Infrastructure

Annual Report
2017-18

Government

Note to Readers:
Copies of the annual report are available on the Alberta Open Government Portal website:
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June 2018

Infrastructure

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Infrastructure contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2018, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at May 30, 2018 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Honourable Sandra Jansen
Minister of Infrastructure

Message from the Minister

I was honoured to be named Minister of Infrastructure in October 2017. It is a great opportunity to be able to work with the Premier and my colleagues to make Albertans' lives better by building the much-needed schools, hospitals and economic infrastructure we need to keep Alberta growing.

For 2017-18, Alberta Infrastructure continued to focus its efforts on working to make life better for Albertans, by delivering, renewing and maintaining public infrastructure across our province.

Infrastructure leads the development of government's annual Capital Plan, working with all ministries to determine capital priorities and align those priorities with available funding.

Highlights for 2017-18 included the ground-breaking and the start of construction for the Calgary Cancer Centre, the announcement and start of planning for a new hospital in south Edmonton and the start of construction for the Willow Square Continuing Care Centre in Fort McMurray. We announced a new courthouse facility project in Red Deer that will serve central Alberta; planning commenced for an expanded collection facility for the Reynolds-Alberta Museum in Wetaskiwin, and more than 100 school projects benefitting thousands of Alberta students were underway throughout the province.

The ministry actively maintains and manages about 1,800 public infrastructure facilities across Alberta. In 2017-18 we continued to work to enhance our sustainability. We have solar power installations on 10 government facilities, electric vehicle charging stations at Government Centre and the Neil Crawford Provincial Centre in Edmonton and 148 LEED-certified projects across Alberta.

This past year, Infrastructure engaged with the Government of Canada to lay the groundwork for a historic Investing in Canada Infrastructure Program that will run through 2028 and provide Alberta with $3.39 billion in funding. This funding will be split into four streams – Public Transit, Green Infrastructure, Rural and Northern Communities, and Community, Culture and Recreation. Municipalities and organizations across the province will have the opportunity to collaborate with the governments of Alberta and Canada to build the infrastructure projects that matter most to them while driving economic growth and supporting families and businesses.

The ministry's success is due to the combined effort of thousands of people – from department staff, to government colleagues, to community stakeholders. Together, our success is keeping people working, supporting the province's economy, and ensuring Alberta families and communities have access to the public infrastructure they rely on, now and in the future.

Original signed by

Honourable Sandra Jansen
Minister of Infrastructure

Management's Responsibility for Reporting

The executives of the ministry have the primary responsibility and accountability for the ministry. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Infrastructure. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's Budget 2017.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Infrastructure information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives within the ministry.

Original signed by

Deputy Minister Shannon Flint
Deputy Minister of Infrastructure
May 30, 2018

Results Analysis

Ministry Overview

The vision of the Alberta Infrastructure is to provide innovative, high quality and well-designed public infrastructure for Albertans. Through leadership, expertise and collaboration with partners, the ministry provides public infrastructure that contributes to the province's prosperity and quality of life.

To achieve its vision the ministry is focused on achieving two outcomes:

- **Outcome One:** Innovative and responsible infrastructure solutions that meet current and future provincial needs; and
- **Outcome Two:** Alberta's public infrastructure is effectively managed and environmentally sustainable.

Infrastructure leads the preparation of the Government of Alberta Capital Plan in collaboration with other ministries. The Capital Plan is a multi-year plan that sets out investments for infrastructure projects that support government priorities. The ministry also collaborates with other levels of government and other departments to secure federal infrastructure funding.

Infrastructure works to ensure its public infrastructure is provided to meet Albertans' needs in a cost-effective and efficient manner, consistent with Alberta's environmental, social and economic priorities. Infrastructure also leads through design, construction, operation, evaluation, preservation and divestiture of public facilities. The ministry's contracting, procurement and other practices ensure that facility standards are met and value for investment is achieved.

Infrastructure partners with other ministries, boards and stakeholders to:

- deliver kindergarten to grade 12 education facilities;
- deliver health facilities;
- deliver other public infrastructure such as government office space, museums and courthouses; and
- provide support to post-secondary institutions to develop facilities to meet their needs.

Infrastructure is accountable for the management, operations and maintenance of government-owned and leased properties. The ministry manages the Swan Hills Treatment Centre, and provides accommodation planning and other services for government and service providers in owned and leased office space, museums, courthouses, correctional centres, service buildings and research facilities.

The ministry conducts renovation, modernization and revitalization projects to maintain and modernize existing government infrastructure. The ministry provides comprehensive real estate and leasing services to government ministries, boards and agencies and is responsible for the planning and management of the Restricted Development Areas around the cities of Calgary and Edmonton, and Sherwood Park West, which includes the Transportation Utility Corridors.

Infrastructure is committed to a culture of continuous improvement throughout all aspects of ministry operations; including project planning, management and delivery, procurement practices, contract management and maximizing the potential of ministry staff.

Legislation

Infrastructure has primary responsibility for the following Legislation and Regulations:

- *Public Works Act*
- *Post-secondary Learning Act*
  - Sections 66(2) and (3) and 67
- Regulations pursuant to the *Government Organization Act*
  - Crown Property Regulation
  - Infrastructure Grants Regulation
  - Calgary Restricted Development Regulations
  - Edmonton Restricted Development Regulations
  - Sherwood Park West Restricted Development Area Regulations

Infrastructure has common responsibility for the following Legislation and Regulations:

- *Government Organization Act*
  - Section 3 of Schedule 1 with Minister of Advanced Education
  - Sections 4-9 of Schedule 5 with Minister of Environment and Parks
  - Sections 1,4,5,11 and 12 of Schedule 11 with Ministers of Transportation and Service Alberta
  - Sections 6-10 and 13 of Schedule 11 with the Minister of Transportation
- *Hospitals Act*
  - Hospitalization Benefits Regulation
  - Operation of Approved Hospitals Regulation
- *Mental Health Act*
- *Nursing Homes Act*
  - Nursing Homes Operation Regulation
  - Nursing Homes General Regulation
- *Post-secondary Learning Act*
- *School Act*
  - Disposition of Property Regulation
  - School Buildings and Tendering Regulation
- *Water, Gas and Electric Companies Act*

Key Factors that Influenced Performance

Infrastructure successfully made progress towards its two outcomes and performance targets in 2017-18. The ministry managed the process to secure federal infrastructure funding to support the delivery of several government capital projects. Infrastructure leveraged large renovation projects to incorporate green technologies, such as LED lighting and solar installations, and reduce the government's footprint.

Discussion and Analysis of Results

OUTCOME 1

Innovative and responsible infrastructure solutions that meet current and future provincial needs

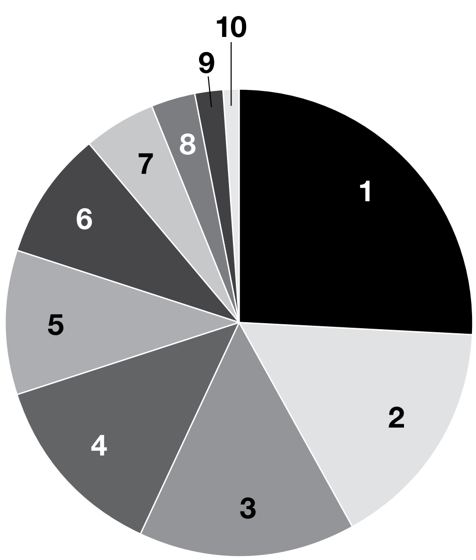
Infrastructure supports the services and programs, required by Albertans, to create and sustain a high quality of life by effectively planning capital projects. By reporting on the delivery of the Capital Plan, the ministry is driving accountability and transparency. The ministry collaborates with partner ministries, boards, agencies and other stakeholders to plan, build and deliver government-owned and supported capital infrastructure, including health and learning facilities.

Responsible Provincial Capital Plan that Supports Key Public Services

Infrastructure is responsible for leading Alberta's capital planning process and developing a multi-year Capital Plan. The 2017-21 Capital Plan, totaling $32.8 billion, was allocated in support of the following three themes:

- key social programs and services government provides to Albertans;
- provincial economic development; and
- environmental outcomes.

Budget 2017 Capital Plan – Allocated by Envelope
(Percentage of total[1])



1. Municipal Infrastructure Support (26%)
2. Capital Maintenance & Renewal (16%)
3. Health Facilities & Equipment (15%)
4. Climate Change, Environmental Protection & Sustainability (13%)
5. Roads and Bridges (10%)
6. Schools (9%)
7. Other Capital Envelopes (5%)
8. Family, Social Supports & Housing (3%)
9. Adult Education & Skills (2%)
10. Sports, Arts, Recreation and Culture (1%)

[1]Excludes $3.4 billion in Schools, Universities, Colleges and Hospitals self-financed capital investment.

To develop the Capital Plan, Infrastructure coordinated with all government ministries to identify capital needs. The ministry provided direction and tools such as templates and support to other ministries during the capital submission process. Timely information was provided to support senior government and elected officials and regularly reported on the status of the Capital Plan throughout the fiscal year.

Infrastructure provided leadership and tools to support ministries in incorporating Gender Based Analysis Plus (GBA+) into their submissions for the 2018-21 capital planning cycle. This is the first step in implementing GBA+ into the capital planning process. The next steps will include an expansion of GBA+ in Budget 2019. The impact of incorporating GBA+ into the capital planning process will be realized in future years as capital projects are delivered.

An audit of the capital planning process was issued by the Office of the Auditor General of Alberta (OAG) in 2017. OAG recommendations included updating standards, clarifying the phased approach to the capital planning process, improving maintenance planning systems and evaluating capital maintenance programs for buildings. To address these recommendations, Infrastructure is updating the Capital Planning Manual to provide enhanced guidance to ministries about capital submissions. This will help ensure the required information is available to support strategic decisions by Deputy Minister's Capital Committee, Minister's Capital Committee, Treasury Board Committee and Cabinet about capital investments. Infrastructure will also conduct a review of maintenance funding programs in 2018-19 to ensure programs are effectively achieving the intended results of capital maintenance funding.

Infrastructure continues to work with Infrastructure Canada to address the need for quality sustainable infrastructure in priority areas such as water, wastewater, public transit and green energy. Infrastructure administers the Provincial-Territorial Infrastructure Component of the "New Building Canada Fund" for the province. In 2014, Alberta was allocated $847.7 million in funding and as of March 31, 2018, 28 projects have been approved, worth approximately $637.8 million. Approved projects include 15 from Transportation, five from Culture and Tourism and eight projects from Environment and Parks. A number of additional projects have been submitted to Infrastructure Canada for review and upon approval, these projects are expected to commit Alberta's remaining funding allocation.

Alberta is also responsible for administering the bilateral agreement for the Public Transit Infrastructure Fund (PTIF) and the Clean Water Wastewater Fund (CWWF). Alberta was allocated $347.2 million for PTIF and 104 projects have been approved. $196.7 million was allocated for CWWF and 67 projects have been approved. Funding for both programs has been fully committed.

In 2017, the federal government announced details of the Investing in Canada Infrastructure Program. Alberta and Infrastructure Canada completed negotiations of the corresponding bilateral agreement. Infrastructure began work on developing the program in partnership with other Ministries. The agreement will be signed and the program will be launched publicly in April 2018.

Address Alberta's Infrastructure Deficit by Balancing the Building of New Facilities with the Preservation of Existing Infrastructure

Health Facilities

In collaboration with the Ministry of Health and Alberta Health Services, Infrastructure designs, builds and maintains health facilities to ensure community needs continue to be met.

2017-18 investments in health-care facilities, included:

In Progress as of March 31, 2018

- Calgary Cancer Centre – New Building
- Calgary Complex Continuing Care Facility – New Building
- Edmonton Clinical Laboratory Hub – New Building
- Foothills Medical Centre Power Plan – Urgent Capacity and Cogeneration – Renovations
- New Edmonton hospital – New Building
- Edmonton Norwood Long Term Care Facility – New and Renovated Space
- Edmonton Misericordia Community Hospital – Modernization
- Edmonton Royal Alexandra Hospital – Child and Adolescent Mental Health – New Building
- Edmonton Stollery Children's Hospital – Critical Care Program – Renovated Space
- Edson Healthcare Centre – Community Health and Wellness Clinic – New Space
- Fort McMurray Northern Lights Regional Health Centre – Repairs
- Fort McMurray Residential Facility-Based Care Centre (Willow Square) – New Building
- Grande Prairie Regional Hospital – New Building
- Lloydminster Continuing Care Centre – Redevelopment
- Medicine Hat Regional Hospital – Renovations
- Provincial Pharmacy Central Drug Production and Distribution Centre – New Building
- Red Deer Secure Detoxification and Residential Treatment Facility – New Building

Projects completed and handed over to Alberta Health Services as of March 31, 2018

- August 2017 – High Prairie Health Complex – Community Health and Wellness Clinic
- December 2017 – Calgary Foothills Medical Centre – Emergency Department
- February 2018 – Lethbridge Chinook Regional Hospital – Redevelopment
- March 2018 – Peter Lougheed Centre – Women's Services and Vascular Renovations

In 2017-18, $159.2 million was invested in maintenance and renewal projects for health facilities. Funds are provided to Alberta Health Services throughout the year to allow for the maintenance of existing health infrastructure.

Budget 2017 included $400 million over four years for a new Edmonton hospital project, located in Southwest Edmonton. Clinical service and site master planning commenced in January 2018, with construction anticipated to start in late 2020.

The $1.4 billion allocated for the Calgary Cancer Centre will provide Albertans with a first-class health care facility and academic hub for cancer services in Southern Alberta. Open houses and stakeholder meetings have given the public and local community members an opportunity to meet directly with the project team, patients, family members, staff and physicians who have all been active in the planning and design phases. Construction of the Calgary Cancer Centre commenced ahead of schedule in October 2017 and is expected to open to the public in 2023.

School Facilities

In collaboration with the Ministry of Education and school authorities, Infrastructure designs, builds and modernizes school facilities to ensure Alberta's K-12 students and communities have access to modern, well-designed learning spaces.

School capital projects are delivered through two streams, Infrastructure managed projects and grant-funded projects that are managed by school jurisdictions. Infrastructure leads the planning, design, construction and close-out activities for Infrastructure managed school capital projects and provides oversight support to school jurisdictions on grant-funded school capital projects.

