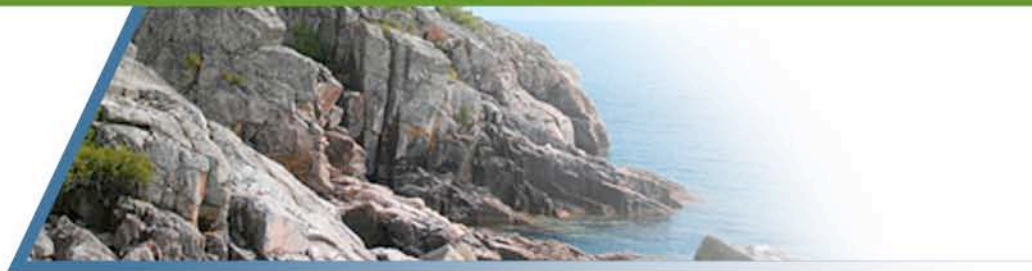


NRCan's Implementation of Investment Plan and turning it into an Opportunity

**Briefing to 2009 RPIC Regional Workshop
Atlantic Region**

June 8, 2009



Natural Resources
Canada

Ressources naturelles
Canada

Canada 

What is expected from departments...



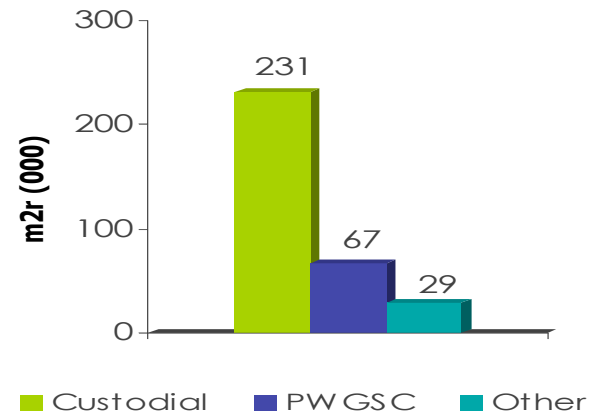
- Prepare an “Investment Plan for Assets and Acquired Services”
 - TBS mainly interested in departments being able to demonstrate an integrated departmental planning process for investments
 - Show details on planned spending, based on life cycle costs, within approved reference levels that support departmental priorities
 - Describe major projects
- Implement sound project management
 - Department must demonstrate its project management capacity
 - All significant projects must be assessed and rated for their complexity and risk (~\$1M) and results are filed electronically with TBS
 - If a project’s complexity and risk rating higher than department’s project management capacity rating – project must be submitted for TB approval
- DM’s commitment for March 2009

NRCan at a Glance

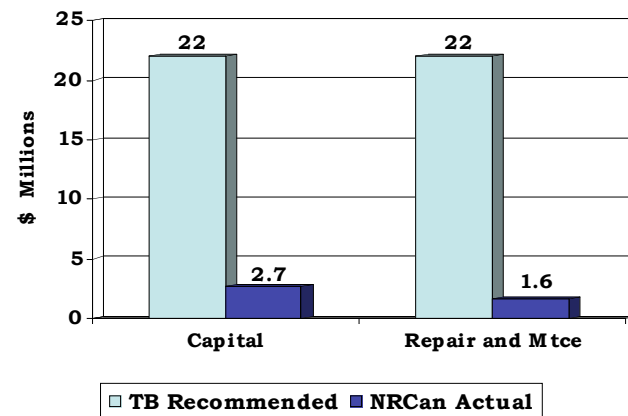


- Science-based department, with 5,000 FTES
- 2007-08 Reference Level - \$3.427B
- Five distinct Science Sectors plus Corporate Groups
- Renewed emphasis on "collective leadership and integrated planning"
- Extreme Departmental under-funding for assets
 - Real property
 - IM/IT
 - Fleet
 - Scientific Equipment

Current RP Portfolio
327,000m²r



NRCan RP Funding Deficit



What We Found When We Started...



- LTCP never addressed the need to integrate planning to prioritize and manage pressures, across the department
- No integrated departmental business planning and budgeting
 - A lot of silos
 - Asset funding scattered across corporate and science sectors
- Good asset management data on Real Property, Fleet and IMT
- Limited data on Scientific Equipment and Line of Business IMT
 - Number, size, location, life cycle costs, condition, replacement or recapitalization plans...
- Definitional/Scope problems
 - What is considered an “acquired service”
 - What defines a “project”, given scientific nature of department
 - What defined scientific equipment vs IMT equipment

What We Did...



