Infrastructure

Annual Report
2016-17

Government

Note to Readers:
Copies of the annual report are available on the Infrastructure website
www.infrastructure.alberta.ca

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June 2017

Infrastructure

Annual Report

2016-17

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 *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, 2017, 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 31, 2017 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Honourable Brian Mason
Minister of Infrastructure

Message from the Minister

In 2016-17, Alberta Infrastructure continued to focus its efforts on making lives better for Albertans, delivering, renewing and maintaining the public infrastructure Alberta families and communities need.

Leading the development of government's annual Capital Plan, Infrastructure engaged with all other ministries to determine capital priorities and align those priorities with available funding. Infrastructure is responsible for delivering on much of the Capital Plan, and with hundreds of projects on the go, marked some significant milestones in 2016-17. These milestones included construction completion of: the new Royal Alberta Museum in downtown Edmonton; ten health facilities – such as the Stollery Children's Hospital pediatric surgical suite expansion in Edmonton, the Red Deer Hospital obstetrics expansion, and the Medicine Hat Regional Hospital expansion; and dozens of schools benefitting thousands of Alberta students throughout the province.

The ministry was also busy maintaining and managing about 1,800 public infrastructure facilities across Alberta. Committed to constructing and managing government facilities in an environmentally responsible manner, our work in 2016-17 included an increased emphasis to enhance our sustainability. For example, we made solar energy technology available for about 60 school projects and added solar panels and LED lighting to a number of government facilities.

As well as reducing the environmental footprint of public facilities, Infrastructure looked at the sustainability of its policies and procedures. This included leading a cross-ministry review of government's procurement policy, with an eye to supporting Alberta's Leadership Climate Plan. Moving forward we anticipate implementing changes to procurement processes that will expand training and employment opportunities, maintain long-term economic stimulus, and increase capacity to ensure green technology and green builds.

The following report highlights results achieved by the Ministry of Infrastructure in the 2016-17 fiscal year. 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 Brian Mason
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 – goals, performance measures and related targets match those included in the ministry's Budget 2016.

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 31, 2017

Results Analysis

Ministry Overview

The vision of the Department of 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 is composed of four divisions, a special procurement project team, Communications, and Human Resources.

Learning Facilities Division

The Learning Facilities Division focuses on the delivery of kindergarten to grade twelve education and post-secondary education infrastructure projects. The division works with the Ministry of Education and school jurisdictions to implement the School Capital Program, and the Ministry of Advanced Education and post-secondary institutions for the Post-Secondary Capital Program. The division ensures facility standards are met, contracting and procurement practices are appropriate, value for investment is achieved and ongoing maintenance needs of facilities are managed.

Health and Government Facilities Division

The Health and Government Facilities Division works with partner ministries, boards, agencies and other stakeholders to build, preserve, and upgrade supported capital infrastructure, including health facilities, museums, courthouses, community centres and seniors' lodges. The division also provides professional and technical expertise to support the effective delivery of capital projects.

Properties Division

The Properties Division is accountable for the management, operations and maintenance of government-owned and leased properties. It manages the government's corporate security program and provides accommodation planning services for government and service providers in owned and leased office space, museums, courthouses, correctional centres, service buildings, research facilities, and managing the Swan Hills Treatment Centre. The division provides comprehensive real estate and leasing services to ministries boards and agencies. This division is responsible for the planning and management of the Restricted Development Areas around the cities of Calgary, Edmonton, and Sherwood Park West, which includes the Transportation Utility Corridors.

Corporate Strategies and Services Division

The Corporate Strategies and Services Division provides strategic, operational and corporate support to the ministry. The division collaborates with other levels of government to secure federal infrastructure funding, and leads the preparation of the Government of Alberta Capital Plan in collaboration with other ministries. The division oversees corporate functions to enable effective operations, including legislative planning, records management, information management and technology services, and emergency planning and management. Other accountabilities for the division include policy development and coordination, strategic planning and reporting, financial services, compliance with the Freedom of Information and Protection of Privacy Act, and oversees Ministry Legal Services.

Procurement

The Procurement Modernization initiative, undertaken in 2015 and 2016, strengthened procurement methods, practices and approaches to align with industry standards and best practices. The ongoing responsibility for the delivery of procurement services has been transferred to the Corporate Strategies and Services Division.

A Cross-Government Procurement Policy Review Project Office was established to lead a Government of Alberta review of existing procurement policies to ensure innovation, sustainability and fair access for Alberta firms and workers are addressed in procurement practices. This review is focused on construction procurement related to the Capital Plan, as well as the procurement of goods and services.

Communications

Communications provides strategic communications planning and consulting services, including media relations, issues management, and cross government coordination. The branch conducts research and provides print and electronic communications products. Communications is also responsible for response coordination of information requests from the department's public information telephone line and website correspondence.

