

Infrastructure

BUSINESS PLAN 2008-11



ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2008 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 18, 2008 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

Jack Hayden, *Minister of Infrastructure*
April 3, 2008

THE MINISTRY

The Ministry provides leadership in planning, designing and constructing innovative and environmentally friendly public facilities for a changing and growing province. The Ministry works with partners and stakeholders to support the provision of health, learning, and other public infrastructure. In doing so, it provides professional and technical expertise on capital planning, design, construction, procurement, costing, project management and facility evaluation and preservation. The Ministry maintains and preserves government-owned properties, and provides accommodation and realty services to all government departments, including space planning and leasing as well as the acquiring and disposing of property. In carrying out its responsibilities, the Ministry provides government with expertise to achieve the Leadership in Energy and Environmental Design (LEED) designation for public buildings. The Ministry also manages the Edmonton and Calgary Transportation and Utility Corridors and the Swan Hills Treatment Centre, and administers the Natural Gas Rebate Program.

VISION

Innovative, high quality, and well designed public infrastructure for Albertans.

MISSION

Through leadership, expertise, and collaboration with our partners, we support the provision of public infrastructure that contributes to the province's prosperity and quality of life.

VALUES

The Ministry's values define how we treat our clients, stakeholders, partners, the public and each other, as we proudly work together to build a stronger province for current and future generations.

Respect - We foster an environment in which each individual is valued, respected and heard.

Integrity - We behave ethically and are open, honest and fair.

Accountability - We are responsible for our actions and for contributing to the effectiveness of the public service.

Excellence - We use innovation and continuous improvement to achieve excellence for Albertans.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

The Ministry Business Plan supports the following Government of Alberta goals:

Goal 1: Alberta will have a prosperous economy

- The Ministry supports the provision of innovative, high quality, and well designed health, research and other infrastructure to support the province's growing economy and the delivery of government programs.

Goal 2: Albertans will be well prepared for lifelong learning

- The Ministry provides technical expertise to partner ministries and boards to ensure schools and post-secondary facilities meet program needs and facilitate the lifelong learning of Albertans.

Goal 3: The high quality of Alberta's environment will be sustained

- The Ministry contributes to the quality of the province's environment by adopting the Leadership in Energy and Environmental Design (LEED) Silver rating as an environmental standard for the design of new government funded buildings. Infrastructure is continuing to implement the Building Owners and Managers Association (BOMA) "Go Green" certification for government-owned buildings throughout the province. The Ministry also supports the operation of the Swan Hills Treatment Centre to dispose of hazardous wastes.

Goal 4: Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally

- The Ministry supports this goal by effectively planning and managing government owned and leased facilities and implementing innovative technologies to increase energy efficiency and reduce operating costs.

Goal 5: Albertans will be healthy

- The Ministry works with Health and Wellness and health regions to plan and implement the most appropriate facility solutions to meet the health delivery needs of Albertans.

Goal 7: Alberta will be a safe place to live, work and raise families

- The Ministry maintains safe facilities that support government programs.

Government of Alberta Priority

Infrastructure provides the professional and technical expertise to support the Government of Alberta's priority:

- *Provide the roads, schools, hospitals and other public infrastructure to meet the needs of a growing economy and population.*

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

Maintaining Existing Infrastructure

The province is challenged to balance the need for new infrastructure to accommodate Alberta's growth, with the need to maintain and upgrade existing capital assets. Regular maintenance protects and extends the useful life of public buildings and other infrastructure. Major repairs can be expected to cost more than routine maintenance, and complete replacement can cost up to five times that of repair. In addition, new infrastructure built to accommodate the province's population growth will create a corresponding and increased need for operating and maintenance funding.

Planning and Design of Infrastructure to Meet Changing Needs

The Ministry works with partners and stakeholders to plan and build the infrastructure that will serve Albertans as effectively and efficiently as possible. Alberta currently spends more per capita than other provinces on capital construction. However, there is still a strong demand for new infrastructure to accommodate a growing population, as well as shifting demographics and population distributions. Alberta's population growth fuels the need for new learning and health facilities. Reduced populations in rural and inner city areas create a demand for flexible and multi-use building designs so that facilities will not be underused as needs change. Therefore, Infrastructure will continue to seek and adopt innovative and best practices in the design, delivery, and financing of publicly funded infrastructure, including public-private partnerships where appropriate.

