

Municipal Asset Management

Section Overview

This supplementary section offers a very brief introduction to asset management (AM) – an important and relatively new practice area for municipal councils in Newfoundland and Labrador. Assets don't get the attention they deserve in the current *Municipal Council Handbook* so hopefully this will help!

Objectives

After completing this section – including reviewing the linked resources - you will understand the following:

- What asset management is and why it's important
- National, provincial and municipal interests in asset management
- Key concepts in contemporary asset management practice
- Where to go to learn more and get started

Key Terms	
Asset	A physical component of a facility or network which has value, enables services to be provided and has an economic life of greater than 12 months. ¹
Asset Management Plans (AMP)	According to our 2014-2024 Gas Tax agreement ² , AMP are “documents that support integrated, lifecycle approaches to effective stewardship of infrastructure assets in order to maximize benefits and manage risk. Plans can include: an inventory of assets; the condition of infrastructure; level of service or risk assessment; a cost analysis; community priority setting; and financial planning.”
Asset Management Readiness Scale (AMRS)	A self-assessment tool developed by the Federation of Canadian Municipalities (FCM) as part of their Municipal Asset Management Program (MAMP). The AMRS helps towns assess their current asset management practices and plan their next steps. It must be completed as part of making an application for the FCM's asset management funding.
Level of Service	The parameters, or combination of parameters, that reflect the social, political, environmental and economic outcomes that the organization delivers. The parameters can include safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost and availability. (AMRS; Source: ISO 55000:2014)
Risk	The product of the likelihood and consequence of an undesirable event or circumstance. Risk includes both asset risks (e.g. a pipe failing) and strategic risks (e.g. insufficient funds for renewal of critical assets).
Service Life	The period an asset provides an acceptable level of service.
Tangible Capital Asset Register (TCA Register)	Tangible Capital Asset Registers are the lists of municipal assets towns are required to maintain for accounting purposes in keeping with the Public Sector Accounting Board (PSAB) standards. Towns' AMP are developed for the assets on this list.

Infrastructure Matters

We often use “infrastructure” and “assets” interchangeably. Whatever we call them, these include the pipes, roads, equipment and facilities that let municipalities deliver local services. More evidence-based approaches to evaluating them have taken hold over the last decade, such as the [Canadian Infrastructure Report Cards](#) (CIRC). These reports demonstrate the significant infrastructure challenges communities across the country are facing and the need to implement full-lifecycle, infrastructure planning practices.

¹ *International Infrastructure Management Manual, Institute of Public Works Engineering Australasia (IPWEA)*

² [Canada-Newfoundland and Labrador Administrative Agreement on the Federal Gas Tax Fund, Annex A - Definitions, p. 6.](#)

AM Context and resources

The word “asset” doesn’t appear very often in the *Municipal Council Handbook*. Besides from addressing their *disposal* (6.8, 6.15) or the personal monetary interests in the context of *Conflict of Interest* (2.7), the only other specific references we see to them appear in relation to *Public Sector Accounting Board* (PSAB) accounting best practice (6.6), *risk management* (8.6), or more generally as the infrastructure and capital works budgeted, acquired and otherwise planned for with resources described in Section 9.

Section 9.2 refers to the **Gas Tax Fund** (GTF). As of June 29, 2021, the Gas Tax Fund has been renamed the **Canada Community-Building Fund** (CCBF) as it “...*better reflects the program’s evolution over time and will not alter or modify the objectives or requirements of the program.*” The current Gas Tax Agreement (2014-2024) may be seen as the latest step in the advancing of sustainability through continuous improvement (see 8.8) by all levels of government: **it requires all Canadian municipalities to adopt municipal asset management (AM) planning.**

What the Gas Tax Agreement Requires

According to the [Ultimate Recipient Gas Tax Agreement, Summary of Program for Municipal Allocations](#), page 2, *Reporting Requirements*, Item 3:

“Progress on Capital Asset Management Plans (CAMP) is required

Ultimate recipients are required to develop and/or implement a Capital Asset Management Plan by **March 31, 2023**. Progress of the development and/or implementation of this plan will be reported annually in a format prescribed by the Gas Tax Secretariat and will accompany the Ultimate Recipient Annual Report.”

The FCM’s **Green Municipal Fund** (GMF) was launched in 2000 with a \$500M allocation from the Government of Canada in support of municipal sustainability initiatives. The GMF has evolved in the two decades since in tandem with national and international policy, research and best practices but remains focused on growing local government capacity to realize projects delivering environmental, economic and social benefits. To assist with the adoption of contemporary AM practice, \$50M was allocated to the [Municipal Asset Management Program](#) (MAMP) to offer AM funding, training and [resources](#). The FCM’s [Asset Management Readiness Scale](#) (AMRS) is a recommended starting point and benchmarking tool for all towns moving ahead with their AM planning.

“Municipal officials across Canada increasingly recognize that to be considered sustainable, a project must benefit not only the environment, but also the economy and society at large. The combined and often complementary effects of these benefits produce tangible improvements in quality of life at the community level – cleaner water, better municipal services, and more efficient use of resources such as energy. For this reason, FCM promotes triple bottom line reporting and measures GMF project impacts using a “triple bottom line” approach – one that considers criteria from all three areas.”

Evolved, Evolve, Evolving
[Green Municipal Fund Annual Report 2014-15](#), p. 4

The [Canadian Network of Asset Managers](#) have been a partner to MAMP from the outset and have developed an excellent primer – [Asset Management 101](#) – to introduce the practice. A wealth of other AM material and examples elsewhere can be found online, such as this [YouTube](#) example from Saskatchewan; the excellent newsletters from [Asset Management BC](#); this overview of the innovative, eco-asset oriented AM approach for the [Town of Gibsons](#); and even this [Infrastructure Asset Management concept map](#). Also, please contact **Kathleen Parewick** at [Municipalities Newfoundland and Labrador](#) for further information and news on upcoming *Building Asset Management (BAM! NL)* program activities and the growing community of municipal AM practice in Newfoundland and Labrador.