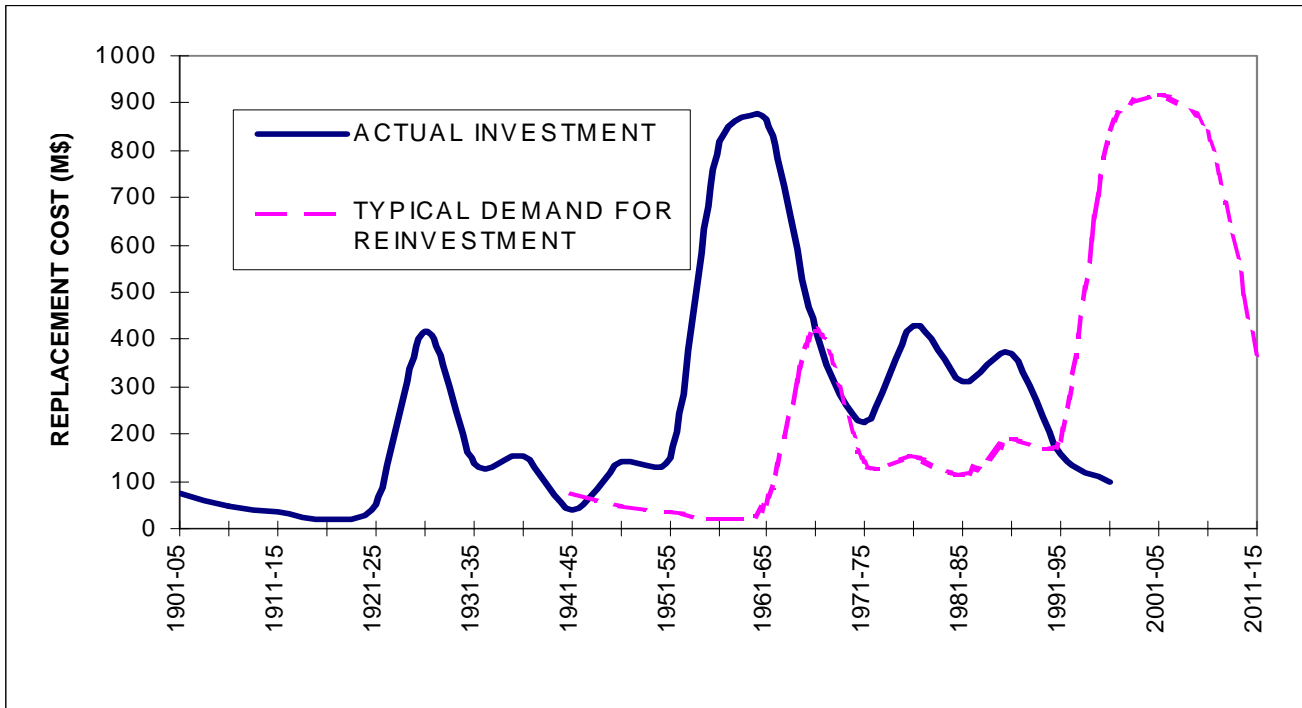
The latest annual review of the asset portfolio, which included rating its current condition, was completed in February 2000. It indicated the need for investment in excess of \$700 million over the next five years. It is important to note that the \$716M figure indicated for Annual Review Requirements in Table 3 is considerably understated as many required investments, especially for 2003 and 2004 were not listed or re-profiled to years beyond 2004 under the assumption that funding would continue to be far short of the requirements. The difference between the total resource requirements, which is significantly higher than the \$716M shown here, and the 2% benchmark would represent the recapitalization backlog. For illustrative purposes, typical requirements based on 2% of replacement cost are also included. Given that this benchmark is based on the assumption that appropriate funding has been applied in previous years and the deteriorated condition of the assets, this figure is also understated.