Cost Increases/Tight Labour Market

The booming provincial economy continues to put pressures on certain industries. Construction prices continue to rise rapidly because of global increases in the cost of materials, labour, and energy prices. Labour shortages, low unemployment rates, aging workforce demographics, high construction volumes, inflation, and lack of capacity in the construction industry are also fueling the increased costs. This trend is expected to continue in the near future. Therefore, there is a steady cost escalation for the construction and maintenance of buildings and other infrastructure. Mega projects and significant new provincial and federal infrastructure programs are also contributing to cost escalation for all types of infrastructure.

Economic and Population Growth and Changing Demographics

The influx of new residents, along with new industrial investment and expansion, places significant demand on public infrastructure in Alberta, particularly in the major cities and the areas involved in oil sands development. The dramatic increase in population and real estate prices is creating additional cost pressures for the development and preservation of public infrastructure.

Environmental Sustainability

Albertans continue to be concerned about environmental issues. Infrastructure recognizes the need to lead improvement and further embed environmentally responsible practices in its core businesses. As a result, the Ministry continues to seek and develop new and environmentally friendly technologies and best practices in the planning, design, construction, and operation of provincial facilities infrastructure.

STRATEGIC PRIORITIES 2008-11

Through the Ministry's review of external and internal challenges, the strategic priorities described below have been identified. These are in addition to the ongoing core activities of the Ministry.

CREATING AND PROTECTING OUR OPPORTUNITIES

- 1. Increase the efficiency of health and education infrastructure design and construction**

Linkage: Goal 1

Health and education are top priorities for Albertans and the Government of Alberta. Therefore, in keeping with the Government's 20-Year Strategic Capital Plan, the Ministry will support partners with the technical expertise to increase the efficiency of health and education infrastructure design and construction. This includes determining the most appropriate design and construction of:

 - new and expanded health facilities to meet the needs of a growing population, leading edge health professionals, and innovative health delivery
 - new K-12 and post-secondary learning facilities, as well as the maintenance of existing facilities to support the delivery of educational programs for our learners.
- 2. Implement public-private partnership (P3) opportunities where appropriate**

Linkage: Goals 1 and 2

With the labour shortage and cost escalation issues occurring in Alberta, the government must provide direction and innovative solutions. There continues to be a high level of interest in developing infrastructure through partnerships to provide Albertans with much needed facilities. Where feasible and cost effective, Infrastructure will continue to pursue alternative procurement options for new facilities.
- 3. Address the deferred maintenance backlog in government owned buildings**

Linkage: Goal 2

As government owned buildings age, the rate of deterioration increases. Addressing the backlog of renovation and upgrading required in existing building infrastructure is a top priority of the Ministry to protect the health and safety of occupants, and investment of Albertans. Infrastructure will remain committed to reducing the deferred maintenance in government owned buildings, and balancing the need for new infrastructure to manage growth pressures.
- 4. Evaluate and address accommodation pressures at government owned and leased properties**

Linkage: Goal 4

Safe and efficient access for Albertans to government programs and facilities is an important priority of the Ministry. Government program needs change over time and Infrastructure plays a key role in addressing pressures on government owned and leased properties through evaluation and planning of accommodation needs, facility evaluations and implementation of renovation projects. The Ministry will work with client departments to ensure appropriate space and the continued operation of government owned and leased facilities.

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Support the efficient provision of public infrastructure in Alberta

Infrastructure ensures that standards are met, and that innovations and best practices are used throughout the life-cycle of a facility. Effective partnerships with program ministries, school boards, health regions, and post-secondary institutions in the design and construction of projects, ensure taxpayers receive good value for their investment in health and education facilities.

In partnership with other Ministries, Infrastructure also leads the design and implementation of major capital projects to support the delivery of government programs and services for Albertans. In addition, the Ministry is responsible for the overall operating management of government owned and leased facilities to promote the delivery of services to Albertans and their communities, including office space, courts, correctional facilities, warehouses, laboratories, and research centres. The Ministry plays a key role in ensuring the health and safety of occupants and visitors at government owned and leased facilities through barrier-free access, leading environmental practices, and emergency and safety planning. It monitors and evaluates energy efficiency and operating costs, and continues to assess the condition of government owned and supported facilities to identify preservation and replacement needs.