Since 2011, 259 school capital projects have been approved, of which 177 have been completed as of March 31, 2018. By the end of December 2018, approximately 35 more school projects are expected to be complete.

Progress as of March 31, 2018:

- 177 projects are Complete;
- 43 are in Construction;
- 2 are in Contract Award;
- 5 are in the Tender Stage;
- 24 are in the Design Stage; and
- 8 are in the Planning Stage.

Did you know?
Infrastructure is working with Education to deliver two replacement schools in partnership with Peerless Trout First Nation.

The Trout Lake K-12 school will have an outdoor classroom area where elders can interact with students and pass on their teachings. Peerless Lake K-8 and Trout Lake K-12 schools are designed to have solar panels on the roofs which will reduce their carbon footprint.

Northern Lakes College is a partner in the project with the First Nation and will provide training to help prepare students for post-secondary education and career options.

To support the updated Memorandum of Understanding (MOU) and Responsibility, Accountability, Support, Consult, Inform (RASCI) documents signed in 2017 between Infrastructure and Education, Education transferred components of the school capital budget related to new schools and modernizations and the modular classroom program to Infrastructure effective April 1, 2018. Education will retain the budget and responsibility for education planning, school capital maintenance and renewal and playgrounds. The budget transfer will allow Infrastructure to carry out its updated responsibilities which includes revised accountabilities related to assigned school projects as well as oversight of school jurisdiction-managed school projects.

The MOU and RASCI documents and subsequent transfer of responsibilities addressed some of the recommendations identified within the Report of the Auditor General of Alberta, April 2016 Education and Infrastructure – Systems to Manage the School Building Program. Specific outcomes directly related to the report include a clarification of roles and responsibilities (Recommendation 1), improved systems to manage and control projects (Recommendation 2), and improved reporting systems and controls (Recommendation 7).

Post-Secondary Facilities

Infrastructure assisted the Ministry of Advanced Education with the review and implementation of capital grant agreements between Advanced Education and post-secondary institutions. Infrastructure also supported Advanced Education by monitoring and reporting on the progress of post-secondary institution capital and maintenance projects underway throughout the province.

Additionally, Infrastructure provided support to the ministry of Advanced Education and post-secondary institutions for the planning, design, construction, reporting and close-out activities for projects under the Strategic Investment Fund (SIF) program, a federally funded program coordinated by Infrastructure. Under this program, 44 post-secondary institution projects were approved. Infrastructure has been working closely with post-secondary institutions to ensure federal government reporting requirements are fulfilled.

The planned review and revision of the 2006 MOU between Infrastructure and Advanced Education has been delayed until the implementation of the revised Education MOU and RASCI, including the budget transfer, has concluded. This will allow Infrastructure to leverage relevant lessons learned from the schools updates, including improvements to data reporting systems, to streamline the implementation of the MOU and RASCI with Advanced Education.

Government-Owned and Operated Facilities

In collaboration with other ministries, Infrastructure plans, designs, builds and maintains facilities to support the provision of Government of Alberta programs and services.

Key projects conducted in 2017-18 include:

- Provincial Operations Centre – The new provincial operations centre will be built with flexible, modular and resilient spaces through innovation and material use so that it is adaptable and can be used as a training centre when not needed for emergency response. Project design has commenced and initial site activity is anticipated to start in late 2018.
- Kananaskis Emergency Services Centre – Construction of a new 2,700 square metre emergency response station and multi-services facility is underway to provide a full range of fire and emergency services in the Kananaskis Improvement District. The new facility will be built on the existing site and once completed, the existing facilities will be demolished. The construction contract was awarded and site activity commenced in February 2018.
- Wetaskiwin Reynolds-Alberta Museum – The museum collects and cares for artifacts related to Alberta's transportation, agricultural and industrial heritage. A new artifacts collections facility will accommodate some of the collections allowing them to be preserved while giving the public the opportunity to take part in guided tours. Construction of the facility will start once the design phase is complete and is anticipated to open in 2021.
- Royal Alberta Museum – The base building construction has been completed and the focus has now shifted to working with Culture and Tourism on designing and building exhibits. The museum is anticipated to open in the fall of 2018.
- Red Deer Justice Centre – To keep pace with the region's growing population, funding for a new Red Deer Justice Centre has been approved. This facility will increase the number of courtrooms in central Alberta from seven to 12, with the ability to expand to 16 in the future. The planning phase is complete and procurement of a design team is underway.
- Courthouse Renewal Program – Court facilities throughout the province are being upgraded based on recommendations from a 2015 Courthouse Planning Study. Courthouse projects are currently underway in several locations including: Canmore, Cochrane, Didsbury, Edmonton, Hinton, Red Deer, Wabasca-Desmarais and Whitecourt. Construction of modular courthouses in Fort Vermilion and Red Earth Creek were completed during the summer of 2017, and projects in Alexis and Chateh are underway.

Did you know?

In collaboration with multiple ministries, Infrastructure conducted Gender Based Analysis Plus (GBA+) as part of the process used to rename the Learning Resource Centre.

As a result, in October 2017, the Learning Resource Centre was renamed the Muriel Stanley Venne Provincial Centre, in honour of Alberta Indigenous human rights activist Muriel Stanley Venne.

Continuously Improve Planning, Project Management and Procurement to Deliver Provincial Infrastructure On Time, On Budget and to Specification

In an effort to continuously improve ministry processes, Infrastructure initiated a program to apply LEAN Six Sigma methodology, targeting improvements in efficiencies, service levels and value-add activities across departmental program areas. As of March 31, 2018, Infrastructure's Continuous Improvement Program has implemented solutions for 16 LEAN Six Sigma continuous improvement projects which have achieved measurable improvements to project delivery, procurement and operational processes.

In 2017-18, Infrastructure awarded 1,066 contracts to 655 firms for a total of $1.92 billion. Procurement opportunities are posted on the Alberta Purchasing Connection and COOLNet, an online project tender and submission service. Bids and submissions received are evaluated against requirements for specific projects. Results and related data are posted on the Alberta Purchasing Connection site for transparency.

Infrastructure has updated procurement requirements to capture data and report on apprentices engaged through Infrastructure and Transportation projects. Prime Contractors are required to use a minimum of one apprentice on construction-related projects exceeding $15 million or 24 months in duration. Sub-contractors hired by the Prime Contractor for more than $500,000 must also use a minimum of one apprentice on the project. The apprenticeship requirement was achieved through collaborative work with Advanced Education and the Apprentice and Industry Training Board.

Did you know?
Infrastructure implemented initiatives to reduce printing and couriering costs associated with procurement contracts. These initiatives resulted in a 55 per cent decrease in printing and couriering costs as compared to 2016-17, with a total savings over $42,000.

In January 2018, Infrastructure launched the Alberta Infrastructure Mapping System to enable Infrastructure, partner ministries and external stakeholders to easily access and utilize accurate and up-to-date mapping information. This modern and accessible geographical mapping system has improved spatial awareness about Infrastructure's facilities. Spatial awareness supports day-to-day ministry operations including land planning, lease management, site surveys, parking management, space utilization and geospatial analytics.

Infrastructure is working to incorporate Building Information Modeling (BIM) on capital projects. BIM will provide a digital representation of the physical and functional characteristics of a facility to help the ministry ensure high quality, accurate and timely asset information upon project completion which will assist with facility operations and maintenance.

Outcome 1 Performance Measures

In measuring performance towards achieving Outcome One, the ministry monitors and reports on the physical condition of health facilities, K-12 schools, post-secondary institutions and government-owned and operated facilities. Infrastructure uses the Facility Condition Index (FCI) as a common measure, providing an indication of the physical condition for each facility type. The FCI is a ratio of the cost to address current and future (five year) maintenance and renewal needs, relative to facility replacement value, which is translated into three different categories: Category One (facilities with FCI less than or equal to 15 per cent), Category Two (facilities with FCI that is greater than 15 per cent or equal to or less than 40 per cent) and Category Three (facilities with FCI greater than 40 per cent). These measures can assist ministries to identify investment opportunities and set priorities for the purpose of capital planning on capital maintenance and renewal projects and potential cases for new or replacement facilities. Additional information on FCI methodology is available in the performance measure methodology section.

The interpretation of Facility Condition Index values is as follows:

Category	Facility Condition Index	Definition
One	Facilities with an FCI of **less than or equal to 15%**	Adequate for intended use and expected to provide continued service life with average maintenance.
Two	Facilities with an FCI that is **greater than 15%, or equal to or less than 40%**	Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing.
Three	Facilities with an FCI of **greater than 40%**	Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

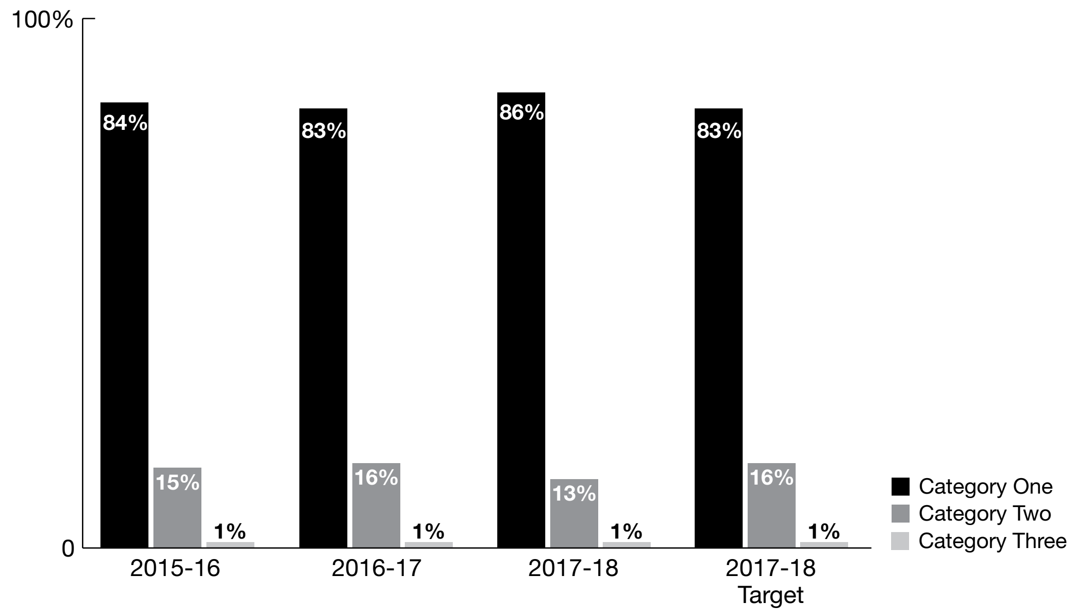
Performance Measure 1.a: Health Facilities – Physical Condition

This performance measure reports the percentage of health facilities rated in Category One, Two and Three (by area in m^2). This measure supports long-term capital planning of health facilities across the province. The average age of health facilities included in this measure is 36 years and 64 per cent are more than 30 years old.

- The targeted facility condition index for health facilities in 2017-18 was:
  - 83 per cent in Category One;
  - 16 per cent in Category Two; and
  - one per cent in Category Three.
- The 2017-18 results for health facilities were:
  - 86 per cent in Category One;
  - 13 per cent in Category Two; and
  - one per cent in Category Three.
- As compared to the target, the 2017-18 performance measure results show a three per cent increase in Category One and a three per cent decrease in Category Two. The percentage of health facilities rated in Category Three remained stable at one per cent. The targets for 2017-18 were exceeded due to the timely completion of most major projects.
- The replacement of aging facilities and construction of new facilities resulted in the shift from Category Two to Category One.
- Fluctuations between Category One and Category Two are expected to continue in the coming years as facilities age, new projects are completed and the older facilities are disposed. The physical condition of aging facilities is managed through capital maintenance and renewal and modernization funding.

Health Facilities – Physical Condition

(Percentage in Category One, Two and Three by Area in m^2)



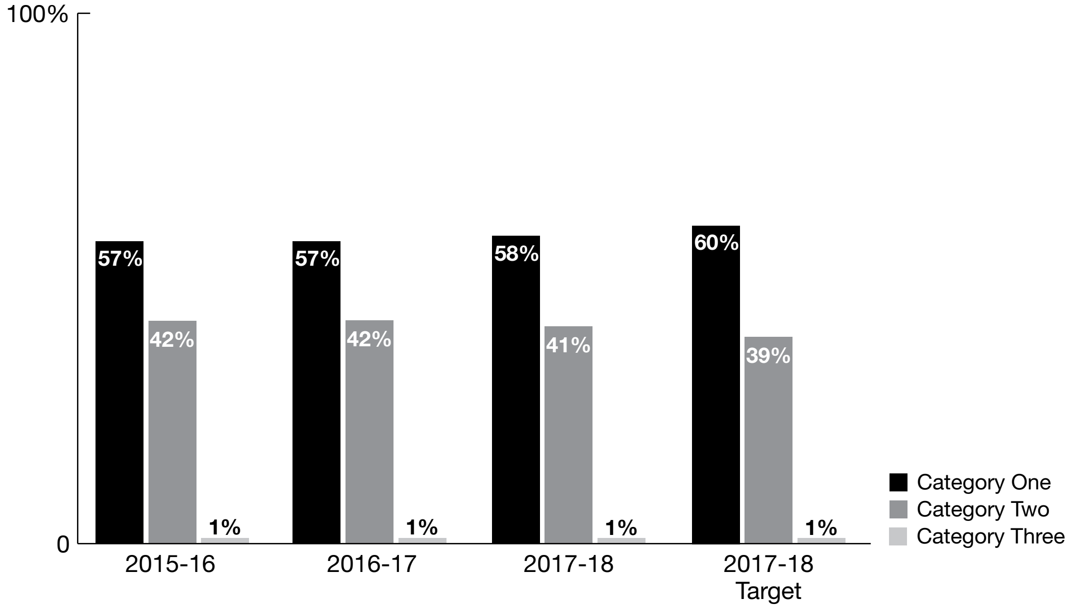
Performance Measure 1.b: School Facilities – Physical Condition

This performance measure reports the percentage of schools rated in Category One, Two and Three (by area in m^2). This measure supports long-term capital planning of school facilities across the province. The average age of school facilities included in this measure is 46 years and 63 per cent are more than 40 years old.