Table 3: Requirements

Requirements	2000	2001	2002	2003	2004	Total
Annual Review Requirements	141.4	162.0	185.4	116.7	110.8	716.3
Typical Requirements (2%)	142.7	142.7	142.7	142.7	142.7	713.5

Typical investment trends within asset life cycles and the average age of the Parks Canada asset base further highlight the severity of the funding shortfall for Parks. Table 4 chronicles the asset investment history for Parks Canada and illustrates that agency investment peaked in the late 50's and early 60's (solid line). Given that the majority of those assets have a typical life span of 40 years, the broken line in Table 4 indicates that the year 2000 represents the expiration of the life span and, therefore, the timing for the peak demand in terms of re-investment for those assets.

Table 4: Investment Trends



It is a fact that the funding available to the Parks Canada Agency has been, and continues to be, far short of its requirements. Under current circumstances, the gap continues to widen.

1.2.2 Funding Available

For many years, available funding has not kept pace with the needs of Parks Canada’s asset base. Table 5a outlines the funding available for the Parks Canada capital program over the coming five years. Note that increases in Recapitalization funding are achieved through equivalent reductions to Expansion funding. The recently announced incremental Rust-Out funding is disclosed separately.

The repayment of the Year 2000 Loan will have a significant effect on Parks Canada’s capital investment strategy over the next five years. To illustrate this, the repayment obligation as well as the IM/IT funding, have been identified in the following table. It is important to note that, while the combined budget is only reduced by \$3.7M over the next five years, the liability of the program, based on current funding, is increased to \$40.7M. That is based on current funding, 18.5M will be spent on IM/IT in addition to the 22.2M loan repayment. This situation is further worsened, as an additional 22.9M over and above the current 18.5M is required to address the IM/IT needs.

Table 5a: Funding Profile (*in millions*)

Funding Profile	2000	2001	2002	2003	2004	Total
Expansion	6	5	3	3	3	20
Recapitalization	35	36	38	38	38	185
Rust-Out Recap	12	19	9	12	4	56
Built Asset Funding	53	60	50	53	45	261
IM/IT Funding	3.7	3.7	3.7	3.7	3.7	18.5
Year 2000 Loan	-	(7.4)	(7.4)	(7.4)	-	-22.2
Combined Funding	56.7	56.3	46.3	49.3	48.7	257.3

These same figures are reflected in Table 5 of the Corporate Plan. The "Expansion" figures are displayed in the Corporate Plan as "Capital Planning/Negotiating New Parks & Sites". The sum of "Recap" and "Rust-Out Recap" from Table 5a, are displayed as "Capital" in Table 5 in the Corporate Plan.

Table 5b: Recapitalization Funding Profile - Excluding Expansion (*in millions*)

Recapitalization Profile	2000	2001	2002	2003	2004	Total
Recapitalization	35	36	38	38	38	185
Rust-Out Recap	12	19	9	12	4	56
Built Asset Funding	47	55	47	50	42	241

1.2.3 The Shortfall

Earlier shortfalls plus substantial financial reductions in the 1990's indicate that the investment level in Parks Canada assets has been well below accepted standards for many years and now rests at about one third of what it should be as indicated in Tables 6a and 6b. Table 6a compares available funding to typical requirements to recapitalize the existing asset base and indicates an annual and cumulative shortfall for the upcoming 5 year cycle. Table 6b compares available funding to the requirements identified through the Asset Information Update exercise completed February 2000 (the available funding is a combination of the Recapitalization and Rust-Out amounts from Table 5).

Table 6a: Typical Requirements vs Available Funding (*in millions*)

Typical Requirements	2000	2001	2002	2003	2004	Total
Typical (2%)	142.7	142.7	142.7	142.7	142.7	713.5
Available	53	60	50	53	45	261
Built Asset Shortfall	(89.7)	(82.7)	(92.7)	(89.7)	(97.7)	(452.5)

The latest annual review of the asset portfolio and its current condition that was completed in February 2000 also indicates the need for investment in excess of \$700 million over the next five years.

Table 6b: Annual Review Requirements vs Available Funding (millions)

Review Requirements	2000	2001	2002	2003	2004	Total
Annual Review	141.4	162	185.4	116.7	110.8	716.3
Available	53	60	50	53	45	261
Built Asset Shortfall	(88.4)	(102)	(135.4)	(63.7)	(65.8)	(455.3)

Table 6c. illustrates the impact on the shortfall, if the Year 2000 Loan as well as the IM/IT program were incorporated into this Long Term Capital Plan.