GOAL ONE **1** Safe, innovative and cost-effective health and education infrastructure for Albertans

What it means Infrastructure shares Albertans' expectation for quality health services and education programs. Our goal is to support government departments, partners and stakeholders with the technical expertise in the innovative planning, design, construction, and financing of public facilities that promote the delivery of our health services and lifelong learning.

Strategies

- 1.1 Collaborate with program ministries and stakeholder boards to provide technical expertise and cost analysis to ensure capital plans reflect the highest priority projects and life-cycle costing.
- 1.2 Work with program ministries, school boards, post-secondary institutions and health regions in the planning and implementation of approved major projects to ensure they include best practices in planning, design, management, costing, and delivery.
- 1.3 Monitor and report the physical condition of existing schools, health facilities and post-secondary institutions to support the planning of facility requirements and effective delivery of health and education programs in Alberta.
- 1.4 Enhance accountability of capital projects by working with program ministries to develop frameworks and policies to guide review, approval and implementation of capital projects.
- 1.5 Support the implementation of the Alberta Schools Alternative Procurement (ASAP) approved projects.
- 1.6 Work with Treasury Board and partner ministries to evaluate the opportunity for public-private partnerships.
- 1.7 Enhance the Ministry's role as a centre of excellence which supports industry, boards and other stakeholders in facility project management, design and architecture, and building sciences by continuing to undertake research and implement best practices, such as life-cycle planning.

- 1.8 Develop, implement and maintain best practices and consistent facility standards, including the use of evidence based design, lean design, and core school designs.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
1.a Health Facilities – Physical Condition¹:				
• Percentage in good condition	67.0%	67.0%	68.0%	70.0%
• Percentage in fair condition	28.0%	26.0%	25.0%	23.0%
• Percentage in poor condition	5.0%	7.0%	7.0%	7.0%
1.b School Facilities – Physical Condition¹:				
• Percentage in good condition	71.0%	73.0%	73.0%	73.0%
• Percentage in fair condition	26.0%	25.0%	25.0%	25.0%
• Percentage in poor condition	3.0%	2.0%	2.0%	2.0%
1.c Post-Secondary Facilities – Physical Condition¹:				
• Percentage in good condition	60.0%	55.0%	55.0%	55.0%
• Percentage in fair condition	30.0%	35.0%	35.0%	35.0%
• Percentage in poor condition	10.0%	10.0%	10.0%	10.0%

Note:

- 1 Targets reflect the anticipated condition of facilities based on current level of program funding. Infrastructure Maintenance and Renewal / Infrastructure Maintenance Program funding is administered by Health and Wellness, Education, and Advanced Education and Technology. Facility upgrades are managed by Boards.

GOAL TWO

2

Excellence in the development and operation of government properties

What it means The Ministry manages government owned and leased facilities to promote safe and cost effective access to provincial programs and services for Albertans.

Strategies

- 2.1 Implement best practices in the management and delivery of major capital projects, including the life-cycle planning, design, and construction of government-owned facilities required to deliver programs and services to Alberta.
- 2.2 Undertake facility evaluations to identify facility upgrading needs, and work with Treasury Board to ensure adequate funding to address the deferred maintenance backlog in government owned facilities.
- 2.3 Work with partners and stakeholders to ensure that barrier-free access for seniors and persons with disabilities continues to be fully considered in Ministry building design standards, policies, programs, and all planned infrastructure projects.
- 2.4 Continue with the approved physical building and site security implementation plan for government facilities, which will initially focus on the higher risk facilities by installing new or replacing obsolete security systems.
- 2.5 Work with Treasury Board and other ministries to identify and evaluate opportunities for public-private partnership procurement for government facilities and implement approved projects.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
2.a Government Owned and Operated Facilities – Physical Condition:				
• Percentage in good condition	40.0%	45.0%	43.0%	42.0%
• Percentage in fair condition	56.0%	51.0%	53.0%	54.0%
• Percentage in poor condition	4.0%	4.0%	4.0%	4.0%
2.b Average Operating Cost per Square Metre of Government Owned and Operated Office Space:				
• Percentage of operating cost compared to industry average	81.0%	90.0%	90.0%	90.0%

Core Business Two: Ensure effective environmental stewardship of public infrastructure

Albertans are committed to ensuring the province has a safe and healthy environment for current and future generations. Infrastructure remains committed to integrating leading environmental and energy efficiency standards into all new infrastructure projects to minimize the environmental footprint of Ministry activities. Initiatives are undertaken to monitor air quality and improve energy efficiency, enhance the comfort of facility occupants, generate cost savings, and lessen the environmental impact of operating government-owned facilities.