- The targeted facility condition index for school facilities in 2017-18 was:
  - 60 per cent in Category One;
  - 39 per cent in Category Two; and
  - one per cent in Category Three.
- The 2017-18 results for school facilities were:
  - 58 per cent Category One;
  - 41 per cent in Category Two; and
  - one per cent in Category Three.
- As compared to the target, the 2017-18 performance results show a two per cent decrease in Category One and a two per cent increase in Category Two. Category Three remained stable at one per cent.
- The shift from Category One to Category Two is due in part to delays in the provision of facility evaluation reports from previous years which are not reflected in the results. Approximately 500 more school evaluation reports will be available in 2018-19 which will improve accuracy of future targets and results.
- The 2017-18 targets were set based on expected capital maintenance and renewal funding. This funding has contributed to the one per cent increase in Category One from the 2016-17 Actual.
- The number of school facilities included in Category One and Category Two has remained consistent due in part to 177 new and modernization school projects that have been completed since 2011.

School Facilities – Physical Condition

(Percentage in Category One, Two and Three by Area in m^2)



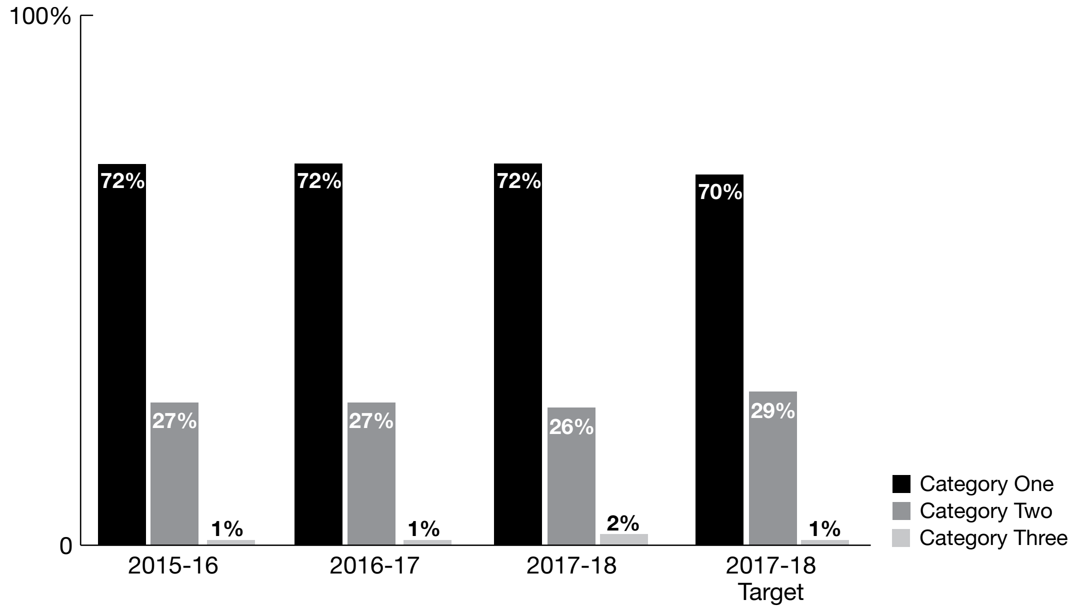
Performance Measure 1.c: Post-Secondary Facilities – Physical Condition

This performance measure reports the percentage of post-secondary facilities rated in Category One, Two and Three (by area in m^2). This measure supports long-term capital planning of post-secondary facilities across the province. The average age of post-secondary facilities included in this measure is 38 years and 60 per cent are more than 35 years old.

- The targeted facility condition index for post-secondary facilities in 2017-18 was:
  - 70 per cent in Category One;
  - 29 per cent in Category Two; and
  - one per cent in Category Three.
- The 2017-18 results for post-secondary facilities were:
  - 72 per cent in Category One;
  - 26 per cent in Category Two; and
  - two per cent in Category Three.
- As compared to the target, the 2017-18 performance measure results show a two per cent increase in Category One with a three per cent decrease in Category Two and an increase in Category Three.
- 2017-18 results exceeded targets in Category One due to capital maintenance funding for post-secondary institutions announced in Budget 2017.
- Although the result for Category Three shows a one percentage point increase as compared to the target, this difference reflects how the results are calculated (i.e., rounding percentages) and is not a material difference.
- As facilities age, significant renewal is required. Federal funding from the Strategic Investment Fund program is expected to positively influence the results of the measure in future.

Post-Secondary Facilities – Physical Condition

(Percentage in Category One, Two and Three by Area in m^2)



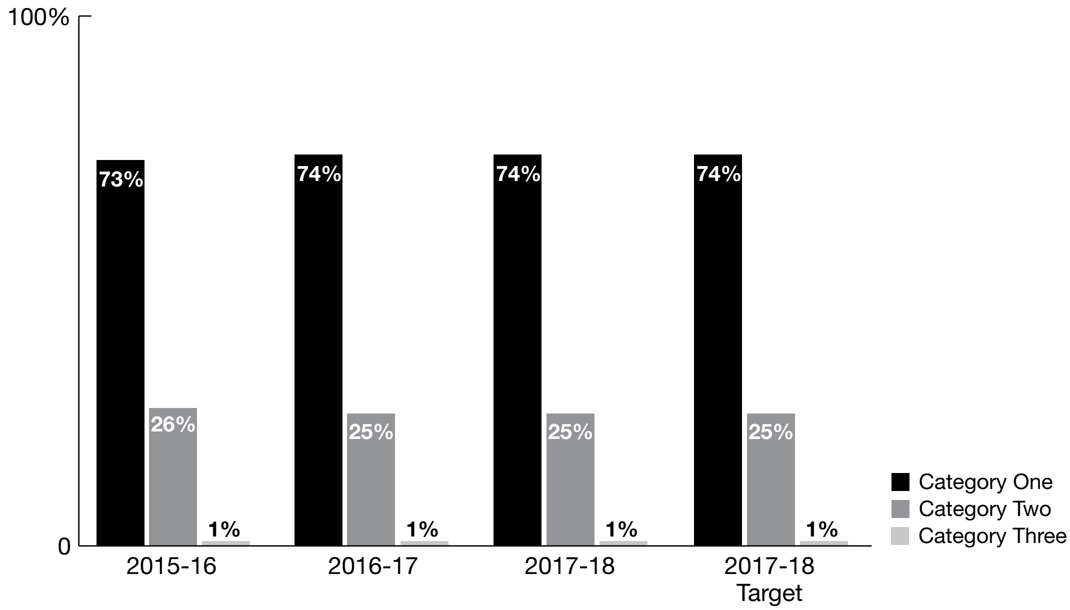
Performance Measure 1.d: Government-Owned and Operated Facilities – Physical Condition

This performance measure reports the percentage of government-owned and operated facilities rated in Category One, Two and Three (by area in m^2). This measure supports long-term capital planning of government-owned and operated facilities across the province. The average age of government-owned and operated facilities included in this measure is 40 years and 85 per cent are more than 30 years old.

- The targeted facility condition index for government-owned and operated facilities in 2017-18 was:
  - 74 per cent in Category One;
  - 25 per cent in Category Two; and
  - one per cent in Category Three.
- The 2017-18 results for government-owned and operated facilities were:
  - 74 per cent in Category One;
  - 25 per cent in Category Two; and
  - one per cent in Category Three.
- The 2017-18 performance measure results met the target set for the year.
- Compared to 2016-17 results, the results have also remained constant. Effective management, maintenance and modernization projects have contributed to keeping the results consistent.
- Performance measure results will see some fluctuations in the near future, which are expected to be influenced by:
  - As facilities age, maintenance costs increase as building components deteriorate. This is why facilities shift from Category One to Category Two as they age.
  - The Government-Owned Facility Preservation Program has a budget of $210 million over the next three years, averaging approximately $70 million per year. These funds will be used for maintenance activities that contribute to the condition of the facilities and will be reflected in the measures when the facility is next audited.
  - Continued initiatives, such as investing in core buildings and disposing of obsolete assets no longer required, will have a positive impact on future results.

Government-Owned and Operated Facilities – Physical Condition

(Percentage in Category One, Two and Three by Area in m^2)



OUTCOME 2

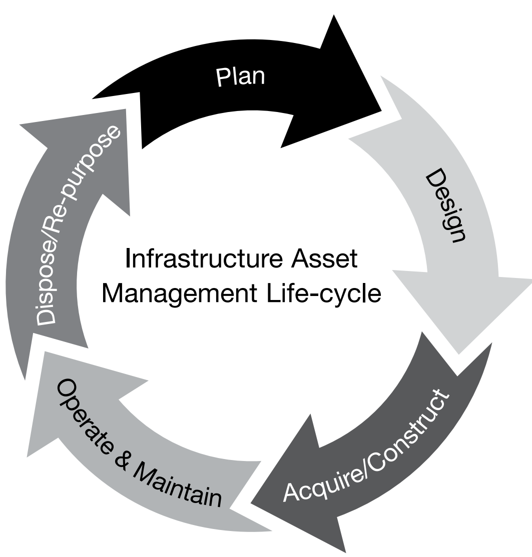
Alberta's public infrastructure is effectively managed and environmentally sustainable

By optimizing the value of government-owned and operated facilities, Infrastructure ensures sound financial stewardship, and quality and efficient outcomes as government assets move through the full life-cycle of plan, design, build, maintain and dispose. The ministry is focused on reducing environmental impacts resulting from capital projects, government operations and procurement practices.

Incorporate Asset Management Solutions throughout the Design, Construction, Operation, Maintenance and Divestment Phases to Ensure Effective Decision-making Related to Facilities, Land, Leasing and Accommodation Services

Infrastructure owns, leases or provides property management for approximately 1,800 structures totaling over 2.8 million square metres of space, with an $11.6 billion replacement value of owned assets.

In order to maximize the value of government owned and operated facilities, asset management principles are applied throughout the full asset management life-cycle. The Infrastructure Asset Management Plan is a long term strategy to invest in core buildings and dispose of assets that are obsolete, inefficient or no longer needed for programs.



The life-cycle is comprised of the following phases:

- plan;
- design;
- acquire or construct;
- operate and maintain; and
- dispose or re-purpose.

To further support sound financial stewardship, a life-cycle approach to managing long-term costs associated with government-owned and operated facilities was developed. Life-cycle costing accounts for the costs of an asset throughout the full asset management life-cycle to support diligent decision-making. Mainly, Infrastructure invests in core assets over the long-term, seeks to dispose of assets that are obsolete, inefficient or no longer required for program delivery, and plans for future repurpose, disposal and design, with the consideration of long-term sustainability and flexibility.

Design and construction of an asset comprises about 20 per cent of the total life-cycle cost, with operations, maintenance and disposal accounting for the remaining 80 per cent.

Infrastructure sold 12 hectares of vacant land for $5.8 million to City of St. Albert on September 1, 2017. The City of St. Albert is using this land to develop the Campbell Road Park and Ride and Transit Centre.

Maximize the Value of Provincial Infrastructure While Minimizing Overall Costs Through Effective Long-term Investment in Core Assets and the Disposition of Inefficient or Obsolete Assets

Infrastructure continues to initiate modernization projects to minimize the amount of space required to deliver government programs. An office standard of 18 square metres per employee is being implemented.

Several projects were undertaken resulting in lease cost savings and a reduction in the amount of space required for staff. Projects to optimize space utilization in 17 existing leased and owned facilities resulted in a lease reduction of 14,400 square metres of space in 2017 with in year savings of $2.46 million.

Did you know?
The modernization of the J.G. O'Donoghue building was completed in 2017-18. Office space was reduced to 15 square metres per employee, exceeding the office space standard and approximately doubling the occupancy of the building. As a result, the government footprint was reduced by 12,500 square metres and ongoing annual cost savings of $8 million are expected to be realized.

As a part of this modernization project, energy efficient controls and lighting systems, efficient washrooms and a new roof incorporating solar panels, were also installed.

Infrastructure identifies and prioritizes opportunities to achieve operating cost savings. Proceeds of $20.7 million was generated in 2017-18 from the sale of 10 surplus properties, exceeding the 2016-17 sales proceeds of $12 million. In addition, 12 properties, with an estimated value of $17 million, were transferred to Alberta Health Services to be managed by Alberta Health Services or their contracted agencies.

Did you know?
Infrastructure is responsible for helping manage government furniture needs. This year, the Recycled Furniture Program provided 303 workstations and 3,291 individual pieces of furniture to government ministries. The cost benefit for using recycled furniture instead of buying new was more than $1.4 million.

Environmental benefits of using recycled furniture include decreasing waste, and lowering energy use and greenhouse gas emissions associated with manufacturing and shipping. This program is estimated to have saved more than 529,600 kg of CO_2 emissions associated with the elimination of manufacturing and shipping of new furniture. This equates to removing 113 passenger vehicles, driving 18,000 km each, from the road.

Examine Opportunities to Implement Environmental Efficiencies, Green Technologies and the Reduction of the Environmental Footprint of Provincial Infrastructure, in Support of Alberta's *Climate Leadership Plan*

Infrastructure is continuously exploring available technologies, strategies and green initiatives to support Alberta's *Climate Leadership Plan*. Projects included in the 2017-21 Capital Plan were assessed to identify opportunities to enhance sustainability options.

Since May 2006, new government-owned and supported facilities have been built to meet the Leadership in Energy and Environmental Design (LEED) Silver standards. To gain LEED Silver certification, facilities are required to be at least five per cent more efficient than the standard set under the National Energy Code. The LEED program recognizes green buildings in 150 countries.

Infrastructure is aiming to be more efficient than the National Energy Code by 29 per cent for offices and school facilities and 22 per cent for hospitals. As of March 31, 2018, 148 government facilities have received LEED certifications and an additional 125 facilities are under review for certification. Of the LEED-certified facilities;

- the University of Calgary's Child Development Centre and Energy Environment Experiential Learning Building have Platinum certifications;
- 51 have Gold certifications;
- 87 have Silver certifications; and
- eight have LEED certifications.

Did you know?
The Government of Alberta participated in Earth Hour on March 24, 2018, by turning off all non-essential lighting and equipment in 117 government facilities in 39 communities across the province.

Earth Hour is a worldwide initiative of the World Wildlife Fund (WWF), which strives for individuals to make a commitment to a continual change throughout the year to reduce impacts on the environment.

