

BUSINESS PLAN 2016–19

Infrastructure

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of March 17, 2016.

original signed by

Brian Mason, Minister

MINISTRY OVERVIEW

The ministry consists of the Department of Infrastructure.

Infrastructure designs, builds, operates and maintains government-owned facilities, and works with other ministries to ensure Albertans have the schools, hospitals and other public infrastructure necessary to meet the needs of a growing province. The ministry is responsible for leading the development of the provincial Capital Plan, which supports key social programs and services provided to Albertans, economic development in the province, and environmental outcomes. The ministry works with stakeholders and industry to develop and deliver innovative capital projects, while also considering opportunities to renovate, repurpose and revitalize existing facilities. In addition, Infrastructure provides accommodation services and manages a large portfolio of owned and leased facilities while maintaining fiscal accountability and optimizing value for Albertans.

A more detailed description of Infrastructure and its programs and initiatives can be found at www.infrastructure.alberta.ca.

STRATEGIC CONTEXT

The outcomes and key strategies identified in this business plan are aligned with the strategic direction of the Government of Alberta.

Fluctuating oil prices and other fiscal pressures continue to present challenges and opportunities for Alberta. Infrastructure investments can help stimulate the economy by creating jobs while ensuring Albertans have access to necessary health, learning and government facilities. The 2016-21 Capital Plan will support the provision of modern, efficient infrastructure that will set the stage for medium and long-term economic growth and allows the government to take advantage of available industry capacity and low interest rates.

Climate change is a key issue facing the province today, with its social, environmental and economic consequences already being experienced around the world and here at home. Addressing the reality of climate change and working towards a more sustainable future is a key priority for government. Infrastructure recognizes the importance of sustainability and is committed to the responsible management of government assets. The ministry can improve Albertans' quality of life by supporting renewable energy technologies and waste reduction, strengthening asset management practices and aligning its business with environmentally smart practices.

Building Alberta's infrastructure must take into consideration the demographic, labour market and regional trends across the province. Alberta's population growth has outpaced that of other provinces by a wide margin over the past several years and continues to grow even with current economic challenges. This growth requires significant investment to address the infrastructure backlog and maintain existing facilities in a sustainable manner. Such investments support key outcomes in the education and health care systems and contribute to a diversified economy and a resilient province. This also includes supporting Indigenous communities by working with and supporting provincial programs to address the recommendations of the United Nations Declaration on the Rights of Indigenous Peoples.

Infrastructure will be required to continue balancing the construction of new facilities with the maintenance of existing infrastructure. Safeguarding public assets and ensuring value for money requires an entire life-cycle approach to project and property management, from planning to operations and ultimately disposal. Preservation of infrastructure assets, including maintenance and rehabilitation, can extend their useful life and reduce costs in the long-term.

OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

Outcome One: Innovative and responsible infrastructure solutions that meet current and future provincial needs

Timely provision of public infrastructure to meet community needs in a cost-effective and efficient manner, consistent with the province's environmental, social and economic values.

Key Strategies:

- 1.1 Develop a responsible provincial Capital Plan focused on modern and efficient public infrastructure that sets Alberta on a path to sustainable prosperity.
- 1.2 Improve and strengthen the provincial capital planning process, in collaboration with partner ministries, by identifying strategic opportunities that consider demographic shifts and support economic growth and diversification.
- 1.3 Address Alberta's infrastructure deficit by balancing the expansion of new facilities with the preservation of existing infrastructure.
- 1.4 Deliver health, learning and other public infrastructure projects on time, on budget and to specification to support the provision of key public services.
- 1.5 Continuously improve project management, procurement, partnerships and delivery mechanisms and practices.

Performance Measures	Last Actual 2014-15	Target 2016-17	Target 2017-18	Target 2018-19
1.a Health facilities – physical condition:				
• Percentage in good condition	86%	85%	85%	86%
• Percentage in fair condition	13%	13%	13%	12%
• Percentage in poor condition	1%	2%	2%	2%
1.b School facilities – physical condition:				
• Percentage in good condition	56%	60%	60%	61%
• Percentage in fair condition	43%	39%	39%	38%
• Percentage in poor condition	1%	1%	1%	1%

Performance Measures	Last Actual 2014-15	Target 2016-17	Target 2017-18	Target 2018-19
1.c Post-secondary facilities – physical condition:				
• Percentage in good condition	73%	66%	70%	69%
• Percentage in fair condition	25%	32%	29%	30%
• Percentage in poor condition	2%	2%	1%	1%
1.d Government-owned and operated facilities – physical condition:				
• Percentage in good condition	75%	75%	74%	75%
• Percentage in fair condition	24%	24%	25%	24%
• Percentage in poor condition	1%	1%	1%	1%

Linking Performance Measures to Outcomes:

1.a, 1.b, 1.c, 1.d Provide an indication of the physical condition of each facility type. This data can enable the ministry to provide capital planning advice regarding the prioritization of investments in new facilities and capital maintenance and renewal funding for existing facilities.