Table 6c. IM/IT Requirements vs. Available Funding. (in millions)

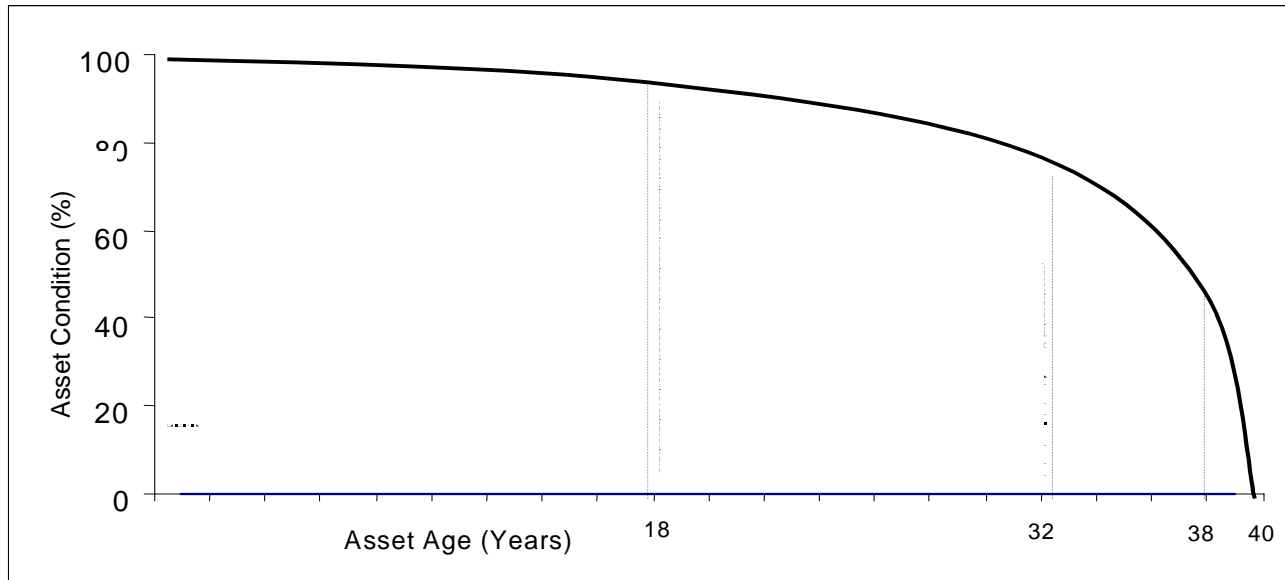
Review Requirements	2000	2001	2002	2003	2004	Total
IM/IT Requirements	10.7	5	4.6	5.8	15.3	41.4
Year 2000 Loan		7.4	7.4	7.4		22.2
IM/IT Funding	3.7	3.7	3.7	3.7	3.7	18.5
IM/IT Shortfall	(7.0)	(8.7)	(8.3)	(9.5)	(11.6)	(45.1)

1.2.4 The Impact of the Shortfall

A. Agency-Wide Impacts

While predicting the specific and exact erosion to the asset base that will occur as a consequence of the current shortfall is not possible, it is clear that the agency will suffer significant loss. The empirical evidence from asset life cycles has established that the rate of decline increases as the condition of the asset deteriorates. Table 7 below depicts the typical trend of asset deterioration.

Table 7: Asset Condition Versus Time Graph



Application of that model to the Parks Canada asset portfolio, as shown in Table 8 below, indicates considerable (\$570 million) slippage or loss with respect to the condition and serviceability of the assets. In applying that model, the following assumptions were made:

1. Average asset life span is 40 years;
2. Time duration for each condition rating (i.e. the time before an asset would deteriorate to the point that it would be rated at the next lowest condition) is: good - 18 years; fair - 14 years; poor - 6 years; and closure - 2 years;
3. Funded interventions immediately upgrade the asset condition by one level (i.e. from fair to good); and, Parks Canada will spend approximately \$241 million (\$261 million total – \$20 million expansion) on its existing assets over this five-year period.

