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Infrastructure Policy Division
Inter-Governmental Policy Branch
Municipal Infrastructure Policy Unit
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Dear Mr. McCann

RE: Proposed municipal asset management planning regulation, EBR Registry Number 013-0551

We are writing in response to the request for comments on the new draft Municipal Asset Management Planning Regulation. Asset management planning is essential to the resilience of Ontario communities – and now is our opportunity to get it right. With the goal of helping municipalities work towards a more sustainable financial position, the proposed municipal asset management planning regulation will be key in determining the success of this effort.

As background, we represent the project team for the [Municipal Natural Asset Initiative](#), an initiative to equip local governments across Canada with tools to identify and account for natural assets at the community level.

Local governments across Canada are faced with significant asset management challenges. Many of the services they provide - including water and wastewater delivery, waste removal, transportation, and environmental services - depend on engineered infrastructure assets that are in need of renewal. At the same time, the effects of climate change are expected to put even more strain on these assets and on local government budgets going forward.

Within this context, natural assets can play a vital role in sustainable service delivery. Natural assets are ecosystem features that are nature-based and provide services that would otherwise require equivalent engineered infrastructure alternatives. While natural assets are often grouped under the umbrella terms of “green infrastructure” or “natural infrastructure” they represent a distinct class of assets that, in a community context, can include forests that absorb stormwater and recharge aquifers, wetlands that reduce flooding risk, and coastal areas that protect against storm surges and sea level rise, among others.

Even though natural assets are important in municipal service delivery, local governments typically under-account for them, if they consider them at all. This can create a significant financial risk where local governments do not account for or manage for the full extent of their reliance on natural assets, and miss opportunities for substantial capital and operating cost savings.¹

¹ See for example: https://www.epa.gov/sites/production/files/2015-10/documents/cnt-lancaster-report-508_1.pdf; <https://www.epa.gov/file/green-infrastructure-climate-resiliency-infographic>

The Town of Gibsons, BC is the leading example of accounting for natural assets: by acknowledging the Gibsons Aquifer as an infrastructure asset, the Town is ensuring the protection and maintenance of a reliable drinking water supply for residents at a fraction of the cost of an engineered replacement, reducing their long-term financial risk. Recognizing that their natural assets are an important component of their community that they cannot afford to replace, the Town is continuing to develop its Eco-Asset strategy to include their creeks and woodlands, foreshore, and a number of other natural assets.² Through the Municipal Natural Assets Initiative, five Canadian municipalities are undertaking pilot studies in municipal natural asset management to scale up the Gibsons approach, with five more municipalities expected to start in 2017.

Based on the experience of this growing cohort of Canadian municipalities that are undertaking municipal natural asset management, we offer the following recommendations.

Recommendation 1: Develop a broader, more inclusive definition of natural assets that is not directly linked to tangible capital assets.

The inclusion of green infrastructure in the definition of an infrastructure asset under the proposed regulation is a major step forward in encouraging municipal governments to assess and value the various services that natural assets provide. However, the link to the tangible capital assets definition in the proposed regulation is problematic. Although some natural assets, such as urban forests, may be considered a tangible capital assets (TCA) according to the criteria used by the Public Sector Accounting Board (PSAB), most will not. PSAB specifically excludes most natural features from the definition of a TCAs. To avoid piecemeal, inefficient and restrictive management of natural assets by local governments, the proposed regulation should enable local governments to manage and account for any natural asset that delivers a municipal service, not just those that qualify for the current, limited TCA definition.

Recommendation 2: Develop a clear definition of green infrastructure that includes a clear delineation of the relationship between green infrastructure and natural assets.

The term “green infrastructure” varies depending on the source and this causes much confusion among stakeholders, the public, and decision makers. A clear definition of green infrastructure that specifically includes natural assets will help alleviate this confusion and provide a clearer path forward. The 2014 Provincial Policy Statement (PPS) provides a clear definition of green infrastructure:

Green infrastructure: means natural and human made elements that provide ecological and hydrological functions and processes. Green infrastructure can include components such as natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces, and green roofs.

To support this definition and based on our initial research, the MNAI has suggested the following definition of natural assets specifically that could be used to support the broader PPS green infrastructure definition:

² See <http://www.gibsons.ca/include/get.php?nodeid=1000>

Municipal³ natural assets refers to the stocks of natural resources or ecosystems that contribute to the provision of one or more services required for the health, well-being, and long-term sustainability of a community and its residents.

The Municipal Natural Asset Management (MNAM) approach views municipal natural assets through an infrastructure asset management lens and generally considers those municipal natural assets that would otherwise need to be provided by a municipality, regional government, or other form of local government.

We look forward to working with the Ministry of Economic Development, Employment, and Infrastructure as the municipal asset management planning regulation is developed to ensure Ontario municipalities have a solid foundation for improving the long-term sustainability of infrastructure throughout the province.

Sincerely,

Roy Brooke, Director

Municipal Natural Assets Initiative

³ The term 'municipal' is taken to mean, as defined in Merriam-Webster's dictionary: of or relating to the internal affairs of a major political unit (such as a nation), or restricted to one locality. As such, the term municipal applies to all forms of local governments, including, but not limited to, municipalities, regional governments, and First Nation communities.