- Established DG level working group (co-lead by RP and Finance) that included representatives from:
 - All asset managers (including science sectors)
 - Strategic planning and reporting managers
 - Finance experts
 - TBS representatives (Program and Government Ops Sectors)
- Leveraged new integrated departmental business planning process
- Worked with TBS to determine clarity
 - what was to be included
 - what defined a project for the purposes of the plan
- Analyzed departmental O&M expenditures, by asset category
- Completed assessments of departmental capacity and individual project complexity and risk
- Drafted plan

Outline of Investment Plan

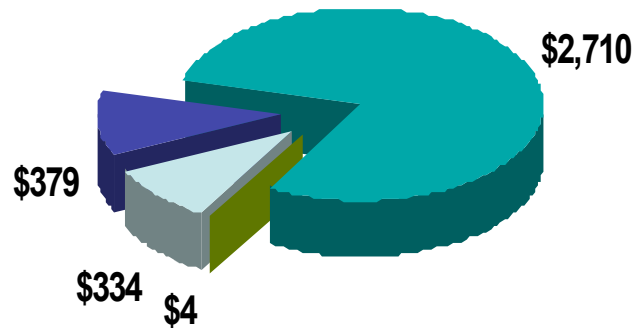


- Executive Summary
- Introduction
- Responsibilities of the Department
- Management Framework
- Investment Planning
- Financials
- Investments
- Project Management Capacity – Level II (Tactical)
- **Risks From Unfunded Projects**
- Risk Management, Performance Management, Evaluation and Continuous Improvement
- Conclusion

We rationalized the scope...

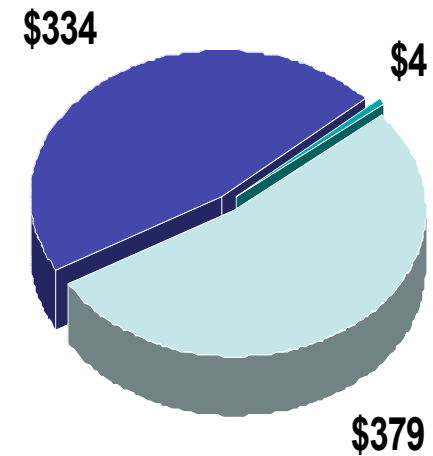


**NRCan 2007/08 Budget
\$ 3,427 Million**



Salary O&M Grants and Contributions Capital

**Capital, Salaries and O&M Budget
\$ 717 Million**

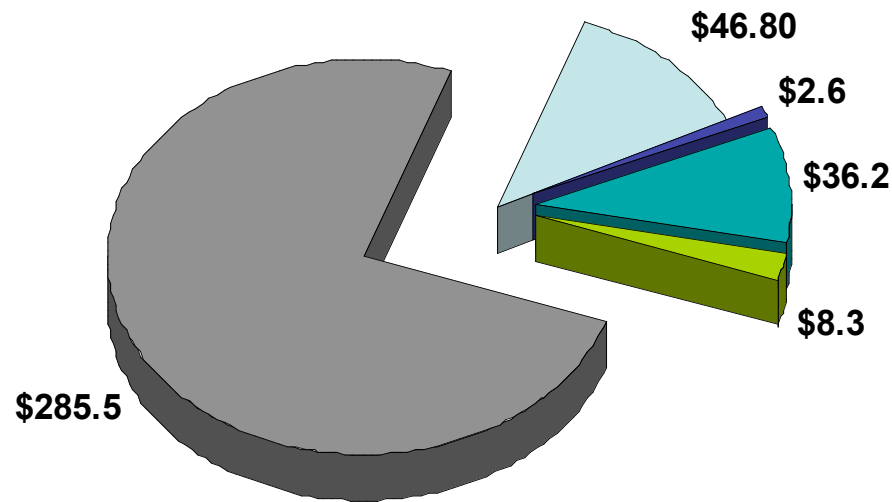


O&M Salaries Capital

We assessed our related expenditures...