Table 8: Projected Asset Condition

CONDITION	2000		2004		DIFFERENCE	
	%	\$ Rep Cost	%	\$ Rep Cost	%	\$ Rep Cost
GOOD	29	2,069,419	22	1,569,904	(7)	(499,515)
FAIR	40	2,854,370	46	3,282,526	6	428,156
POOR	29	2,069,419	22	1,569,904	(7)	(499,515)
CLOSURE	2	142,719	10	713,593	8	570,874
TOTAL	100	7,135,926	100	7,135,926	N/A	N/A

Another approach to predicting the impact of the shortfall essentially supports the same conclusion. Failure to make required interventions causes accelerated deterioration and the eventual need to discontinue the use of an asset. It is important to understand that the loss of the asset, which is stated in replacement cost dollars, is orders of magnitude greater than the intervention dollars required to keep it operational (for example, failure to make a required \$5,000 roof repair will lead to the loss of the use of a \$200,000 building). Table 6a indicates a funding (intervention) shortfall of \$439 million over the next 5 years thereby affecting assets with replacement costs many times greater than that figure. Recognizing that the needed interventions would primarily target the assets in the worst of the fair as well as the poor condition, it is highly probable that, at least \$571 million of assets will deteriorate into closure condition.

Simply stated, under current funding levels, Parks will experience significant erosion of its asset base over the next five years. This erosion will, in turn, necessitate the closure of assets and the withdrawal of highly popular and valuable services that have been enjoyed by millions of Canadians over the many years Parks has been providing those services.

B. Specific Impacts

This acute shortfall has resulted in significant health and safety issues as well as a downgrading of service delivery including the irreplaceable loss of the historic fabric of cultural assets, damage to ecosystems and ineffective communication of heritage understanding to Canadians. In short, the Parks Canada mandate is now compromised by the lack of funding.

I- Health and Safety:

Due to their nature, many of the Parks Canada assets will, in the near future, pose significant risks to those who come in contact with them, namely visitors, residents and staff. Some buildings are in violation of codes with respect to toxic materials or fire safety; some waste water treatment facilities do not meet provincial or federal guidelines; there are increasing risks of lock or dam failures which could cause flooding; deteriorated conditions on national highways have caused accident rates that exceed provincial averages of British Columbia and Alberta, the two provinces for which the statistics are comparable. The deterioration of its large and diversified asset base coupled with the operational nature of its activities that attract a high number of visitors also opens up Parks Canada to serious exposure to civil litigation and the possibility of criminal prosecution.

One asset category of particular concern from a safety perspective is “national highways”. Parks Canada has never had a long-term capital reference level for all of its highways. In fact, the complete capital program responsibility for highways was not

consolidated within Parks Canada until 1993 when PWGSC revoked the TransCanada Highway Act. As the consolidation occurred during a period of budget reductions, Parks Canada has had to rely on periodic supplementary funding programs led by Transport Canada. Most recently, from 1993/94 to 1997/98, Parks Canada was allocated \$95 million through the Strategic Highways Improvement Program (SHIP). This led to marked improvements in overall highway conditions until funding expired.

The current level of capital investment in highways is now substantially less than the amount determined to be required through inspections, using capacity and safety standards comparable to those of the provinces in which the highways are located. It is important to note that the national highways, which comprise approximately 15% of the agency asset base, are completely unrelated to the Parks mandate. It is only by virtue of their location that the agency is compelled to maintain them.

Health and safety and, to a lesser extent, service delivery issues also impact assets located in the six townsites managed by Parks Canada. Urgent action is needed in the Parks townsites to deal with issues like water and sewer line leakage, outdated waste water treatment plants which no longer meet federal and/or provincial guidelines and roads, streets and bridges in major need of repair. This situation not only conflicts with the mandate, but lessens credibility as an organization which should be demonstrating leadership in matters of environmental stewardship.