Infrastructure is conducting a feasibility study to assess and prioritize enhanced sustainable technologies on capital projects. Results will increase awareness about new technologies and associated energy, as well as the potential cost savings among stakeholders.

Several government-owned and operated facilities now incorporate renewable installations which were included in modernization projects. As of March 31, 2018 renewable installations were added at the following facilities:

- Alberta Legislature Building, Edmonton
- Farm Stewardship Centre, Lethbridge
- Head-Smashed-In Buffalo Jump Visitor Centre
- High River Community Resource Centre (Spitzee Crossing)
- J.G O'Donoghue Building, Edmonton
- Lethbridge Correctional Centre
- Lethbridge Provincial Building
- Medicine Hat Remand Centre
- Muriel Stanley Venne Provincial Centre, Edmonton
- Pincher Creek Provincial Building

Solar panels, funded by the Climate Leadership Fund, for the High River Community Resource Centre (Spitzee Crossing), have generated 26 MWh of power since becoming operational. Solar panels were also installed as a part of the Muriel Stanley Venne Provincial Centre and J.G. O'Donoghue Building modernization projects. The combined capacity of these two systems is approximately 800 KW, which is four times the capacity of existing solar installations across the province.

Did you know?
Infrastructure first began using electricity from renewable sources in 2005. This commitment to using renewable energy was instrumental in helping establish some of Alberta's first wind farms. Infrastructure purchases renewable energy certificates to offset electricity consumed by government-owned and operated facilities resulting in the reduction of the amount of energy purchased.

Since 2009, government-owned facilities have used 100 per cent EcoLogo certified electricity.

Using Green Power has reduced the government's carbon footprint by an estimated 159,000 Metric Tonnes of Carbon Dioxide per year – the equivalent to taking more than over 30,000 vehicles off Alberta's roads.

Infrastructure and Education are working together to further the incorporation of solar technology in school projects. Solar installations are completed later in the construction process or in the post-construction phase as weather permits.

Infrastructure is continuing to ensure that space used to deliver provincial government programs is managed in an environmentally responsible way. Infrastructure seeks certifications from the Building Owners and Managers Association Environmental Standards (BOMA BEST) program. The BOMA BEST Certification program acknowledges the compliance of commercial buildings with industry best practices in energy, water and waste reduction. The ministry successfully adopted BOMA Canada's new portfolio level certification, which consolidates individual certifications into one umbrella program. Infrastructure had 19 facilities in its portfolio certified in 2017-18.

As part of the BOMA BEST application process, 19 American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level I energy audits were completed to identify operational practices and projects to reduce energy use. Audit findings help determine energy reduction goals and guide ministry activities to reduce the government's overall energy and greenhouse gas footprint.

Along with BOMA BEST certifications, 18 waste audits were conducted to help minimize waste generated at facilities and to increase the amount of materials diverted from landfills through recycling programs.

The John E. Brownlee Building won The Outstanding Building of the Year (TOBY) award for government buildings in 2016-17 at the regional level. The John E. Brownlee Building also won the TOBY at the national level in 2017-18.

Did you know?
Infrastructure is working with Alberta Health Services to install a gas turbine co-generation system at the Calgary Foothills Medical Centre Power Plant. The system uses the waste heat from power producing equipment to provide heating and cooling, in addition to electricity, for the Centre.

This system is expected to avert approximately 27,300 tonnes of greenhouse gas emissions annually.

Outcome 2 Performance Measures

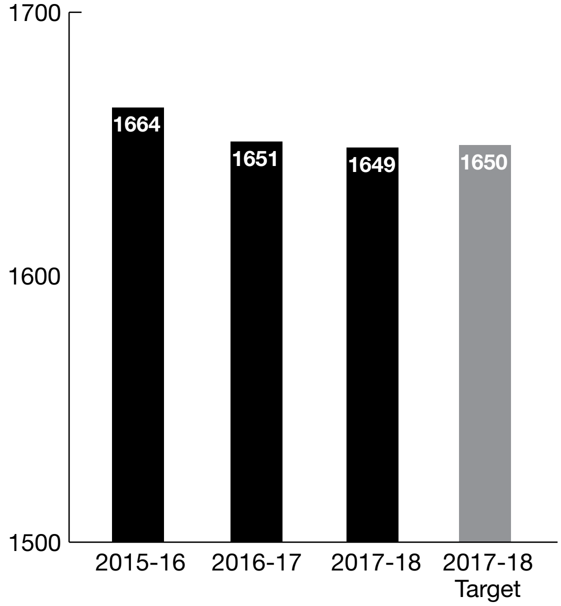
In measuring performance in achieving Outcome Two, the ministry monitors energy consumption, operating costs and greenhouse gas emissions from government-owned and operated facilities. Additional information about the methodologies used to determine energy consumption, operating costs and greenhouse gas emissions from government facilities are available in the Performance Measure Methodology section.

Performance Measure 2.a: Energy Consumption in Megajoules per Gross Square Metre (MJ/m^2) in Government-Owned and Operated Facilities

This performance measure is used to evaluate how effectively Infrastructure is managing energy and associated cost in government-owned and operated facilities. This measure represents energy consumption intensity, which is energy consumed by a facility relative to its size. The measure assists the ministry in identifying and implementing energy saving initiatives to achieve environmental and cost benefits. It also indicates success in reducing energy consumption through efficiencies and green technologies.

- The targeted energy consumption intensity was 1,650 MJ/m^2 in 2017-18.
- The 2017-18 result for energy consumption intensity is 1,649 MJ/m^2.
- As compared to the target and to the results achieved in 2016-17, performance results show a decrease in Energy Consumption Intensity. This decrease is due to major building renovations and the implementation of several energy efficiency projects.
- Although fish hatcheries continue to have higher energy consumption needs to meet operational requirements, energy efficiency projects completed in 2016-17 have compensated and contributed to the overall decrease in energy consumption intensity achieved in 2017-18.
- Infrastructure performed a third party energy audit for Northern Alberta Fish Hatchery in March 2017. The retrofit options for significant energy savings achievable at this site are being evaluated and alternative funding options are being explored to undertake the recommendations.
- In 2017-18, Infrastructure invested in several energy efficiency projects, including LED lighting retrofits and power factor correction, and the installation of solar panels on the J.G O'Donoghue Building, High River Community Resource Centre (Spitzee Crossing) and the Muriel Stanley Venne Provincial Centre. The impact of these projects will be fully realized in 2018-19.

Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities

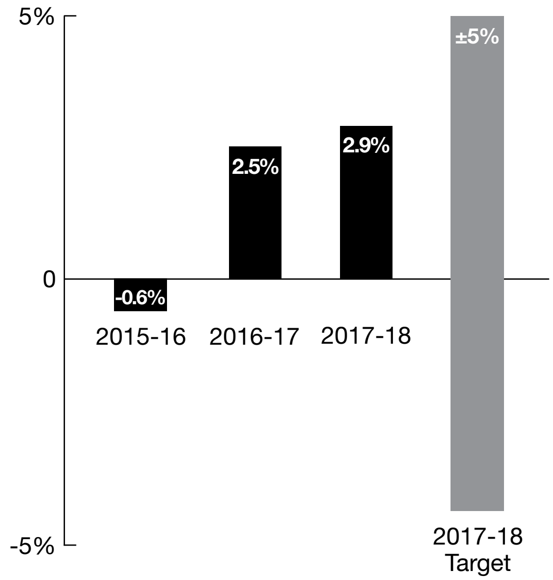


Performance Measure 2.b:
Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

This performance measure is used to compare the average annual operating costs of office space in government-owned and operated facilities with similar space in the private sector. This measure indicates how effectively Infrastructure is managing operating costs and allows the ministry to identify opportunities for cost-effective improvements and address areas of concern.

- The targeted percentage difference between average operating costs per rentable square metre was plus or minus five per cent.
- The 2017-18 result for the measure is 2.9 per cent, which is within the targeted range.
- Compared to 2016-17 results, average operating costs per rentable square metre increased by 0.4 per cent.
- The results for this measure have fluctuated over the past years. Fluctuations are expected given the variability of operating costs year-to-year and the variability of buildings included in the measure. Changes that have impacted the results include:
  - The J.G. O 'Donoghue Building modernization project resulted in lower operating costs while under construction. Now that the project is complete, including the new solar panel roof, it is anticipated that operating costs will be reduced.
  - The costs for garden and ground maintenance for government-owned and operating building increased from 2016-17. However, the 2016-17 costs are closer to the historical average.
  - The utility costs for government-owned and operated buildings increased due to a higher carbon levy for natural gas and a higher average electricity pool price over 2016-17.
- With changes to the inventory of government-owned and operated buildings included in this measure, variable utility costs, and variable grounds keeping costs, future results are expected to continue to fluctuate.
- This performance measure has not been included in the 2018-21 Infrastructure Business Plan and will be used internally to manage operating costs.

Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

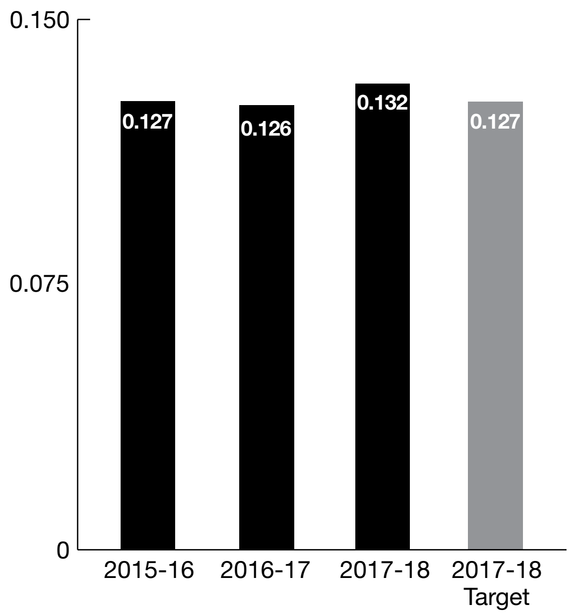


Performance Measure 2.c: Net Greenhouse Gas Emissions Intensity in Metric Tonnes of Carbon Dioxide Equivalents per Square Metre of Government Owned and Operated Facilities

This performance measure was introduced in the 2017-20 Business Plan. It is used to track greenhouse gas emissions from government-owned and operated facilities. This information enables the ministry to identify, implement and assess initiatives aimed at reducing greenhouse gas emissions from government-owned and operated facilities.

- The target for net greenhouse gas emissions was 0.127 Mt CO_2e/m^2 in 2017-18.
- The 2017-18 result for net greenhouse gas emissions is 0.132 Mt CO_2e/m^2.
- As compared to the target, the 2017-18 performance measure results show a four per cent increase in net greenhouse gas emissions. The increase in net greenhouse gas emission is attributed to the addition of new Royal Alberta Museum and the higher natural gas consumption requirements at several fish hatcheries across the province.
- The target for 2017-18 was determined before the new Royal Alberta Museum was completed. It is not possible to predict the energy use and greenhouse gas emissions of a new facility with a high level of accuracy before the facility completes one full year of operations.
- Future results are expected to remain consistent with results achieved in 2017-18.
- This performance measure has not been included in the 2018-21 Infrastructure Business Plan and will be used internally to manage greenhouse gas emissions of government-owned and operated facilities.

Net Greenhouse Gas Emissions Intensity in Metric Tonnes of Carbon Dioxide Equivalents per Square Metre of Government Owned and Operated Facilities



Innovative and Professional Support Services

Infrastructure contributes to many government-wide initiatives to ensure Alberta continues to be a safe, inclusive and enjoyable place to live.

Supporting Safe and Inclusive Communities

Supporting Diversity and Inclusion

Infrastructure is working to ensure that ministry programs and services are accessible and representative of Alberta's diverse population, by advancing gender equality and supporting inclusion. Infrastructure is providing Gender Based Analysis Plus (GBA+) training to ministry staff to prevent unintended consequences from ministry policies.

Training will enable ministry staff to:

- Enhance inclusive decision making;
- Promote more equitable outcomes for Albertans;
- Improve data and information regarding diverse communities; and
- Improve effectiveness of policies, programs and initiatives.

Supporting Indigenous Communities

Infrastructure is working with and supporting provincial programs to address the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Infrastructure is working with Education to deliver two replacement schools in partnership with Peerless Trout First Nation (Northland School Division No. 61). Proposals have been approved and construction for both of these schools is anticipated to commence in 2018.

Under the Courthouse Renewal Initiative, four modular courthouse projects have been initiated for the Dene Tha' First Nation, Alexis Nakota Sioux First Nation, Fort Vermilion and Red Earth Creek Indigenous communities. The Red Earth Creek Courthouse, which opened on February 8, 2018, replaces a 30 year-old modular facility with a standardized, modular courthouse sized and equipped to support the remote location. The Fort Vermilion Courthouse, which opened on October 27, 2017 has improved security features with closed-circuit television and an area that can be used for smudging ceremonies. The Courthouse also serves the communities of Fox Lake, Tallcree First Nation, Dene Tha' First Nation, Beaver First Nation and the Little Red River Cree Nation.

Southern Alberta Flood Recovery and Mitigation

Infrastructure continues to play a supporting role in the recovery and rebuilding efforts following the 2013 Southern Alberta Floods.

The Wallaceville Mitigation Program was developed to mitigate floods in the High River area by creating a natural, water absorptive area to help reduce flood speeds downstream. This program involves the purchase and removal of residential and commercial properties for naturalization work in the Wallaceville area.

The Floodway Relocation Program is a voluntary program that involves the purchase and removal of residential properties in Calgary, High River, the Municipal District of Foothills, Mountain View County, Red Deer County, Rocky View County and Turner Valley.

Infrastructure acquired 94 properties under the Floodway Relocation Program and 97 properties as part of the Wallaceville Mitigation Program. The removal of buildings and naturalization work has been completed on many of these properties. Work is progressing in High River, the Municipal District of Foothills and Mountain View County which is anticipated to be completed by March 2019.

Future ownership and use of these properties will be determined by Municipal Affairs and Environment and Parks.

Performance Measure Methodology

OUTCOME 1

Innovative and responsible infrastructure solutions that meet current and future provincial needs

Performance Measure 1.a: Health Facilities – Physical Condition,
Performance Measure 1.b: School Facilities – Physical Condition,
Performance Measure 1.c: Post-Secondary Facilities – Physical Condition, and
Performance Measure 1.d: Government-Owned and Operated Facilities – Physical Condition

The performance measures for Outcome One use a Facility Condition Index value to report the physical condition of facilities. The Facility Condition Index is the ratio of the cost to correct current and future (five year) physical condition deficiencies, relative to current facility replacement value.