Assets and Acquired Services \$Millions



O&M Expenditures for 2007- 08 (\$ Millions)



Base	CMS	Comm.	Dir & Coord.	Energy	ETPS	ESS	CFS	MMS	SPI	SSO	Grand Total
A	\$11.4	\$5.4	\$5.5	\$6.2	\$17.0	\$32.6	\$18.8	\$8.2	\$2.5	\$19.5	\$127.1
B	\$28.0			\$10.7	\$6.5	\$3.8	\$0.8	\$2.6		\$0.2	\$52.6
C		\$4.5		\$109.2	\$16.3	\$36.1	\$9.4	\$1.8		\$0.2	\$177.5
RF						\$3.9					\$3.9
Grand Total	\$39.4	\$9.9	\$5.5	\$126.1	\$39.8	\$76.4	\$29.0	\$12.6	\$2.5	\$19.9	\$361.1*

SOBJ Description	CMS	Comm.	Dir & Coord.	Energy	ETPS	ESS	CFS	MMS	SPI	SSO	Grand Total
ACQ/CON LAND,BUIL,WO	\$2.1					\$0.2					\$2.3
ACQ/CON MACHIN,EQUIP	\$1.6	\$0.1	\$0.3	\$1.0	\$6.4	\$7.3	\$4.3	\$3.4	\$0.1	\$8.2	\$32.7
INFORMATION	\$0.1	\$4.6		\$0.4	\$1.0	\$1.1	\$1.0	\$0.1	\$0.1		\$8.4
OTHER EXPENDITURES	\$6.5					\$1.3				\$0.1	\$7.9
PROF & SPECIAL SERV	\$24.9	\$3.3	\$4.0	\$117.8	\$21.8	\$40.7	\$10.8	\$2.4	\$1.7	\$5.5	\$232.9
RENTALS	\$0.3	\$0.2		\$0.5	\$1.5	\$7.8	\$0.3	\$0.4	\$0.1	-\$0.3	\$10.8
REPAIR & MAINTENANCE	\$1.2			\$0.2	\$0.6	\$2.4	\$1.5	\$0.4		\$0.8	\$7.1
TRANSPORT,COMMUN	\$0.7	\$1.5	\$1.1	\$3.7	\$4.8	\$10.6	\$6.8	\$2.9	\$0.5	\$5.1	\$37.7
UTILI,MATER,SUPPLIES	\$2.0	\$0.2	\$0.1	\$2.6	\$3.5	\$5.1	\$4.3	\$2.9	\$0.1	\$0.5	\$21.3
Grand Total	\$39.4	\$9.9	\$5.5	\$126.2	\$39.6	\$76.5	\$29.0	\$12.5	\$2.6	\$19.9	\$361.1*

* Includes \$8.5M for Geomatics Canada Revolving Fund

Status of Investment Plan



Complete

- Submitted draft Investment Plan
- Received TBS assessment of draft Plan – quite positive, but raised specific issues regarding the plan, including how department currently plans for Acquired Services

Underway

- Ensure consistency with RPP and Integrated Business Plan
- Develop new governance structure
- Document investment planning approval processes by sector
- Apply to 2008/09 financials
- Complete OPMCA and Conduct PCRA on selected major projects
- Develop departmental Project Management Framework

Target

- TB submission, Fall 2009

Lessons Learned...



- Create Working Group based on your departmental structure
 - Include planning and reporting function
- Work cooperatively with TBS
- Talk to “pilot” departments – get example documents if possible
- Engage senior management
- Engage regional operations, especially on project related planning and implementation
- Don't re-invent - copy and paste from existing planning documents
- Work with financial experts to provide consistent analysis of financial data
- Get agreement on definitions early in process
- Document everything

New Opportunities will result...



Departmental

- Integrated planning with clear governance
- Prioritization across all asset categories, to support programs
- Excellence in project management
- Increased project authorities
- Life cycle management and reporting

Real Property

- Rust out will be understood and addressed
- Excellence in planning, life cycle and project management will be recognized
- Centralized funding will ensue

New Opportunities already achieved...



Real Property

- Improved relations and understanding with TB
- Increased profile in the department
- Improved HQ-Regional relations, and clarity of roles
- Good planning has resulted insignificant Infrastructure investment \$84M over 2 years
 - Building Condition Reports
 - Building Management Plans
 - Prioritization framework
 - Project management capacity (level 2)
 - Partnerships in place with PWGSC (and Profac)
- Rust out is starting to be addressed
- Centralized funding is under development

Conclusion



- New policies are introduced for a reason
- Get involved if you can
- Lead if you can
- Look for the opportunities
- It's a lot of work, but it is worth it