Human Resources

Human Resources coordinates ministry human resource planning activities and provides strategic consulting services to ensure the department aligns with Government of Alberta human resource policies, programs and strategies. Key activities include classification, job evaluation, recruitment and selection, training and development, employee relations, and occupational health and safety services.

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 2016-17. The ministry better preserved public infrastructure due to increased capital maintenance and support funding. Increased support for greener construction and operations allowed the ministry to reduce environmental impacts resulting from government service delivery. An unusually wet construction season and the Fort McMurray wildfire delayed progress on some ministry projects.

Discussion and Analysis of Results

OUTCOME 1

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

Infrastructure works with partner ministries and other stakeholders to ensure the timely provision of schools, hospitals and other public infrastructure to meet community needs in a cost-effective and efficient manner, consistent with Alberta's environmental, social and economic priorities. Infrastructure provides leadership through capital planning, design, construction, operation, evaluation and preservation of public facilities in support of the Government of Alberta's programs and services.

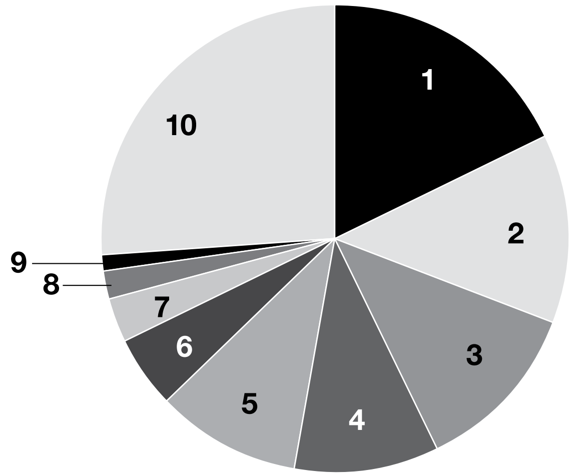
Strengthened Provincial Capital Planning Process to Deliver a Responsible Provincial Capital Plan

Infrastructure is responsible for leading Alberta's capital planning process and developing a multi-year capital plan. The 2016-21 Capital Plan laid out spending in support of the following three themes:

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

The 2016-21 Capital Plan totalled $34.8 billion spread across 13 envelopes to focus capital spending on government priorities and balance Alberta's infrastructure deficit. Infrastructure strives to balance the construction of new facilities with the maintenance of Alberta's existing infrastructure.

Budget 2016 Capital Plan – Allocated by Envelope
(Percentage of total[1])



1. Capital Maintenance and Renewal (18%)
2. Roads and Bridges (13%)
3. Climate Change, Environmental Protection and Sustainability (12%)
4. Schools (10%)
5. Health Facilities and Equipment (10%)
6. Other Capital Envelopes (5%)
7. Adult Education and Skills (3%)
8. Family, Social Supports and Housing (2%)
9. Sports, Arts, Recreation and Culture (1%)
10. Municipal Infrastructure Support (26%)

[1]Excludes $4.4 billion in self-financed capital investment by Alberta Health Services, post-secondary institutions and school boards.

The funding allocated for maintenance and renewal of public infrastructure was increased to more than $6.2 billion. Maintenance is work required to preserve the condition of public infrastructure, including repairs and replacement of building components (e.g., roofs and mechanical systems). The expansion or upgrade of a facility to serve needs that are different from those originally intended is not considered maintenance work.

Infrastructure has established a Continuous Improvement Program to challenge the way the ministry does business, improve results and add value for Albertans. The program adds the structure, methodology and emphasis on change management to support and sustain improvements while engaging employees in creating efficiencies and improved client service levels. To date, measurable benefits have been realized in several areas including Properties Project Delivery, Capital Planning, and Procurement, with other improvement projects currently underway.

To address the need for quality sustainable infrastructure in priority areas such as water, wastewater, public transit, and green energy, Alberta and Canada are working together. On September 1, 2016 a bilateral agreement between Alberta Infrastructure and Infrastructure Canada was signed for $544 million for Public Transit Infrastructure Funds and Clean Water Wastewater Funds. The ministry continued to work with Infrastructure Canada on the Provincial-Territorial Infrastructure Component of the New Building Canada Fund, which Infrastructure administers for the province. Alberta was allocated $847.7 million in funding. As of March 31, 2017, 15 projects were approved worth approximately $368.1 million. A number of additional projects identified in the Capital Plan have been submitted to Infrastructure Canada for consideration for the remaining $479.6 million in funding.

Support the Provision of Key Public Services

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.