Evaluations, conducted by independent consultants, are planned over a five year cycle, with approximately one-fifth (20 per cent) of the facilities assessed and their condition rated each year. A comprehensive list of facility systems and components is used by consultants to ensure completeness and consistency of the evaluations. In the years between consultant evaluations, facility managers update information about the facility to provide more timely condition information. Facility managers use the same comprehensive list of facility systems and components and the same methodology to ensure completeness and consistency of the facility condition information.

Infrastructure staff review the evaluations for quality and completeness. The evaluation information is managed in a VFA Facility database, which is a cloud-based software for facilities capital planning and management.

Infrastructure updated the terminology used to report this measure in order to reduce misinterpretation and to address recommendations from a review of rating schemes. The review found that the Good/Fair/Poor rating scheme overstated the value of the Facility Condition Index and resulted in confusion and misinterpretation. Categories One, Two and Three replaced the use of the Good/Fair/Poor rating scheme effective April 1, 2017. As the methodologies used to calculate results were not modified, performance measure results are still comparable.

For the 2017-18 Annual Report, the physical condition of facilities has been summarized using Categories One, Two and Three. The interpretation of Facility Condition Index values is as follows:

Category	Facility Condition Index	Definition
One	Facilities with an FCI of **less than or equal to 15%**	Adequate for intended use and expected to provide continued service life with average maintenance.
Two	Facilities with an FCI that is **greater than 15%, or equal to or less than 40%**	Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing.
Three	Facilities with an FCI of **greater than 40%**	Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

Facilities constructed or completely refurbished within the last 10 years are automatically reported under Category One. The ratings are updated once the next evaluation is conducted. The percentages are then calculated by taking the square metres of facilities in Categories One, Two and Three and dividing each by the total area of all facilities.

These measures do not account for costs associated with facility upgrades or costs related to functional suitability. Surplus facilities approved for disposal are excluded from this measure. To optimize evaluation funds, facilities with an area of less than 1,000 gross square metres are also not included in the results.

For schools, assessments are conducted for school facilities owned by school authorities and funded by the government, and do not include outreach facilities. The measure for post-secondary institutions does not include “unsupported” facilities such as residences, parkades and commercial facilities.

OUTCOME 2

Alberta's public infrastructure is effectively managed and environmentally sustainable

Performance Measure 2.a: Energy Consumption in Megajoules per Gross Square Metre (MJ/m^2) in Government-Owned and Operated Facilities

This performance measure is used to evaluate how effectively Infrastructure is managing energy in government-owned and operated facilities. Energy consumption intensity is the amount of energy consumed by a facility relative to its size.

Energy consumption data is collected by various retailers throughout the year in the form of individual utility bills. This data is recorded in Infrastructure's Energy Consumption Reporting System (ECRS) and transferred into EnergyCAP, the ministry's Energy Management Information System.

The EnergyCAP software automatically populates the energy consumption data into Natural Resources Canada's ENERGY STAR Portfolio Manager (ESPM) tool. ESPM provides a common industry standard for calculating energy consumption intensity. Through ESPM, energy consumption data is:

- Calendarized to ensure energy data is allotted on a calendar year basis (January 1 to December 31) even when utility bills do not coincide with calendar months.
- Converted to a single common unit, megajoules, from:
  - gigajoules (natural gas)
  - kilowatt-hours (electricity)
  - pounds (steam)
  - tonne hours (chilled water)
- Weather-normalized by using temperature information taken from nearby weather stations.
  - This ensures that the influence of varying weather is accounted for so that year to year comparisons are based on the energy that facilities would have used under average climatic conditions.

Energy consumption intensity is then calculated by:

- Determining the total floor space in square metres (m^2) of the facility by accessing the Building and Land Information Management System (BLIMS).
- The energy consumption in megajoules (MJ) processed through ESPM is divided by the applicable floor space to determine the energy consumption intensity (MJ/m^2).
- The gross energy consumption intensity (MJ/m^2) of all government-owned and operated facilities is then totalled to account for the current inventory.

Facilities that have incomplete data or show zero energy consumption (i.e., unoccupied facilities or seasonal structures) are excluded from this measure. Government facilities such as schools, hospitals and facilities that are not managed by Infrastructure are not included in this measure.

Performance Measure 2.b:
Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

This performance measure is used to compare the average annual operating costs of office space in government-owned and operated facilities to office space in leased facilities.

The average costs for government-owned and operated facilities is based on annual costs reported in the Government of Alberta's Integrated Management Information System (IMAGIS), the Facilities and Business Information System (FBIS) and area measurements reported in the Building and Land Information Management System (BLIMS).

- FBIS is used to track all operating costs by facility and function. Expenditure details are downloaded from IMAGIS Financials each week and reconciled monthly. Invoices for total property management contracts and consolidated utilities accounts are distributed in FBIS to facilities monthly.
- At fiscal year end, operational costs for facilities are extracted from FBIS. Functional costs include administration, caretaking, grounds, security/safety, architectural/structural, routine building maintenance and utilities.
- Insurance premium costs, which are processed as a single payment, are allocated to the buildings using a proration factor based on each building's replacement cost relative to the total replacement cost for all buildings.
- BLIMS is accessed to determine the amount of rentable square metres of office space for all government-owned and operated facilities.
- The cost averages by facility and function are totalled for all government-owned and operated office space.

The average costs of leased office space is calculated by:

- Using an industry average based on a sample of leased office buildings in Edmonton and Calgary for comparison.
- Cost and square metre data for leased office space is taken from reconciled operating cost statements for the sample of leased space. Typically the statements reflect operating costs for the latest calendar year, January to December. Although the reporting categories for leased buildings differ from the functions used for owned buildings, the included costs are comparable. The statements show:
  - Operating cost totals for the buildings, including management fees, repair and maintenance, heating, ventilation and air conditioning (HVAC), janitorial, wages and benefits, security and utilities.
  - Rentable square metre totals for the leased office space.
- The cost averages for leased office space is then compared to the average costs of government-owned and operated office space.

Areas excluded from the rentable space calculation include basements, interior parking, elevator and mechanical shafts and external walls. Costs for grants in place of taxes, major maintenance projects and amortization are excluded from the calculation of average costs for government-owned facilities. Taxes and amortization are excluded from the average costs of leased office space.

Performance Measure 2.c: Net Greenhouse Gas Emissions Intensity in metric tonnes of Carbon Dioxide Equivalents per Square Metre of Government-owned and Operated Facilities

This measure is used to evaluate how effectively Infrastructure is managing greenhouse gas emissions in government-owned and operated facilities. Greenhouse gas emissions intensity represents the emissions of a facility (or facilities) relative to its size.

The three main greenhouse gases are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). As each GHG has a different global warming potential, emissions are converted into a carbon dioxide equivalent (CO_2e) for comparison.

Site energy consumption data, which is a mixture of primary energy (i.e., natural gas) and secondary energy (i.e., converted to electricity), is collected by various retailers throughout the year in the form of individual utility bills. This data is recorded in Infrastructure's Energy Consumption Reporting System (ECRS) and transferred into EnergyCAP, the ministry's Energy Management Information System.

The EnergyCAP software automatically populates the energy consumption data into Natural Resources Canada's ENERGY STAR Portfolio Manager (ESPM) tool. ESPM provides a common industry standard for calculating energy consumption intensity. Through ESPM, energy consumption data is:

- Calendarized to ensure energy data is allotted on a calendar year basis (January 1 to December 31) even when utility bills do not coincide with calendar months.
- Converted to a single common unit, megajoules, from:
  - gigajoules (natural gas)
  - kilowatt-hours (electricity)
  - pounds (steam)
  - tonne hours (chilled water)

ESPM is then used to calculate net greenhouse gas emissions through the following process:

- Direct emissions, are calculated by:
  - Energy consumption for each fuel (i.e., natural gas, fuel oil, propane) is converted to energy (British Thermal Unit or Btu) using standard heat content factors.
  - The facility's total energy (Btu) is then multiplied by a national CO_2 equivalent (MT/MBtu) factor to determine the emissions (MT CO_2e).
- Indirect emissions, which are emissions associated with the generation of electricity, steam, hot water and chilled water purchased for the facility's consumption. These emissions occur at the facility where the power is generated. Indirect emissions are calculated by:
  - Energy consumption for each fuel (i.e., electricity, steam, chilled water) is converted to energy (Btu) using standard heat content factors.
    - » For electricity, the standard heat content factors used are at the provincial level.
  - The facility's total energy (Btu) is then multiplied by a national CO_2 equivalent (MT/MBtu) factor to determine the emissions (MT CO_2e).

Total greenhouse gas emissions are calculated by totaling a facility's direct and indirect emissions.

- Total avoided emissions, offset green power, is a particular type of power produced from renewable resources that are considered to have zero emissions (e.g. solar, wind, etc.). Renewable Energy Certificates (REC) are used to quantify the environmental benefits of the green power. Information from the REC is entered into ESPM to calculate the avoided emissions by assigning emissions factors.
- Net emissions for a facility are calculated by subtracting the total avoided emissions from the total greenhouse gas emissions.

Greenhouse gas emission intensity is determined by:

- Determining the total floor space (m^2) of the facility by accessing the Building and Land Information Management System.
- Net greenhouse gas emissions (MT CO_2e) is divided by the applicable floor space to determine the emissions intensity (MT CO_2e/m^2).

The net greenhouse gas emissions intensity of all government-owned and operated facilities can then be totaled to account for the current inventory.

Facilities that have incomplete data or show zero energy consumption (i.e., unoccupied facilities or seasonal structures) are excluded from this measure. Government facilities such as schools, hospitals and facilities that are not managed by Infrastructure are out of scope of this measure.

Financial Information

Financial Information Contents

Independent Auditor's Report

Auditor General OF ALBERTA

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Infrastructure, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Infrastructure as at March 31, 2018, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

Auditor General

May 30, 2018
Edmonton, Alberta

MINISTRY OF INFRASTRUCTURE
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Restated - Note 3
		(in thousands)	
Revenues			
Government Transfers	$ 11,681	$ 2,928	$ 1,393
Premiums, Fees and Licenses	1,660	2,111	1,862
Other Revenue			
Land Inventory Sales	8,034	-	-
Swan Hills Treatment Centre	11,120	9,402	9,186
Leases (Land and Buildings)	11,780	21,535	17,482
Transfer In of Tangible Capital Assets	1,380	31,127	-
Other (Schedule 1)	5,178	9,796	21,372
	50,833	76,899	51,295
Expenses - Directly Incurred (Note 2a, Schedule 3, Schedule 7)			
Programs			
Ministry Support Services	25,304	21,454	27,489
Capital Construction	594,079	519,019	416,277
Strategic Partnerships Office	-	-	1,028
Property Management	384,317	384,640	355,540
Asset Management	7,754	7,152	7,221
Realty Services	222,812	218,083	212,354
2013 Alberta Flooding	28,190	2,909	2,601
Climate Leadership Plan	11,738	1,453	156
	1,274,194	1,154,710	1,022,666
Annual Deficit	$ (1,223,361)	$ (1,077,811)	$ (971,371)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017 Restated - Note 3
	(in thousands)	
Financial Assets		
Cash	$ 955	$ -
Accounts Receivable (Note 4)	9,154	7,675
Advances (Note 5)	139	139
Inventories for Resale (Note 6)	11,793	10,206
	$ 22,041	$ 18,020
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	$ 210,355	$ 229,128
Holdbacks Payable	63,595	72,270
Unearned Revenue (Note 11)	1,869	2,477
Liabilities Under Public Private Partnerships (Note 12)	5,536	6,319
Liabilities for Site Remediation and Reclamation (Note 17)	86,211	82,364
Liabilities for Contaminated Sites (Note 13)	3,705	421
	371,271	392,979
Net Debt	$ (349,230)	$ (374,959)
Non-Financial Assets		
Tangible Capital Assets (Note 14)	$ 3,249,025	$ 3,190,438
Inventories of Supplies and for Resale (Note 6)	187,926	216,733
	$ 3,436,951	$ 3,407,171
Net Assets Before Spent Deferred Capital Contributions	$ 3,087,721	$ 3,032,212
Spent Deferred Capital Contributions (Note 10)	129,446	116,005
Net Assets	$ 2,958,275	$ 2,916,207
Net Assets at Beginning of Year	$ 2,916,207	$ 2,742,034
Adjustments to Net Assets (Note 15)	122	28,312
Annual Deficit	(1,077,811)	(971,371)
Net Financing Provided from General Revenues	1,119,757	1,117,232
Net Assets at End of Year	$ 2,958,275	$ 2,916,207

Contingent assets (Note 7), contractual rights (Note 8), contractual obligations (Note 16) and contingent liabilities (Note 19).

