



The Honourable Rod Phillips
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Sent via email to: submissions@ontario.ca

October 16, 2020

Subject: Fall 2020 Budget Consultations – Extending O.Reg. 588/17 (Asset Management Planning for Municipal Infrastructure) Deadlines by One-Year

Dear Hon. Phillips:

Thank you for this opportunity to provide considerations into the Fall 2020 Budget process. Due to the impact of COVID-19 on municipalities' operations, Asset Management Ontario (AMONTario) recommends that the Government extend each of the upcoming Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure) deadlines by one year.

Asset Management Ontario (AMONTario) is a multi-disciplinary community of practice that has been instrumental in supporting municipalities across Ontario comply with the regulation. It was integrally involved in the development of the regulation as part of the Province's Asset Management Technical Working Group. Through support received from the Ministry of Infrastructure, AMONTario created a comprehensive set of tools, templates, and resources for municipalities to expand their asset management capacity. In addition, AMONTario spearheads meetings where municipal practitioners share their learnings with each other, which helps to embed deeper cultural changes.

Ontario Regulation 588/17 provides a staged approach for municipalities to demonstrate responsible asset management as part of their everyday business practices. This approach is an important feature of the regulation because it recognizes that the process of transforming diverse organizational cultures requires, for most municipalities, multiple years.

The next milestone under O.Reg. 588/17 is for municipalities to submit asset management plans covering their core infrastructure by July 1, 2021; followed by a requirement for them to submit asset management plans covering all of their infrastructure by July 1, 2023; and for the asset management plans to incorporate expanded requirements by July 1, 2024.

Extending each of the regulatory deadlines by one-year would recognize the extraordinary circumstances facing municipalities under the COVID-19 pandemic. Municipalities are reeling from truncated resources caused by increased expenses in adapting to pandemic-related pressures and reduced revenues from property taxes. This applies to large and small municipalities across every region of the Province.

As a result, many municipalities are drawing down reserve funds to mitigate the operational impacts of COVID-19. This adversely affects municipalities' capacity to fund infrastructure projects. These pressures necessitate significant changes to municipalities' asset management plans at a time when many are unable to dedicate the necessary resources to comply effectively.

One might argue that good asset management would help municipalities get through such situations. That is true, but for the majority of Ontario municipalities, their levels of asset management maturity are not yet mature enough for them to adapt quickly. In fact, many municipalities have postponed asset management projects, canceled training needed to comply with the regulation, and suspended asset management hiring due to the pandemic.

Extending the O.Reg. 588/17 deadlines would allow municipalities an opportunity to adapt. We recommend extending all of the upcoming deadlines by one-year since the milestones are interdependent.

This approach would support the Government's efforts to reduce regulatory burdens on municipalities. At the time of this writing, municipalities are bracing for a resurgence of COVID-19 cases, which will continue to strain their capacities and focus resources on the most urgent, non-infrastructure related services.

Asset Management Ontario (AMONTario) is grateful for the Government's investment of billions of dollars in infrastructure projects across the Province. These investments strengthen communities, drive economic growth, and improve services for Ontarians. Proper asset management maximizes the value of infrastructure investments and helps organizations ensure the sustainable delivery of services. Revising the O.Reg. 588/17 deadlines would maximize the value of the Government's investments and accommodate the unforeseen COVID-19 pressures faced by municipalities.

Sincerely,

Chris Chen

Chris Chen
Executive Director

Copies:

Jennifer Bell (jennifer.bell3@ontario.ca), Chief of Staff to Hon. Laurie Scott, Minister of Infrastructure

Chris Giannikos (chris.giannikos@ontario.ca), Deputy Minister, Ministry of Infrastructure

Alex Beduz (alex.beduz@ontario.ca), Chief of Staff to Hon. Steve Clark, Minister of Municipal Affairs and Housing

Kate Manson-Smith (kate.manson-smith@ontario.ca), Deputy Minister, Ministry of Municipal Affairs and Housing