While a portion of the cost of this infrastructure is supported through fees from the townsites residents and businesses, clearly Parks Canada must make up the difference. Parks is committed to providing funding equivalent to that which would be available to these communities from the provincial and federal governments if they were provincially incorporated.

Table 9a shows current funding available versus identified requirements for the five-year period.

Table 9a: Funding Rate

Townsite Recap	2000	2001	2002	2003	2004	Total
Total Requirements	5	13	11.6	7	7	43.6
Current Plan *	4.5	12	9.8	3.8	4.2	34.3
% Funded	90.0	92.3	84.5	54.3	60.0	78.7

**Current Plan is partially funded through borrowing through revolving fund drawdown*

Table 9b depicts the extent to which Parks Canada supports the current funding.

Table 9b: Subsidization Rate

Townsite Recap	2000	2001	2002	2003	2004	Total
Current Plan *	4.5	12	9.8	3.8	4.2	34.3
Parks Subsidy	2.6	8.7	6.9	3.2	3.7	25.1
% Subsidized	57.8	72.5	70.4	84.2	88.1	73.2

* *Current Plan is partially funded through borrowing through revolving fund drawdown*

II- Service Delivery:

There is a direct relationship between the state of its assets and the quality of service provided by Parks Canada. Shortage of funding has resulted in the deterioration of assets such that the benefit of their use has been lessened or, in more extreme cases, the asset is no longer even serviceable. Contemporary facilities in National Parks can no longer keep pace with changing visitor profiles and needs at a time when the Agency is more dependent than ever upon visitor revenues. Further, the lack of funding will force the closure of some of these assets. While this can be problematic for contemporary assets, the situation is far more severe for cultural assets. Once lost, historic assets are permanently lost and while they may be replicated, they can never be replaced.

III- Commemorative Integrity:

Protection, preservation and presentation of assets of cultural/historical significance are core responsibilities in the mandate of the Parks Canada Agency. In contrast to most contemporary assets which function as a “means to an end”, cultural assets are “the end”. Furthermore, it is important to note that deterioration cannot be remediated and loss can not be replaced. Once lost, the historic fabric of these assets and/or the assets themselves are lost forever. Table 10 provides the condition rating, defined as the risk to asset for built cultural assets at national historic sites, which includes buildings, bridges, fortifications, marine works and grounds and excludes monuments and plaques, collections and in-situ archeological resources. As demonstrated in the table, the physical condition of the built heritage assets listed in the 1997 SOP inventory is worsening. Now, nearly one quarter of these assets are in poor or closure condition.

Table 10: Built Heritage Resource Condition Trend

Condition Trend	SOP 1997	NAR 1999	NAR update 2000
Good	33%	35%	35%
Fair	50%	44%	41%
Poor & Closure	17%	21%	24%

SOP: State of the Parks Report; NAR= National Asset Review

N.B.: Condition rating percentages computed on the basis of number of assets.

IV- Ecological Integrity:

Asset deterioration is also negatively impacting the Agency's ability to meet another key aspect of its mandate, the protection of Canada's natural heritage. Some assets (waste water treatment plants, sewer lines, underground fuel tanks, etc.) are now a source of pollution due to their poor condition and need immediate attention.

Beyond the issue of aging assets lies an even bigger issue: the impact of park development on ecosystems. One of the more challenging issues facing Parks Canada is the difficult balance between protecting the delicate ecosystems which are nationally significant representative examples of the natural heritage of the region and providing opportunities for the access, understanding and appreciation of the unique values of these areas. On one hand, basic and essential services and facilities can make these areas more accessible to the public which provides the opportunity to understand and appreciate their national significance while, on the other hand, the direct and cumulative effects of the same development invariably disrupts and damages these ecosystems. In some cases, the assets that are causing the ecological impact existed prior to the establishment of the park or site and are now recognized as a liability or are inconsistent with achieving Parks Canada's mandate. This issue is highlighted in the State of the Parks (1997) and Banff Bow Valley Task Force (1996) reports. The Report from the Ecological Integrity Panel (March 2000) provides detailed evidence of the issue and makes extensive recommendations to Parks Canada. The Agency's ability to effectively intervene in this issue is compromised by the lack of available funds.