Outcome Two: **Alberta's public infrastructure is effectively managed and environmentally sustainable**

Ensuring the use of industry best practices in asset and property management to maximize service delivery and enhance quality of life.

Key Strategies:

- 2.1 Embrace asset management solutions that support effective decision-making during the full life-cycle of property assets, from design and construction to operation, maintenance and divestment.
- 2.2 Maximize the value of public infrastructure investments and minimize total costs by re-investing in core assets over the long-term, maintaining existing assets according to industry standard, and disposing of inefficient or obsolete assets.
- 2.3 Examine opportunities that align provincial infrastructure operations with climate change strategies, with specific focus on energy-efficient technologies and reducing greenhouse gas emissions to minimize the environmental impacts.
- 2.4 Facilitate efficient and cost-effective accommodation services through optimal space utilization.

Performance Measures	Last Actual 2014-15	Target 2016-17	Target 2017-18	Target 2018-19
2.a Energy consumption in mega joules per square metre in government-owned and operated facilities	1,609	1,595	1,590	1,585
2.b Percentage difference between average operating costs per rentable square metre of government-owned and operated office space and privately operated leased space	9.5%	±5%	±5%	±5%

Linking Performance Measures to Outcomes:

- 2a. Indicates success in reducing energy consumption through efficiencies and green technologies.
- 2b. Compares the average operating cost of government-owned and operated facilities with similar space in the private sector, indicating the cost-effectiveness of operating and maintaining government office space.

Performance Measures under Development:

Greenhouse gas emissions from government-owned and managed buildings: This measure indicates success in reducing greenhouse gas emissions, to support Alberta's Climate Leadership Plan.

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2016-17 Estimate	2017-18 Target	2018-19 Target
	2014-15 Actual	2015-16 Budget	2015-16 Forecast			
REVENUE						
Transfers from Government of Canada	295	403	403	1,668	3,181	3,069
Investment Income	333	-	-	-	-	-
Premiums, Fees and Licences	4,172	2,648	2,648	2,756	2,756	2,756
Other Revenue	144,480	27,917	36,399	58,581	63,673	84,009
Ministry Total	149,280	30,968	39,450	63,005	69,610	89,834
Inter-Ministry Consolidations	(4,457)	(6,520)	(6,520)	(10,450)	(3,485)	(3,485)
Consolidated Total	144,823	24,448	32,930	52,555	66,125	86,349
EXPENSE						
Ministry Support Services	24,312	24,870	24,870	26,147	26,354	27,426
Capital Construction	469,241	603,925	546,438	647,243	623,376	724,093
Strategic Partnerships Office	1,858	2,975	2,975	1,200	-	-
Property Management	351,544	358,237	363,565	372,372	388,310	400,031
Asset Management	3,613	7,527	7,527	7,908	7,908	8,056
Realty Services	227,591	201,852	201,852	225,164	243,695	238,550
2013 Alberta Flooding	54,287	43,938	14,532	21,534	24,174	4,066
Debt Servicing	144	211	211	190	168	146
Ministry Total	1,132,590	1,243,535	1,161,970	1,301,758	1,313,985	1,402,368
Inter-Ministry Consolidations	(450,216)	(587,534)	(530,509)	(610,343)	(592,346)	(705,774)
Consolidated Total	682,374	656,001	631,461	691,415	721,639	696,594
Net Operating Result	(537,551)	(631,553)	(598,531)	(638,860)	(655,514)	(610,245)
CAPITAL INVESTMENT						
Ministry Support Services	3,206	3,953	3,953	3,558	3,558	3,558
Capital Construction	169,907	319,321	135,817	232,691	117,407	50,326
Strategic Partnerships Office	498	-	-	-	-	-
Property Management	25,713	66,158	61,330	74,129	77,549	105,997
Realty Services	18,554	45,579	32,579	21,300	8,300	9,457
2013 Alberta Flooding	751	10,515	6,000	11,000	2,249	-
Total	218,629	445,526	239,679	342,678	209,063	169,338