

July 6, 2016

Ontario Asset Management Regulation Consultations – Considerations for Members Taking Part

To Heads of Council, CAOs, and Clerks:

On July 11, 2016 the Ministry of Infrastructure of Ontario will begin consultations on potentially establishing an asset management planning regulation under the *Infrastructure for Jobs and Prosperity Act, 2015*, to set the form and content of municipal asset management plans.

AMO strongly supports municipal asset management and has worked hard to provide resources and programming to help municipalities develop their capacity. However, the Association has significant concerns with a regulatory approach at this time to municipal asset management planning. Our advice to the Province was to not regulate but rather to update the Guideline, and to share and inform to develop a deeper culture of asset management planning. Regulating activity is always a very heavy-handed approach which we ask members to take into account while participating at these provincial consultations.

Since 2012 municipalities seeking provincial funding for infrastructure have been required to demonstrate how a proposal aligns with their asset management plan. This has resulted in nearly all municipal governments doing asset management planning. However, the Province remains concerned that the asset management plans vary substantially in what they contain and how they measure and report. The proposed regulation is focused on addressing this. We are concerned that the Province is proposing to develop a regulation for standardization and consistency purposes that would be of greater use to the Province than to municipal governments.

The consultation document indicates that the Province is proposing to do this by requiring:

- the creation of a municipal asset management policy specifying council's role and update frequency
- an asset inventory that lists the type, quantity, replacement cost, age, and condition of assets
- the use of standard service level indicators and measures to allow cross-municipal comparison
- a lifecycle management policy that sets out costs, risks, funding options, and future burden

- a financial strategy that details an asset's expenditure requirements, municipal revenues, the range of funding sources available, etc.

AMO participated in the group of municipal staff that the Province put together to inform its approach. In discussions at the political level, elected representatives advised that:

Preference for guidance – A more thorough and better guidance to municipalities on asset management can achieve greater capacity while respecting municipal diversity. Municipalities have already achieved a significant expansion in asset management with guidance and capacity support. Asset management is more a continuous cycle of planning. Tying asset management to funding application requirements has helped move the practice forward but at the same time, unsuccessful grant applications detract from the use of asset management planning. Taking a guidance, supportive approach is a course of action that, at this time, will be seen to be more helpful than a regulatory approach for 444 municipal governments.

Federal Gas Tax alignment – Any direction, guidelines or a regulation, taken by the Province needs to be consistent with the federal gas tax reporting requirements. Otherwise, municipalities will be doing more work than needed if not aligned.

Municipal capacity – Regulating asset management for the sake of standardization could stretch municipal staff capacity further without a direct municipal benefit.

Administrative Burden – Increasing regulatory burden on municipal governments is a major drain on municipal staff time and council activity. By regulating municipal asset management plans and requiring these plans to be integrated with all the others municipalities currently do, increases red tape, requires staff time and means councils will need to spend time on ensuring provincial requirements are met, rather than finding solutions to local problems.

In preparing to take part in the consultation process, AMO members may wish to think of their own experiences with asset management planning and the need for regulation. We hope the above concerns will be helpful in informing your input to the Province in this consultation.