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CHANGE IN NET DEBT
Year ended March 31, 2018

	2018		2017
	Budget	**Actual**	**Actual Restated - Note 3**
		(in thousands)	
Annual Deficit	$ (1,223,361)	$ (1,077,811)	$ (971,371)
Acquisition of Tangible Capital Assets	(226,383)	(168,822)	(192,655)
Amortization of Tangible Capital Assets (Note 14)	128,000	108,507	105,498
Gain on Disposal of Tangible Capital Assets (Schedule 1)		(4,282)	(8,889)
Proceeds from Disposal of Tangible Capital Assets		20,679	11,971
Write-down of Tangible Capital Assets		2,473	2,148
Loss on Disposal of Tangible Capital Assets		-	484
Contributed Assets (Note 14)		(380)	(2,346)
Write-down of Tangible Capital Asset accruals		1,047	1,137
Grants in Kind		132	727
Net Transfer In of Tangible Capital Assets		(17,941)	-
Purchases of Inventories for Supplies (Note 6)	(2,754)	(2,578)	(2,467)
Consumption of Inventories of Supplies (Note 6)	2,900	2,543	2,610
Decrease in Prepaid Expenses		-	145
Decrease in Non-Financial Inventory for Resale (Note 6)		28,842	15,466
Increase in Spent Deferred Capital Contributions (Note 10)		13,441	27,153
Vacation Liability Transferred Out		122	-
Net Financing Provided from General Revenue		1,119,757	1,117,232
Decrease in Net Debt		$ 25,729	$ 106,843
Net Debt at Beginning of Year		(374,959)	(481,802)
Net Debt at End of Year		$ (349,230)	$ (374,959)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017 Restated - Note 3
	(in thousands)	
Operating Transactions		
Annual Deficit	(1,077,811)	(971,371)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 14)	108,507	105,498
Consumption of Inventory of Supplies (Note 6)	2,543	2,610
Gain on Disposal of Tangible Capital Assets (Schedule 1)	(4,282)	(8,889)
Contributed Assets (Note 14)	(380)	(2,346)
Loss on Disposal of Tangible Capital Assets	-	484
Write-down of Tangible Capital Assets	2,473	2,148
Provision for Site Remediation and Reclamation (Note 17)	4,625	4,558
Provision for Contaminated Sites (Note 13)	3,570	250
Unearned Revenue Recognized as Revenue (Note 11)	(23,161)	(13,850)
Deferred Capital Contributions Recognized as Revenue (Note 10)	(3,504)	(1,904)
Provision for change in Vacation Pay	(128)	567
Provision for Doubtful Accounts	78	54
Grants in Kind	132	727
Net Transfer In of Tangible Capital Assets	(17,941)	-
	72,532	89,907
Increase in Accounts Receivable	(1,556)	(657)
Increase in Advances (Note 5)	-	(2)
Decrease in Prepaid Expenses	-	145
Increase (Decrease) in Accounts Payable and Accrued Liabilities	15,514	(48,526)
Decrease in Holdbacks Payable	(8,675)	(43,582)
Decrease in Liabilities for Site Remediation and Reclamation (Note 17)	(778)	(336)
Decrease in Liabilities for Contaminated Sites (Note 13)	(286)	(4)
Unearned Revenue Received/Receivable (Note 11)	22,553	13,841
Purchases of Inventory of Supplies (Note 6)	(2,578)	(2,467)
Purchases of Inventory for Resale	(5,736)	(7,967)
Cash Applied to Operating Transactions	(986,821)	(971,019)
Capital Transactions		
Acquisition of Tangible Capital Assets	(168,822)	(192,655)
Proceeds from Disposal of Tangible Capital Assets	20,679	11,971
Cash Applied to Capital Transactions	(148,143)	(180,684)
Financing Transactions		
Repayment of Liabilities under Public Private Partnerships (Note 12)	(783)	(762)
Contributions Restricted for Capital (Note 10)	16,945	29,057
Net Financing Provided from General Revenue	1,119,757	1,117,232
Cash Provided by Financing Transactions	1,135,919	1,145,527
Increase / (Decrease) in Cash	955	(6,176)
Cash, Beginning of Year	-	6,176
Cash, End of Year	$ 955	-

The accompanying notes and schedules are part of these financial statements.

FINANCIAL INFORMATION

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Infrastructure (the "Ministry") operates under the authority of the *Government Organization Act,* Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry designs, builds, manages and maintains government-owned facilities, and collaborates with other ministries to ensure that schools, hospitals and other government-owned and operated infrastructure meet the needs of Alberta's population.

The Minister of Infrastructure (the "Minister") is responsible to:

- lead the development of the provincial Capital Plan to support key public services and contribute to the Alberta Jobs Plan,
- work with stakeholders to develop and deliver new capital projects, while undertaking opportunities to renovate, repurpose and revitalize existing facilities,
- support effective decision-making related to facilities, land, leasing and accommodation services, and
- examine opportunities to implement environmental efficiencies, green technologies and the reduction of the environmental footprint of provincial infrastructure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers

Transfers from all levels of government are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the Ministry's actions and communications as to the use of transfers, create a liability. These transfers are recognized as revenues, as the stipulations are met and, when applicable, the Ministry complies with its communicated uses of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's Credit or Recovery initiatives.

Transfers of Tangible Capital Assets from Other Government Entities

Transfers of tangible capital assets from other government entities are recognized as revenue (Transfer In of Capital Assets).

Expenses

Directly Incurred

Directly Incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- consumption of inventory;
- pension costs, which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, indemnities, and site remediation;
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria (if any) are met, and a reasonable estimate of the amounts can be made.
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs.
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.
- transfers of tangible capital assets to other government entities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Incurred by Others

Some services contributed by related entities in support of Ministry operations are not recognized but disclosed in Schedule 7.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, inventories for resale, accounts payable, accrued liabilities, and holdbacks payable are estimated to approximate their carrying values because of the short term nature of these instruments.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, inventories for resale that are anticipated to be sold within the next fiscal year, and properties for sale with existing offers in place with no conditions that will be closed within a year.

Accounts Receivable

Accounts Receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Inventories for Resale

Land under development for resale is recorded at the lower of cost and net realizable value. Costs include all costs to build infrastructure. The estimated unexpended portion of costs to complete building the infrastructure are recorded as a liability upon approval of the development plan with the municipality. The cost of sale of a lot is allocated on the basis of the estimated total cost of the subdivision phase prorated over the number of developable/saleable acres in the phase.

Liabilities

Liabilities represent present obligations of the Ministry to external organizations and individuals arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Accounts Payable and Accrued Liabilities

Accounts Payable and Accrued Liabilities include a provision for land development costs related to the construction, installation, and servicing of municipal improvements for the Parsons Creek subdivision under development in the Regional Municipality of Wood Buffalo, recognized once an approved development agreement with the municipality is in place as this is the point in time when an obligation arises. The provision is recognized as a liability with an equal amount capitalized to land inventory. Provisions for land development are measured at management's best estimates of the expenditure required to complete the approved development plan at the end of the reporting period. Adjustments are made to the liability when actual costs are incurred. Provisions are discounted, where material, based on the expected future cash flows and a rate that reflects risk specific to the provision and the time value of money.

Public Private Partnerships (P3s)

A Public Private Partnership (P3) is defined as a legally-binding contract between the province and one or more public or private partners for the provision of assets and delivery of services that allocates responsibilities and business risks among various partners.

The Ministry accounts for P3 projects in accordance with the substance of the underlying agreements. These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement;
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement;
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recognized based on the estimated percentage complete, and
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Liabilities for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation that is no longer in productive use and is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Ministry is directly responsible or accepts responsibility;
- a reasonable estimate of the amount can be made, and
- it is expected that future economic benefits will be given up.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- are normally employed to deliver government services;
- may be consumed in the normal course of operations, and
- are not for sale in the normal course of current year operations.

Non-financial assets of the Ministry are limited to tangible capital assets, prepaid expenses, inventories of supplies for consumption, and inventories held for resale that are not anticipated to be sold within the next fiscal year.

Tangible Capital Assets

Tangible capital assets of the Ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Costs that are capitalized for constructed assets (buildings) include all those required to bring an asset to a condition necessary for its intended use, which could include furnishings and equipment. Assets are accounted for in accordance with government's policy on tangible capital assets. The threshold for capitalizing new information technology systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land, with the exception of Crown land, is capitalized. Crown lands acquired by right are not recognized in these financial statements as their economic value can not reasonably be quantified.

Tangible capital assets of the Ministry include work in progress.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Tangible capital assets transferred to/from other government entities are recognized at their carrying value.

Amortization is only charged when the tangible capital asset is put into service.

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the net book values of these physical assets, less any nominal proceeds, are recognized as grants in kind.

Inventories of Supplies

Swan Hills Treatment Centre inventories are valued at lower of cost or replacement cost.

Grants in Kind to Alberta Health Services

Capital assets are transferred monthly as work in progress to recipient organizations at their net book value and recorded as a Grant in Kind expense by the Ministry.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The areas subject to measurement uncertainty include:

- Liabilities for Site Remediation and Reclamation recognized as $86,211 (2017 - $82,364) is estimated based on a 2014 cost estimate and current cost escalation rates. A revised cost estimate or changes to escalation rates could materially change the estimate.
- Liabilities for Contaminated Sites recognized as $3,705 (2017 - $421) is estimated based on environmental site assessments to determine the nature and extent of contamination, current cost estimates, and appraisals of any cost recovery. Any changes in these factors during remediation could materially change the estimate.
- Amortization recognized as $108,507 (2017 - $105,498) is estimated based on the historical cost or carrying value of the tangible capital asset, its estimated useful life and the date the asset is put into service. Any changes in these factors could materially change the estimate.
- Inventories for Resale recognized as $197,583 (2017 - $224,838) is estimated at the lower of cost and net realizable value. The estimate is based on current cost estimates and discount rates. Any changes in these factors could materially change the estimate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Fort McMurray Land Exchange

The Fort McMurray land exchange is valued at the fair value of the assets exchanged.

The Province entered into an agreement with the Regional Municipality of Wood Buffalo under which the Province will transfer land assets to the region in exchange for the region providing highway improvements and other services to the Province. The Ministry of Infrastructure holds the land that is exchanged under the agreement. The Ministry of Transportation receives the highway improvements to provincial highways and supports the highway improvements within the Regional Municipality of Wood Buffalo. While the transaction is governed under one agreement, each of the ministries of Infrastructure and Transportation recognize their respective portions of the agreement. No transactions were recorded in 2017-18.

The Regional Municipality of Wood Buffalo has requested amending the agreement. The possible outcome and impact on the financial statements has not yet been determined as discussions are ongoing.

(c) Change in Accounting Policy

The Ministry has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 7, Note 8, Note 23, Schedule 3, Schedule 6 and Schedule 7.

(d) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

PS 3430 Restructuring Transactions (effective April 1, 2018)
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

PS 3450 Financial Instruments (effective April 1, 2021)
The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2021-22 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

PS 3280 Asset Retirement Obligation (effective April 1, 2021)
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 PROGRAM TRANSFERS/GOVERNMENT REORGANIZATIONS
(in thousands)

Effective April 1, 2017, as approved in Order in Council 275/2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance. Comparatives for 2017 have been restated as if the department had always been assigned with its current responsibilities. The financial impact of these changes on opening net assets is detailed below.

	As Previously Reported	Transfer to Treasury Board and Finance	As Restated
Net Assets at March 31, 2016	**$ 2,742,034**	**$ -**	**$ 2,742,034**
Adjustment to Net Assets	28,312	-	28,312
Annual Deficit	(972,217)	846	(971,371)
Net Financing Provided from General Revenues	1,118,078	(846)	1,117,232
Net Assets at March 31, 2017	**$ 2,916,207**	**$ -**	**$ 2,916,207**

FINANCIAL INFORMATION

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2018			2017
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Centre	$ 3,026	$ -	$ 3,026	$ 2,119
Leases (Land and Buildings)	2,430	240	2,190	4,033
Cost Recoveries and Other	3,938	-	3,938	1,523
	$ 9,394	$ 240	$ 9,154	$ 7,675

NOTE 5 ADVANCES
(in thousands)

	2018			2017
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Security Deposits for Projects	$ 21	$ -	$ 21	$ 21
Security Lease Deposits	118	-	118	118
	$ 139	$ -	$ 139	$ 139

NOTE 6 INVENTORIES
(in thousands)

Inventories for Resale consists of land under development for resale for the Parsons Creek subdivision in the Wood Buffalo Region. Inventories of Supplies consists of chemicals for the Swan Hills Treatment Centre.

Inventories for Resale	2018	2017
Land Under Development (Note 18)		
Balance, beginning of year	$ 224,838	$ 241,948
Decrease in estimated value of work in phases with agreements	(27,255)	(17,110)
Add value of work for phases with no agreement	-	-
Less cost of inventory sold	-	-
Balance, end of year	$ 197,583	$ 224,838
Inventories of Supplies		
Swan Hills Inventory (Note 17)		
Balance, beginning of year	$ 2,101	$ 2,244
Add purchases of inventory	2,578	2,467
Less consumption of inventory	(2,543)	(2,610)
Balance, end of year	$ 2,136	$ 2,101
Total Inventories	$ 199,719	$ 226,939
Inventories for Resale - Financial Assets	$ 11,793	$ 10,206
Inventories for Resale - Non-Financial Assets	185,790	214,632
Inventories of Supplies - Non-Financial Assets	2,136	2,101
	$ 199,719	$ 226,939

NOTE 7 CONTINGENT ASSETS

(in thousands)

Contingent assets include outstanding claims with the Alberta Risk Management Fund amounting to $1,112 (2017: $2,455).

NOTE 8 CONTRACTUAL RIGHTS

(in thousands)

Contractual rights are rights of the Ministry to economic resources arising from contracts or agreements that will result in future assets and revenues when the terms of those contracts or agreements are met.

	2018	2017
Operating Leases and Contracts	$ 60,532	$ 84,368
	$ 60,532	$ 84,368

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating Leases and Contracts
2018-19	$ 10,966
2019-20	6,584
2020-21	2,470
2021-22	1,716
2022-23	1,177
Thereafter	37,619
	$ 60,532

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2018	2017
Parsons Creek Land Development (Note 18)	$ 87,503	$ 120,477
Accrued Liabilities for Health Facilities	55,879	40,639
Other	66,973	68,012
	$ 210,355	$ 229,128

NOTE 10 DEFERRED CONTRIBUTIONS

(in thousands)

	2018	2017
Unspent Deferred Capital Contributions (i)	$ -	$ -
Spent Deferred Capital Contributions (ii)	129,446	116,005
	$ 129,446	$ 116,005

(i) Unspent Deferred Capital Contributions

	2018	2017
Balance, beginning of year	$ -	$ -
Cash contributions received/receivable during the year	16,945	29,057
Transferred to spent deferred capital contributions	(16,945)	(29,057)
Balance, end of year	$ -	$ -

(ii) Spent Deferred Capital Contributions

	2018	2017
Balance, beginning of year	$ 116,005	$ 88,852
Transferred from unspent deferred capital contributions	16,945	29,057
Less amounts recognized as revenue	(3,504)	(1,904)
Balance, end of year	$ 129,446	$ 116,005

NOTE 11 UNEARNED REVENUE
(in thousands)

	2018	2017
Balance, beginning of year	$ 2,477	$ 2,486
Cash contributions received/receivable during the year	22,553	13,841
Less amounts recognized as revenue	(23,161)	(13,850)
Balance, end of year	$ 1,869	$ 2,477

NOTE 12 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS
(in thousands)

The Ministry has entered into contracts for the design, finance, build, and operation of the Evan Thomas Water and Wastewater Treatment Facilities as a public private partnership.