V- Heritage Presentation:

Parks Canada's ability to tell the story of our country's heritage (both natural and cultural) has been seriously impacted by reductions over the last decade. Exhibits are now well beyond their ten-year lifespan and no longer allow for effective communication of key messages. The general use of new technology is unaffordable. As stated in the recently released Ecological Integrity Panel report, Parks Canada is unlikely to achieve its ecological integrity objectives without public support. As this support is garnered via the establishment of a connection between people and the protected resources through effective heritage presentation programs, the building of that support is now at risk.

VI- Expansion:

Parks Canada currently has no funding to meet the government's objectives of completing the network of national parks, of establishing new national marine conservation areas and of enhancing the network of national historic sites.

1.3 ASSET MANAGEMENT STRATEGY

1.3.1 Request Appropriate Funding

Parks Canada requires substantial additional funding to adequately sustain its asset portfolio. Given the direct relationship between that funding and the issues of health & safety and service delivery, Parks will continue to request the resources required to sustain the assets required to carry out the services for which it is mandated. The recent increment through the Rust-Out exercise is a start but falls short of the documented requirement.

1.3.2 Prioritization and Specific Strategies

Prioritization

Recognizing that the funding shortfall has been a chronic issue for many years and that there is no material relief in sight, it is incumbent upon the agency to prioritize its capital investments to best deliver, to the extent possible, the services for which it is mandated. The following are guiding principles established for the prioritizing of capital investments for the agency:

1. must further Parks Canada Agency's mandate and therefore contribute to the achievement of the Corporate Plan;
2. must avoid new development/expansion of the asset base; where feasible, reinforce the shift to non-asset delivery of essential services;
3. consider less expensive risk managed alternatives prior to investing scarce resources; and,
4. decline investments in assets unless there is a reasonable expectation that the on-going maintenance of those assets is affordable.

More specifically, funding will be directed to projects that qualify as meeting the following priorities:

1. Significant risks to health & safety (high exposure to health hazards and/or personal injury);
2. Other priority projects are:
 1. Compliance with legal obligations, public commitments or federal-provincial agreements;

2. Critical requirement to mitigate threat to commemorative integrity and threat of loss of cultural resources;
3. Significant opportunity to improve ecological integrity; prevent or mitigate significant damage to ecosystems;
4. Significant improvement to heritage presentation as outlined in renewal priorities;
5. Investments required to effect significant divestiture of non-essential assets;
6. Complete projects already substantially underway where cancellation is clearly not a viable alternative.

Application of the above criteria to the \$261 million available over the next five years (as outlined in Table 5) results in the following pattern of investment (see Table 11):

Table 11: Prioritized Allocation of Available Funding

PRIORITY	TOTAL (\$ 000's)
Health & Safety	164,940
Legal/Contractual/Public Commitment	3,810
Cultural Resource Protection	50,129
Ecological Integrity	22,159
Heritage Presentation	0
Divestiture Support	0
Work In Progress (expansion)	20,000
TOTAL	261,038

Note that many of the proposed investments qualify under the health & safety criteria as well as one of the other criteria such as commemorative integrity (i.e. they are not mutually exclusive). Furthermore, given the risk of permanent loss, Parks is compelled to respect its mandate and give priority to investments that preserve and protect commemorative and ecological integrity and close assets that pose health and safety risks.

It is important to note that a significant portion of health and safety items will not be addressed nor will any heritage presentation requirements (which are core to the mandate), investments required to dispose of surplus assets, on-going work (which in some cases puts at risk the investment in the work to date) or future expansion.

A. Health and Safety

The worst health and safety issues (about half of them) will be addressed with existing funds. The remaining ones cannot be dealt with until additional funds are made available. Due diligence will force closure of these assets, with resulting service reduction, as their condition worsens and the risks to health and safety increase.