GOAL THREE

3

Environmental sustainability of public infrastructure

What it means Albertans expect the design and operation of our public infrastructure to be safe, healthy, and environmentally friendly. It is our goal to ensure that the highest and most cost effective environmental standards inform the design, building, and maintenance of our public infrastructure to make our environment safe and healthy for Albertans today and tomorrow.

Strategies

- 3.1 Following the adoption in 2006 of Leadership in Energy and Environmental Design (LEED) Silver as an environmental standard for the design of new government-funded buildings, evaluate the benefits of upgrading to LEED Gold.
- 3.2 Continue to identify and implement leading practices to operate the Swan Hills Treatment Centre in a safe and efficient manner.
- 3.3 Continue with implementation of the Building Owners and Managers Association (BOMA) "Go Green" certification for government-owned buildings throughout the province.
- 3.4 Apply environmental management and remediation initiatives to address identified concerns at properties owned by government.
- 3.5 Monitor energy efficiency and operating costs of government owned and leased facilities and make cost-effective improvements.

- 3.6 Maintain and monitor indoor air quality standards and processes aimed at reducing the risks associated with aging infrastructure, and ensure appropriate processes are followed to address incidences, such as mould, that may be found.
- 3.7 Review and evaluate applicability of introducing "green" procurement standards, including recycled and environmentally friendly products.

Performance Measure	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
3.a Energy Consumption in Megajoules per Square Metre in Government Owned and Operated Facilities ¹	1,746	1,750	1,750	1,750

Note:

1 The annual energy efficiency (natural gas and electricity) of government-owned buildings operated by Alberta Infrastructure is monitored. The Ministry has steadily reduced consumption from 1779 megajoules per square meter in 2002-03 by identifying and adopting energy saving measures. We remain committed to maintaining energy efficient practices.

Core Business Three: Shared leadership and coordination of government accommodation and support services

Infrastructure provides central services to all government departments, working with client departments to understand their property needs, including space planning and leasing as well as the acquiring and disposing of property. The Ministry assists in development and implementation of emergency and safety plans for government owned and leased buildings across the province. The Ministry also supports provincial government priorities for Albertans through delivery of key initiatives such as the Natural Gas Rebate Program.

GOAL FOUR 4 Strategic accommodation and support services for Albertans

What it means Infrastructure works with all departments in understanding their property needs, and takes a lead role in providing services for acquisition and disposal of properties as appropriate. The Ministry provides facility maintenance and caretaking services, accommodation evaluations, and works with Treasury Board to ensure adequate funding is available to meet accommodation needs for government's priority programs. Infrastructure administers the Natural Gas Rebate Program on behalf of government.

Strategies

- 4.1 Address accommodation pressures for government owned and leased infrastructure by completing evaluations to identify and report requirements for additional leased space.
- 4.2 Continue to develop and implement accommodation master plans for larger communities in Alberta to meet priority facility needs for government programs.
- 4.3 Plan, develop, and administer the Edmonton and Calgary Transportation and Utility Corridors, including enhanced sharing of information with interested buyers, realtors, and other stakeholders.
- 4.4 Administer the Natural Gas Rebate Program.

Performance Measure	Last Actual (2005)	Target 2008-09	Target 2009-10	Target 2010-11
4.a Client Satisfaction Survey:				
<ul style="list-style-type: none"> Property development quality of service rating (based on a scale of 1 to 6)¹ 	4.4	N/A	4.6	N/A

Note:

1 Client Satisfaction Survey is conducted every two years and is based on the calendar year. Respondents rate satisfaction on a scale of one to six, one being very dissatisfied and six being very satisfied. The next survey will be conducted in 2008 based on the 2007 calendar year.

CORPORATE STRATEGIES

Corporate Support Services such as human resources, finance, information management and technology, policy, planning, and reporting are provided to support the *Government Accountability Act*, promote the effective management and delivery of programs and services and encourage continuous improvement to better serve Albertans.