The details of the 10 year contract for this project which is operational is as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Evan Thomas Water and Wastewater Treatment Facilities	EPCOR Water Services Inc.	October 2012	August 2014	August 2014

The calculation of the liabilities under public private partnerships is as follows:

	2018	2017
Liabilities, beginning of year	$ 6,319	$ 7,081
Additions to liabilities during the year	-	-
Principal payments	(783)	(762)
Liabilities, end of year	$ 5,536	$ 6,319

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Capital Payments
2018-19	$ 951
2019-20	951
2020-21	951
2021-22	951
2022-23	951
Thereafter	1,298
	6,053
Less amount representing interest	(517)
Total NPV of capital payments remaining	$ 5,536

NOTE 13 LIABILITIES FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities for three identified sites are as follows:

	2018	2017
Liabilities, beginning of year	$ 421	$ 175
Additions to liabilities during the year	-	250
Change in estimate related to existing sites	3,570	-
Less remediation work performed	(286)	(4)
Liabilities, end of year	$ 3,705	$ 421

The Ministry works collaboratively to identify and assess any sites no longer in use that may be contaminated. A liability is recorded for these sites where the ministry has accepted responsibility to perform remediation work, the work is expected to occur and can be reasonably estimated. The liability is calculated using the five year government borrowing rate, if applicable. The total cost is net of any recoveries.

The recorded amount is based on historical costs and management's estimate of expected expenditures and recoveries to remediate or reclaim identified sites. For contaminated sites that are being addressed through a risk management approach, no liability is recognized as these costs are considered operational.

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 14 TANGIBLE CAPITAL ASSETS
(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below:

	2018 Historical Cost [1]						
	Estimated Useful Life	Beginning of Year	Additions [2]	Disposals	Net Transfers In/(Out)	Adjustments / Write-downs	End of Year
Land	Indefinite	$ 809,215	$ 12,034	$ (16,528)	$ 17,361	$ (1,227)	$ 820,855
Land Improvements	40 years	23,069	1,175	-	-	456	$ 24,700
Buildings	40 years	3,900,218	131,668	(1,237)	(7,677)	(12,626)	$ 4,010,346
Equipment	5-40 years	61,664	8,963	-	-	(644)	$ 69,983
Computer Hardware and Software	3-10 years	38,852	2,342	-	1,473	172	$ 42,839
Leasehold Improvements	0-5 years	88,871	13,020	-	-	(4,104)	$ 97,787
		$ 4,921,889	$ 169,202	$ (17,765)	$ 11,157	$ (17,973)	$ 5,066,510

	2018 Accumulated Amortization						Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	Effect of Net Transfers (In)/Out	Effect of Adjustments / Write-downs	End of Year	March 31, 2018	March 31, 2017
Land	$ -	$ -	$ -	$ -	$ -	$ -	$ 820,855	$ 809,215
Land Improvements	7,269	644	-	-	162	8,075	16,625	15,800
Buildings	1,600,010	95,481	1,237	(6,784)	(13,505)	1,676,439	2,333,907	2,300,208
Equipment	33,285	3,547	-	-	-	36,832	33,151	28,379
Computer Hardware and Software	30,078	621	-	-	-	30,699	12,140	8,774
Leasehold Improvements	60,810	8,214		-	(3,584)	65,440	32,347	28,061
	$ 1,731,452	$ 108,507	$ 1,237	$ (6,784)	$ (16,927)	$ 1,817,485	$ 3,249,025	$ 3,190,438

[1] Included in the cost of tangible capital assets is work in progress as detailed below:

	2018	2017
Land	$ 8,392	$ 21,647
Land Improvements	889	2,410
Buildings	77,488	96,165
Equipment	7,999	4,710
Computer Hardware and Software	4,480	561
Leasehold Improvement	10,224	9,858
	$ 109,471	$ 135,351

[2] Includes contributed assets valued at $380.

NOTE 15 ADJUSTMENTS TO NET ASSETS
(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2018	2017
Vacation Liability Transfer to Treasury Board and Finance [1]	$ 122	-
Non-Grant Transfer of Tangible Capital Assets from/(to) Other General Revenue Funded Government Entities [2]	-	13,564
Error Correction from Prior Periods [3]	-	4,303
Policy Change Correction from Prior Periods [4]	-	10,445
	$ 122	$ 28,312

[1] As approved in Order in Council 275/2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance.

[2] Transfers from/to other general revenue funded government entities are recognized at their carrying value.

[3] An adjustment to increase net assets was made to correct errors made in recording asset transactions in prior years. One was discovered as a result of reconciliation work performed during the conversion to a new asset system. The other was due to a system error that resulted in amortization being overstated in 2015-16. The impact of the adjustment is an increase of $4,303 to the net book value of assets and to net assets. Prior period financial statements have not been restated.

[4] An adjustment to increase net assets was made to account for a land acquisition that was expensed under previous accounting policy. The land, located in Lethbridge, was acquired as part of a larger initiative with the City to relocate railway lines in the early 1980's. Under current accounting policy, our portion of the land should be reported as a capital asset. The impact of the adjustment is an increase of $10,445 to the net book value of assets and to net assets. Prior period financial statements have not been restated.

NOTE 16 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

		2018	2017 Restated
Capital Investment			
	Construction Contracts and Service Agreements	$ 1,936,580	$ 732,386
Expense			
	Maintenance Contracts and Service Agreements	668,073	745,814
	Grants	40,197	56,732
	Leases	608,676	604,679
	P3 Operations and Maintenance Payments	15,264	17,602
		$ 3,268,790	$ 2,157,213

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts and Programs

	Capital Investment	Expense				
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Leases	P3 Operations and Maintenance Payments	Total
2018-19	$ 723,156	$ 145,943	$ 22,710	$ 180,819	$ 2,702	$ 1,075,330
2019-20	409,614	41,169	12,179	142,824	1,985	607,771
2020-21	323,552	28,236	3,549	97,560	2,119	455,016
2021-22	314,876	26,795	1,744	67,303	2,103	412,821
2022-23	145,226	26,611	15	52,588	-	224,440
Thereafter	20,156	399,319	-	67,582	6,355	493,412
	$ 1,936,580	$ 668,073	$ 40,197	$ 608,676	$ 15,264	$ 3,268,790

NOTE 17 SWAN HILLS TREATMENT CENTRE
(in thousands)

The land and responsibilities of the Swan Hills Treatment Centre were transferred to the Ministry, effective March 31, 2004, including associated environmental obligations. The facility is operated by the Ministry through a contracted operator and results of operations are included in these financial statements.

A study was done by an environmental consultant in March 2014 to determine the estimated cost of remediating and monitoring the Swan Hills Treatment Centre site. The estimate was $114 million in 2015 dollars, escalated to $135 million in 2026. The annual provision recorded is based on this estimate to remediate the site in 2026. The total liability at March 31, 2018 is $86.2 million (2017 - $82.4 million).

At March 31, the assets and liabilities of plant operations were as follows:

		2018	2017
Assets			
	Accounts Receivable	$ 3,025	$ 2,119
	Chemical and Parts Inventories	2,136	2,101
	Capital Assets	22,375	18,053
		$ 27,536	$ 22,273
Liabilities			
	Accounts Payable and Accrued Liabilities	$ 5,391	$ 4,258
	Unearned Revenue	877	1,533
	Site Remediation and Reclamation	86,211	82,364
		$ 92,479	$ 88,155

Net operating results from plant operations for the years ended March 31 were as follows:

		2018	2017
Revenue			
	Operating Revenue	$ 9,402	$ 9,186
		9,402	9,186
Expenses			
	Plant Operating Expenses	$ 25,336	$ 25,656
	Consumption of Inventories	2,543	2,610
	Amortization	1,999	1,821
	Provision for Site Remediation and Reclamation	4,625	4,558
	Infrastructure Paid Operational Costs	1,440	1,472
		35,943	36,117
Net Operating Results from Plant Operations		$ (26,541)	$ (26,931)
Purchase of Inventories		$ 2,578	$ 2,467
Capital Investment in Plant and Equipment		$ 6,321	$ 4,301
Site Remediation and Reclamation Work Completed		$ 778	$ 336

NOTE 18 LAND DEVELOPMENT
(in thousands)

The Ministry is developing and selling crown land as residential and commercial lots in the Parsons Creek Subdivision of the Regional Municipality of Wood Buffalo. The area is being developed in three phases. Land under development and the provision for land development are accounted for in accordance with Note 2a under the 'Inventories for Resale' and 'Accounts Payable and Accrued Liabilities' sections.

At March 31, the assets and liabilities related to land development were as follows:

	2018	2017
Assets		
Inventories for Resale (Note 6)	$ 197,583	$ 224,838
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)		
Balance, beginning of year	$ 120,477	$ 147,753
Decrease in estimated costs in phases with agreements	(27,255)	(17,110)
Add value of work for phases with no agreement	-	-
Less amounts paid	(5,719)	(10,166)
Balance, end of year	$ 87,503	$ 120,477

No sales were realized from land development in 2016-17 and 2017-18, therefore, no net operating results are being reported.

NOTE 19 CONTINGENT LIABILITIES
(in thousands)

The Ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals would be made in specific instances where it is likely that losses would be incurred based on a reasonable estimate. As at March 31, 2018, no accruals have been recognized as a liability (2017 - $0).

The Ministry has been named in twenty-eight (2017 - twenty-four) claims of which the outcome is not determinable. Of these claims, twenty-five (2017 - twenty-two) have specified amounts totaling $79,987 (2017 - $78,004). The three remaining claims (2017 - two) have no specified amount. Included in the total claims, six claims totaling $16,392 (2017 - five claims totaling $16,007) are covered in whole or in part by the Alberta Risk Management Fund, one of which is a joint claim with Transportation.

The Ministry has also been named in one claim (2017 - none) in which the outcome is deemed likely, and this claim is covered in whole by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount. The resulting loss, if any, from these claims cannot be determined.

NOTE 20 GOVERNMENT TRANSFERS - FEDERAL PROGRAMS

The Ministry received support for infrastructure from the Government of Canada in 2017-18 through the Building Canada Fund. Capital transfers are recognized as deferred revenue upon receipt and transferred to revenue over the useful life of capital assets based on relevant stipulations by the transferring government.

A summary of the federal initiative for funds received in 2017-18 is as follows:

Building Canada Fund – Major Infrastructure Component

The Ministry signed an agreement in December 2013 to receive up to $112.5 million through this program towards the construction of the Royal Alberta Museum. Federal funding has been received on the basis of completed milestones established in the terms of the agreement. In 2017-18, $14.9 million was received for a total of $112.5 million to date, which is the full amount of funding under the agreement.

Canada Cultural Spaces Fund

The Ministry signed an agreement in August 2017 to receive up to $3.4 million through this program towards the expansion of the Drumheller Royal Tyrrell Museum of Palaeontology. Federal funding will be received on the basis of completed milestones established in the terms of the agreement. In 2017-18, a receivable of $2.1 million was recorded.

NOTE 21 BENEFIT PLANS
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $8,916 for the year ended March 31, 2018 (2017 - $9,448). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, the Management Employees Pension Plan reported a surplus of $866,006 (2016 - surplus $402,033), the Public Service Pension Plan reported a surplus of $1,275,843 (2016 - surplus $302,975) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $54,984 (2016 - deficiency $50,020).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of $111,983 (2017 - surplus $101,515) and the Management, Opted Out and Excluded Plan reported a surplus of $29,805 (2017 - surplus $31,439). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 22 TRUST FUNDS UNDER ADMINISTRATION
(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2018, trust funds under the Ministry's administration were as follows:

	2018	2017
The General Trust Fund	$ 4,476	$ 3,544
The Security Deposit Trust Fund	726	594
	$ 5,202	$ 4,138

The General Trust Fund holds non-interest bearing securities posted by contractors.
The Security Deposit Trust Fund holds interest bearing deposits from tenants for rented property.

NOTE 23 ADMINISTRATION OF PROGRAMS/PROJECTS ON BEHALF OF OTHER GOVERNMENT ENTITIES
(in thousands)

The Ministry administers several programs/projects on behalf of other ministries under different Memorandums of Understanding (MOU) or other forms of agreement. These expenditures are reflected in the financial statements of recipient ministries and are not recognized in these financial statements. The details of those programs/projects that are under administration are as follows:

Ministry/Entity	MOU Date	Descriptions	2018	2017
Advanced Education	various	Renovations	$ 12	$ 353
Agriculture and Forestry	various	Renovation and accommodation	28	173
Alberta Health Services	various	Construction costs	1,250	-
Alberta Gaming and Liquor Commission	various	Construction costs	39,557	47,049
Alberta Social Housing Corporation	12-Jan-16	Facility evaluations	-	465
Children's Services	N/A	Purchase of furniture	7	-
Community and Social Services	various	Renovation and lease contracts	147	108
Culture and Tourism	N/A	Purchase of furniture	2	-
Economic Development and Trade	various	Purchase of furniture and training	13	-
Education	various	Capital project costs	337,237	514,962
Energy	N/A	Purchase of furniture	-	2
Environment and Parks	various	Renovation, consulting, and leasing	1,359	3,177
Health	22-Dec-16	Accommodation projects	10	-
Justice and Solicitor General	various	Renovations	148	195
Labour	various	Lease and licenses	1,970	1,980
Municipal Affairs	various	Leasing and Disaster Recovery Program	3,133	9,253
Seniors and Housing	17-Jan-17	Accommodation projects	5	-
Service Alberta	various	Renovation and IMT project	1,305	993
Transportation	various	Land acquisitions and construction	9,559	12,152
Treasury Board and Finance	29-Mar-17	Lease contracts	176	45
			$ 395,918	$ 590,907

NOTE 24 SUBSEQUENT EVENTS

Effective April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Department of Treasury Board and Finance.

Effective April 1, 2018, the government consolidated the Freedom of Information and Protection of Privacy (FOIP) delivery services under the Department of Service Alberta.

Effective April 1, 2018, the government consolidated the information management and technology services under the Department of Service Alberta.

Effective April 1, 2018, the majority of the budget and responsibilities for the School Facilities Program, including the modular program, are being transferred from the Ministry of Education to the Ministry of Infrastructure. Funding for this program will be over $500 million in 2018-19.

Effective April 1, 2018, the Enterprise Information Technology Environment, including funding currently paid through consumption billing, is being transferred to the Ministry of Service Alberta.