With respect to townsites assets and the unique shared interest of the resident and business stakeholders, Parks will fund the more pressing health and safety issues. In addition, Parks will:

1. Ensure equitable funding contributions among residents, businesses and Parks Canada; and,
2. Attempt to access provincial subsidies for the infrastructure and seek ways to improve efficiency in delivery of local services.

Finally, although highways are totally unrelated to the mandate of Parks Canada, as federal government custodians, the agency is compelled to keep them as safe as possible within limits of available funding.

Consequently, Parks will:

1. Direct the limited available funding to the most urgent health and safety needs; and,
2. Manage the anticipated increasing levels of risk, by posting danger signs and reducing speed limits. Where there are alternate routes in reasonable proximity, it may be possible to implement seasonal loading restrictions. As these highways are integral to national and provincial transportation networks, there will be concerns that they do not create economic bottlenecks or hazards to the high volumes of traffic that must use them on a daily basis.

B. Cultural Resource Protection

As shown above, priority funding will be afforded to resources of national historic significance. Furthermore, Parks will undertake to:

1. develop greater knowledge/expertise of cultural asset condition assessment to optimize intervention timeframes;
2. ensure minimal intervention, which meets functional requirements with least harm to heritage value;
3. undertake interim/emergency protection to mitigate loss of historic fabric where long-term stabilization cannot be implemented on a timely basis; and,
4. ensure a good maintenance program, including monitoring.

C. Ecological Integrity

As with cultural resource protection, Parks will address its most pressing environmental issues and will fund projects that meet the criteria for ecological integrity. Subject to availability of funds, the following strategic directions will also be applied to the sound ecological management of assets:

1. Develop greater knowledge/expertise and guidelines on ecologically sensitive, sustainable design and how to minimize the negative impacts of development and redevelopment;
2. Rigorously apply needs and environmental assessments to all new developments and all substantial redevelopments as early as possible in the planning process;
3. Continue to develop and implement Parks Canada's Environmental Management System to meet requirements of Guide to Green Government (1995), Commissioner of the Environment and Sustainable Development requirements outlined in Auditor General's Act, and other federal policies and regulations;
4. No development or redevelopment that is deemed to threaten ecosystems;
5. Identify opportunities to reduce ecological footprint through existing planning processes (Community Planning, Management Planning) and, where feasible, withdraw assets which are detrimental to ecosystems;
6. Construct assets which mitigate the negative impacts of essential assets (e.g. construction of overpasses or tunnels to facilitate wildlife migration (reduce habitat fragmentation) in natural habitats severed by important transportation corridors); and,
7. Build the "no net negative impact" principle into investment decisions.

Parks Canada provides an opportunity for the federal government to demonstrate/showcase its greening government operations initiative by applying environmental management "best practices" to national parks and national park townsites, thereby turning them into very public models of environmental stewardship. This will be a long term strategic priority as funds are made available.

D. Heritage Presentation

Although the Ecological Integrity Panel states that it is an important activity for Parks Canada to communicate key heritage messages to Canadians, and thus build support for heritage protection and enhance Canadians' sense of identity. It can not compete with other pressing concerns and thus will not receive any of the existing limited capital funds. Until new funds are found, Parks will utilize the deteriorated infrastructure and, where necessary, cease such activities when these tools are no longer functional or effective.

E. System Expansion

No new proposals will be undertaken until adequate funding for planning, negotiations and subsequent development and operations is provided. In the interim, the development of national parks established since 1996 (Wapusk, Tukut Nogait, Sirmilik) will be tied to the investment necessary to maintain them at minimal operational levels. Projects where active feasibility studies or negotiations are underway (Wager Bay, Manitoba Lowlands, Lake Superior) will conclude those steps, but will not proceed to the next phase of the park establishment process until new funding is secured. Lack of funding will generally preclude the signing of new national historic sites cost sharing agreements. On-going agreements will be funded.

1.3.3 Closure

The issue of identifying assets to be reduced, closed or withdrawn as well as the discontinuance of the services they support will be addressed through the Asset Management Framework.

1.3.4 Asset Management Framework

A strategy, for asset management, is the development and implementation of an asset management framework, in support of Parks Canada's mandated objectives and its asset custodial obligations. The framework will provide strategic direction in areas such as guiding principles, policies, accountabilities, investment prioritization, information, system and resource requirements.