Infrastructure is committed to providing a positive and healthy work environment, and strengthening business practices through continuous improvement and excellence in service delivery. Successful delivery of the Ministry's core businesses depends on building and maintaining a strong and flexible organization and infrastructure with the knowledge and capacity to respond to changing business needs. The Ministry's Corporate Strategies support achievement of all Ministry goals, and include:

- Develop and implement a Shared Services Agreement between the Ministries of Transportation and Infrastructure.
- Continue to strengthen planning and reporting to support decision making and accountability, with an increased emphasis on strategic planning, enterprise risk management, and a comprehensive performance measurement framework.
- Develop strategic advice and recommendations to the Minister regarding policies pertaining to owned and supported infrastructure, and represent the Ministry in external relations regarding infrastructure policy.
- Continue to develop and coordinate a Ministry Human Resources Plan to make the Ministry an employer of choice and ensure the organizational capacity to deliver programs and services.
- Develop and implement leading edge strategic financial and accounting policies, practices, and controls to support budget planning, forecasting and reporting that enhances accountability and decision making.
- Develop and integrate information technology systems to ensure systems support critical business needs, and continue to assess where new technologies can be used to enhance programs and service delivery.
- Collaborate with clients, partners and stakeholders to clarify roles and accountabilities.
- Support the Ministry in developing new and amending statutes and regulations to address the Ministry's needs for a coherent legislative framework.
- Continue to manage the Ministry's Freedom of Information and Protection of Privacy (FOIP) program.

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Support the efficient provision of public infrastructure in Alberta	228,217	270,798	285,852	362,346	342,817	346,034
Ensure effective environmental stewardship of public infrastructure	25,967	24,021	35,554	28,555	29,572	29,586
Shared leadership and coordination of government accommodation and support services	550,390	666,350	555,121	575,842	512,510	512,707
MINISTRY EXPENSE	804,574	961,169	876,527	966,743	884,899	888,327

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
REVENUE						
Transfers from Government of Canada	1,439	23,597	1,097	22,500	-	-
Premiums, Fees and Licences	2,934	2,700	2,700	2,700	2,700	2,700
Investment Income	2	-	-	-	-	-
Other Revenue	54,738	52,885	27,465	25,320	25,320	25,320
MINISTRY REVENUE	59,113	79,182	31,262	50,520	28,020	28,020
EXPENSE						
Program						
Ministry Support Services	12,931	13,204	13,450	14,338	14,852	15,381
Government Operations	304,525	364,040	407,666	429,721	385,852	386,954
Other Programs and Services	407,992	513,253	376,039	412,364	402,195	403,992
Non-Cash Items	79,126	70,672	79,372	110,320	82,000	82,000
MINISTRY EXPENSE	804,574	961,169	876,527	966,743	884,899	888,327
Gain (Loss) on Disposal and Write Down of Capital Assets	23,537	-	-	-	-	-
NET OPERATING RESULT	(721,924)	(881,987)	(845,265)	(916,223)	(856,879)	(860,307)

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Ministry Revenue	59,113	79,182	31,262	50,520	28,020	28,020
<i>Inter-ministry consolidation adjustments</i>	(4,056)	(3,180)	(3,180)	(3,180)	(3,180)	(3,180)
Consolidated Revenue	55,057	76,002	28,082	47,340	24,840	24,840
Ministry Program Expense	804,574	961,169	876,527	966,743	884,899	888,327
<i>Inter-ministry consolidation adjustments</i>	(4,056)	(3,180)	(3,180)	(3,180)	(3,180)	(3,180)
Consolidated Expense	800,518	957,989	873,347	963,563	881,719	885,147
Gain (Loss) on Disposal and Write Down of Capital Assets	23,537	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	(721,924)	(881,987)	(845,265)	(916,223)	(856,879)	(860,307)

CAPITAL INVESTMENT BY CORE BUSINESS

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Support the efficient provision of public infrastructure in Alberta	152,167	224,574	122,660	423,434	285,958	255,862
Ensure effective environmental stewardship of public infrastructure	3,258	5,420	7,120	5,662	5,928	6,221
Shared leadership and coordination of government accommodation and support services	101,216	114,284	48,028	40,874	9,132	9,132
MINISTRY CAPITAL INVESTMENT	256,641	344,278	177,808	469,970	301,018	271,215

CAPITAL INVESTMENT BY PROGRAM

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Ministry Support Services	4,166	4,161	4,161	4,365	4,161	4,161
Government Operations	250,863	319,415	152,945	454,685	296,857	267,054
Other Programs and Services	1,612	20,702	20,702	10,920	-	-
MINISTRY CAPITAL INVESTMENT	256,641	344,278	177,808	469,970	301,018	271,215