The Integrated Bilateral Agreement between the Government of Canada and the Province of Alberta was signed on April 3, 2018. This 10-year agreement, supporting infrastructure investments in Alberta communities, will be managed by the Ministry of Infrastructure.

NOTE 25 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 26 APPROVAL OF FINANCIAL STATEMENTS

The Deputy Minister and the Senior Financial Officer approve these financial statements.

MINISTRY OF INFRASTRUCTURE **Schedule 1**
SCHEDULE TO THE FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
		(in thousands)	
Government Transfers			
Federal and Other Government Grants	$ 11,681	$ 2,928	$ 1,393
	11,681	2,928	1,393
Premiums, Fees and Licenses			
Other Fees and Licenses	1,660	2,111	1,862
	1,660	2,111	1,862
Other Revenue			
Land Inventory Sales	8,034	-	-
Swan Hills Treatment Centre (Note 17)	11,120	9,402	9,186
Leases (Land and Buildings)	11,780	21,535	17,482
Transfer In of Tangible Capital Assets	1,380	31,127	-
Other			
Refunds of Expenditure	1,400	3,309	4,145
Cost Recoveries	3,638	1,033	6,051
Gain on Disposal of Tangible Capital Assets	-	4,282	8,889
Miscellaneous	140	1,172	2,287
	37,492	71,860	48,040
Total Revenues	$ 50,833	$ 76,899	$ 51,295

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE **Schedule 2**
SCHEDULE TO THE FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2018

	2018				
	Authorized	Actual Revenue Recognized	Unearned Revenue	Total Revenue Received / Receivable	(Shortfall)/ Excess[(1)]
		(in thousands)			
Leases (Land and Buildings)	$ 11,780	$ 11,402	$ 992	$ 12,394	$ 614
Swan Hills Treatment Centre	11,120	9,402	877	10,279	(841)
	$ 22,900	$ 20,804	$ 1,869	$ 22,673	$ (227)

Leases
Rent is charged to agencies of government and other entities which occupy space in government operated buildings or which utilize land owned by government.

Swan Hills Treatment Centre
The private sector is charged for the disposal of hazardous waste.

(1) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4.

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE **Schedule 3**
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed By Object
Year ended March 31, 2018

	2018		2017
	Budget	**Actual**	**Actual**
		(in thousands)	**Restated - Note 3**
Salaries, Wages, and Employee Benefits	$ 80,676	$ 79,644	$ 76,427
Supplies and Services	511,833	451,630	436,419
Grants	540,515	496,563	398,808
Amortization of Tangible Capital Assets	128,000	108,507	105,498
Consumption of Inventory	12,966	2,543	2,610
Financial Transactions and Other	204	2,637	2,904
Transfer Out of Tangible Capital Assets	-	13,186	-
	$ 1,274,194	$ 1,154,710	$ 1,022,666

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2018

Schedule 4

	Voted Estimates [1]	Supplementary Estimates	Adjustments [2]	Adjusted Voted Estimate	Voted Actuals [3]	Unexpended (Over Expended)
			(in thousands)			
Expense Vote by Program						
Operating Expense						
1 Ministry Support Services						
1.1 Minister's Office	$ 755	$ -	$ -	$ 755	$ 630	$ 125
1.2 Deputy Minister's Office	790	-	-	790	697	93
1.3 Communications	913	-	(913)	-	-	-
1.4 Human Resources	2,079	-	-	2,079	1,907	172
1.5 Corporate Strategies and Services	17,383	-	-	17,383	17,782	(399)
	21,920	-	(913)	21,007	21,016	(9)
2 Capital Construction						
2.1 Government Facilities Infrastructure	10,474	-	-	10,474	8,841	1,633
2.2 Health Facilities Infrastructure	2,778	-	-	2,778	2,350	428
2.3 School Facilities Infrastructure	2,108	-	-	2,108	2,079	29
	15,360	-	-	15,360	13,270	2,090
4 Property Management						
4.1 Property Operations	213,017	-	-	213,017	219,247	(6,230)
4.2 Swan Hills Treatment Centre	30,254	-	-	30,254	26,776	3,478
	243,271	-	-	243,271	246,023	(2,752)
5 Asset Management	7,754	-	-	7,754	7,202	552
6 Realty Services						
6.1 Leases	208,679	-	-	208,679	203,398	5,281
6.2 Land Acquisition and Services	3,074	-	-	3,074	2,590	484
6.3 Fort McMurray and Area Lands	993	-	-	993	966	27
	212,746	-	-	212,746	206,954	5,792
7 2013 Alberta Flooding						
7.1 Floodway Relocation Program	28,190	-	-	28,190	2,183	26,007
8 Climate Leadership Plan						
8.1 Green Infrastructure	698	-	-	698	462	236
Capital Grants						
2 Capital Construction						
2.4 Capital Planning	48,204	-	-	48,204	10,502	37,702
4 Property Management						
4.3 Government Owned Facilities Preservation	9,675	-	-	9,675	13,164	(3,489)
4.4 Accommodation Projects	-	-	-	-	1,931	(1,931)
	9,675	-	-	9,675	15,095	(5,420)
8 Climate Leadership Plan						
8.1 Green Infrastructure	1,040	-	-	1,040	420	620
Debt Servicing						
4 Property Management						
4.5 Debt Servicing	168	-	-	168	168	-
Credit or Recovery Shortfall (Schedule 2)	-	-	(227)	(227)	-	(227)
Total	$ 589,026	$ -	$ (1,140)	$ 587,886	$ 523,295	$ 64,591
Lapse/(Encumbrance)						$ 64,591

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2018

Schedule 4
(Cont'd)

	Voted Estimates [(1)]	Supplementary Estimates	Adjustments [(2)]	Adjusted Voted Estimate	Voted Actuals [(3)]	Unexpended (Over Expended)
			(in thousands)			
Capital Investment Vote by Program						
Capital Investment						
1 Ministry Support Services						
1.5 Corporate Strategies and Services	$ 3,558	$ -	$ -	$ 3,558	$ 2,513	$ 1,045
2 Capital Construction						
2.1 Government Facilities Infrastructure	128,724	-	-	128,724	54,826	73,898
2.2 Health Facilities Infrastructure	-	-	-	-	3,494	(3,494)
2.4 Capital Planning	3,763	-	-	3,763	1,971	1,792
	132,487	-	-	132,487	60,291	72,196
4 Property Management						
4.1 Property Operations	-	-	-	-	665	(665)
4.2 Swan Hills Treatment Centre	6,000	-	-	6,000	6,321	(321)
4.3 Government Owned Facilities Preservation	42,549	-	-	42,549	58,792	(16,243)
4.4 Accommodation Projects	30,000	-	-	30,000	34,177	(4,177)
	78,549	-	-	78,549	99,955	(21,406)
6 Realty Services						
6.2 Land Acquisition and Services	9,540	-	-	9,540	5,117	4,423
6.3 Fort McMurray and Area Lands	-	-	-	-	-	-
	9,540	-	-	9,540	5,117	4,423
7 2013 Alberta Flooding						
7.2 Reconstruction and Accommodation	2,249	-	-	2,249	946	1,303
Capital Payments to Related Parties						
2 Capital Construction						
2.2 Health Facilities Infrastructure	387,015	-	-	387,015	335,930	51,085
2.6 Health Capital Maintenance and Renewal	143,500	-	-	143,500	159,210	(15,710)
	530,515	-	-	530,515	495,140	35,375
7 2013 Alberta Flooding						
7.2 Reconstruction and Accommodation	-	-	-	-	731	(731)
8 Climate Leadership Plan						
8.1 Green Infrastructure	10,000	-	-	10,000	556	9,444
Total	$ 766,898	$ -	$ -	$ 766,898	$ 665,249	$ 101,649
Lapse/(Encumbrance)						$ 101,649

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2018

Schedule 4 (Cont'd)

	Voted Estimates [1]	Supplementary Estimates	Adjustments [2]	Adjusted Voted Estimate	Voted Actuals [3]	Unexpended (Over Expended)
			(in thousands)			
Financial Transactions Vote by Program						
Inventory Acquisitions						
4 Property Management						
4.2 Swan Hills Treatment Centre	$ 2,754	$ -	$ -	$ 2,754	$ 2,578	$ 176
6 Realty Services						
6.3 Fort McMurray and Area Lands	-	-	-	-	-	-
Land Development Liability Retirement						
6 Realty Services						
6.3 Fort McMurray and Area Lands	18,289	-	-	18,289	5,736	12,553
Environmental Site Liability Retirement						
4 Property Management						
4.1 Property Operations	1,000	-	-	1,000	286	714
4.2 Swan Hills Treatment Centre	900	-	-	900	774	126
	1,900	-	-	1,900	1,060	840
Debt Repayment for Public Private Partnerships						
4 Property Management						
4.6 Debt Repayment	784	-	-	784	784	-
Total	$ 23,727	$ -	$ -	$ 23,727	$ 10,158	$ 13,569
Lapse/(Encumbrance)						$ 13,569

(1) As per "Expense Vote by Program" (page 176), "Capital Investment Vote by Program" (page 177), and "Financial Transactions Vote by Program" (page 178) of the 2017-18 Government Estimates. The Voted Estimates and Actuals columns will not agree to the Statement of Operations, because it contains only voted amounts, whereas the Statement of Operations contains voted and non-voted amounts.

(2) Adjustments include encumbrances, capital carry forward amounts, transfers between votes, Government Reorganization as approved in Order in Council 275/2017, and credit or recovery increases approved by Treasury Board, and credit or recovery shortfalls (Schedule 2). An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

(3) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

MINISTRY OF INFRASTRUCTURE **Schedule 5**
SCHEDULE TO THE FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year ended March 31, 2018

	2018				2017
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Deputy Minister [4]	$ 285,877	$ -	$ 8,516	$ 294,393	$ 260,833
Other Senior Officials					
Assistant Deputy Minister, Properties	200,405	-	45,623	246,028	253,086
Assistant Deputy Minister, Learning Facilities [5]	238,656	-	53,686	292,342	251,312
Assistant Deputy Minister, Health and Government Facilities [6]	174,683	-	39,866	214,549	156,134
Assistant Deputy Minister, Corporate Strategies and Services [7]	201,444	-	47,446	248,890	256,596
Chief, Strategic Partnerships Office [8]	-	-	-	-	119,803
Strategic Executive Advisor [9]	11,562	-	3,476	15,038	254,668
Communications Director [10]	117,427	-	27,776	145,203	154,711
Executive Director, Finance	164,061	-	37,413	201,474	211,374
Executive Director, Human Resources	164,061	-	36,881	200,942	209,067

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other Cash Benefits include vacation payouts, severance, and lump sum payments. There were no bonuses paid in 2018.

(3) Other Non-cash Benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees.

(4) Automobile is provided. No dollar amount is included in Other Non-cash Benefits. The position was vacant for two months in the prior year.

(5) The position was occupied by two individuals during the year. The incumbent has been on vacation since November, 2017. Executive Director of Learning Facilities has been acting since that time with half his salary allocated to this role.

(6) The position was occupied by two individuals during the year. The incumbent left the position in March 2018. Executive Director of Health and Government Facilities has been acting since that time with half his salary allocated to this role.

(7) The incumbent was appointed to the position in May 2017. The position was occupied by two individuals, at different times of the year.

(8) Position abolished in September 2016.

(9) Position abolished in April 2017.

(10) The position was occupied by two individuals, at different times of the year. The incumbent was appointed to the position in September 2017. Salary and benefits are paid by Treasury Board and Finance.

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE **Schedule 6**
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2018
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Ministry and their close family members.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2018	2017 Restated
Revenues		
Leases	$ 1,252	$ 1,189
Related to SUCH Sector	879	6,090
Swan Hills Treatment Centre	480	480
Transfer In of Tangible Capital Assets	31,127	-
	$ 33,738	$ 7,759
Expenses - Directly Incurred		
Services Related to SUCH Sector	$ 502,548	$ 405,404
Insurance	2,688	2,672
Transfer Out of Tangible Capital Assets	13,186	-
Other Costs	3,833	3,594
	$ 522,255	$ 411,670
Capital Investment	$ 10,440	$ 5,704
Accounts Receivable	$ 1,202	$ 1,240
Accounts Payable	$ 21,675	$ 24,678
Tangible Capital Assets Transferred In/(Out)	$ -	$ 13,564
Contingent Assets	$ 1,112	$ 2,455
Contractual Rights	$ 13,214	$ 14,956
Contractual Obligations	$ 42,988	$ 64,962

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements. Revenues are disclosed as follows and expenses are included in Schedule 7.

	Other Entities	
	2018	2017
Revenue		
Accommodation Costs	$ 504,785	$ 482,228

MINISTRY OF INFRASTRUCTURE **Schedule 7**
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2018
(in thousands)

	2018					2017
		Expenses - Incurred by Others				Restated Note 3
Program	**Expenses (1)**	**Accommodation Costs (2)**	**Legal Services (3)**	**Business Services (4)**	**Total Expenses**	**Total Expenses**
Ministry Support Services	$ 21,454	$ 465	$ 479	$ 6,492	$ 28,890	$ 34,944
Capital Construction	519,019	681	118	-	519,818	417,135
Strategic Partnerships Office	-	-	-	-	-	1,038
Property Management	384,640	1,205	266	-	386,111	356,879
Asset Management	7,152	191	-	-	7,343	7,402
Realty Services	218,083	140	-	-	218,223	212,631
2013 Alberta Flooding	2,909	-	-	-	2,909	2,601
Climate Leadership Plan	1,453	19	-	-	1,472	174
	$ 1,154,710	$ 2,701	$ 863	$ 6,492	$ 1,164,766	$ 1,032,804

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Cost shown for Accommodation (includes grants in lieu of taxes), allocated by the number of employees in each program.

(3) Cost shown for Legal Services allocated by hours of service incurred by each program.

(4) Costs shown for Business Services include charges for information technology support, internal audit services and other services, allocated to Ministry Support Services.

Statutory Report

Statutory Report

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the Ministry to report annually on the following parts of the Act:

32 (1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

(2) The report under subsection (1) must include the following information:

(a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) the number of investigations commenced by the designated officer as a result of disclosures;

(c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

(3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available on request.

There were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for Infrastructure between April 1, 2017 to March 31, 2018.