PART 2

Funding Profiles and Project Activity

Table 12 below provides the breakdown of the intervention requirements by asset category. The "Funded 2000" column indicates the capital plan for 2000/2001 prior to the allocation of the recently announced Rust-Out funding. The highest priority projects from those ranked ("Prioritized 2000-2004"), will be selected according to the new criteria for capital allocation process and included with the funded projects.

Table 12: Project Summary by Asset Category

ASSET CATEGORY	REPLACEMENT COST(000\$)	ASSET COUNT	FUNDED 2000 (000\$)	FUNDED 2001-2004 (000\$)	SHORTFALL (000\$)	TOTAL 2000 – 2004 000's
Archaeology Collections	N/A	80	436	2,381	6,806	9,623
Bridges	171,318	372	1,039	7,117	6,536	14,692
Buildings	1,144,105	5,266	7,466	37,135	66,172	110,773
Equipment	32,038	1,685	381	1,682	6,584	8,647
Fleet, Heavy Equipment & Boat	94,291	2,481	2,060	1,143	35,584	38,787
Fortification	437,927	260	1,566	6,465	19,841	27,872
Grounds, Monuments and Plaques	903,657	3,963	3,428	11,562	39,965	54,955
Highways	1,011,524	126	715	16,020	86,438	103,173**
Historic Objects and Reproductions Collections	N/A	142	125	1,035	5,138	6,298
In-situ Archaeological Resources	N/A	534	362	1,971	27,439	29,772
Marine	1,758,181	1,003	4,102	50,850	21,266	76,218
Presentation	100,127	1,023	0	300	40,457	40,757
Roads	1,076,732	645	1,504	27,671	50,400	79,575
Townsites	193,849	335	8,161	26,177	7,982	42,320
Utilities	212,179	739	1,062	10,461	20,055	31,578
Work In progress – existing assets.	N/A	N/A	2,567	4,092	34,485	41,144
TOTAL RECAPITALIZATION	7,135,928	18,654	34,974	206,062	475,147	716,183

* The planned column total of \$34,976 does not include the new funds to be received from Rust-Out.

** While the 150M is the total known requirement, shortage of funding resulted in, only 103M being profiled into this 5 year plan.

Table 13 below summarizes the data in Table 12 by cultural, contemporary and heritage presentation assets.

Table 13: Project Summary by Cultural/Contemporary/Presentation

ASSET GROUPING	REPLACEMENT COST 000's	ASSET COUNT	FUNDED 2000 000's	FUNDED 2000-2004 000's	SHORTFALL 2000-2004 000's	TOTAL 2000 - 2004 000's
Cultural Assets	1,697,350	2,398	7,815	47,149	86,839	141,803
Contemporary Assets	5,338,450	15,233	27,158	158,613	347,852	533,623
Heritage Presentation Assets	100,127	1,023	0	300	40,457	40,757
TOTAL	7,135,927	18,654	34,973	206,062	475,148	716,183

* The planned column total of \$34,976 does not include the new funds to be received from Rust-Out.

Table 14 below provides the breakdown of the required interventions by the criteria for the allocation of capital. Only half of the required interventions have been rated according to these criteria in anticipation that available funding would not even approach that amount.

Table 14: Project Summary by Allocation Criteria

CRITERION	FUNDED 2000	FUNDED 2001- 2004 (000\$)	Shortfall (000\$)	TOTAL Requirements (000\$)
Health & Safety	25,356	139,578	40,049	204,983
Cultural Resource Protection	7,082	43,049	20,120	70,251
Ecological Integrity	1,024	21,135	698	22,857
Heritage Presentation	0	0	30,793	30,793
Legal/Public Commitments	1,511	2,300	0	3,811
Disposal of Assets	0	0	250	250
Non Allocated	0	0	383,238	383,238
GRAND TOTAL	34,973	206,062	475,148	716,183

Note: The funded column total of \$34,976 does not include the new funds to be received from Rust-Out