2016-17 investments in health-care facilities, included:

In Progress as of March 31, 2017

- Calgary Foothills Medical Centre – Emergency Department
- Edmonton Stollery Children's Hospital – critical care
- Edson Healthcare Centre – Physicians Clinic
- Fort McMurray Northern Lights Regional Health Centre – repairs
- Grande Prairie Regional Hospital
- High Prairie Health Complex – Community Health and Wellness Clinic
- Lethbridge Chinook Regional Hospital – redevelopment
- Lloydminister Continuing Care Centre – redevelopment
- Medicine Hat Regional Hospital – renovations
- Peter Lougheed Centre – Women's Services in Calgary
- Red Deer Secure and Detoxification and Residential Treatment Facility

Completed and handed over to Alberta Health Services

- August 2016 – Child, Adolescent and Family Mental Health Facility in Edmonton
- August 2016 – Northern Alberta Urology Centre in Edmonton
- September 2016 – Edson Healthcare Centre – Residential Care Centre
- September 2016 – Lethbridge Chinook Regional Hospital – Emergency Department
- November 2016 – Lethbridge Chinook Regional Hospital – labour and delivery
- November 2016 – Edmonton Stollery Children's Hospital – pediatric surgical suite expansion
- December 2016 – High Prairie Health Complex – Acute Care and Continuing Care Centre
- January 2017 – Medicine Hat Regional Hospital – new wing expansion
- February 2017 – Red Deer Regional Hospital – obstetrics
- March 2017– Edmonton Royal Alexandra Hospital – concurrent disorders

In 2016-17, the Government of Alberta invested $145.7 million in these type of projects which is $14.7 million more than the $131 million initially budgeted. Health Maintenance and Renewal funds are provided to Alberta Health Services throughout the year.

Budget 2016 included $1.2 billion over five years for the design and construction of the new Calgary Cancer Centre. In late October 2016, the government released the Request for Proposal for the design and construction of the centre. The next significant project milestone will be the contract award and announcement of the successful proponent in mid-2017. Construction is expected to begin in late 2017. The new centre will support cancer-related multidisciplinary and integrated programming and accommodate research, education, and patient and family centered care. The Calgary Cancer Centre is scheduled to open in 2024.

On April 5, 2016 Infrastructure, Health and Alberta Health Services signed a tri-party Memorandum of Understanding to more efficiently deliver health infrastructure. The agreement outlines a governance framework to facilitate collaboration and cooperation between the organizations to improve oversight and decision-making for health facilities infrastructure.

School Facilities

In collaboration with the Ministry of Education and school boards, Infrastructure designs, builds and maintains school facilities to ensure Alberta's kindergarten to grade twelve students and communities continue to have access to modern, well-designed learning spaces.

In 2011, 234 school capital projects were announced. Infrastructure manages 113 of these projects and 121 are grant-funded and delivered by school boards. Substantial progress has been made with more than 85 per cent of these projects either under construction or complete.

Progress as of March 31, 2017:

- 116 projects are Complete;
- 88 in Construction;
- 2 with Construction Contract Awarded;
- 3 in the Tender Stage;
- 17 in the Design Stage; and
- 8 in the Planning Stage.

By the end of December 2017 approximately 66 more of these school projects are expected to be complete.

To improve delivery of school infrastructure, an updated Memorandum of Understanding between Infrastructure and Education was signed by the Ministers of Education and Infrastructure on February 17, 2017. The updated agreement reconfirms high level ministry accountabilities over the long term. A supporting document identifying in more detail the roles, expectations and tasks for the ministries and school jurisdictions was also updated and will be reviewed annually and revised as required. These documents have formed the basis for improvements in planning, managing, controlling and reporting on school projects.

Infrastructure has measures in place to assess and report on project costs, schedule performance and potential delays. Biweekly reporting identifies and communicates project-specific issues and risks, the respective impacts they may have on schedule and/or cost, and the mitigation strategies to address specific areas of concern. In addition, Infrastructure provides monthly reporting to Education on project-specific measures.

Did you know?
Nelson Mandela High School is one of the newest assets to North Calgary. The school contains several non-traditional features, including spaces for culinary arts, fashion programs, pre-engineering program, robotics lab and a lab for Alberta's first Aeronautics Career and Technology Studies program.

Post-Secondary Facilities

Infrastructure assists the Ministry of Advanced Education with the review and implementation of capital grant agreements between Advanced Education and post-secondary institutions. The ministry supported Advanced Education by monitoring and reporting on the progress of post-secondary institution capital projects underway throughout the province. The 2016-21 Capital Plan committed $940 million to Advanced Education for post-secondary institutions and detailed budget and spending information is reported by the Advanced Education.

In 2016, the Northern Alberta Institute of Technology's new Centre for Applied Technology was complete.

The following post-secondary projects are scheduled for completion in late 2017:

- Lethbridge College new Trades and Technology renewal and innovation project
- MacEwan University new Centre for the Arts and Culture
- Mount Royal University Riddell Library and Learning Centre
- University of Calgary Schulich School of Engineering expansion and renewal

The 2006 Memorandum of Understanding between Infrastructure and Advanced Education is being revised and is expected to be finalized in 2017-18. This agreement will clarify high level ministry accountabilities over the long term. A supporting document identifying in more detail the roles, expectations and tasks for the ministries and institutions will be updated and reviewed annually and revised as required. The documents will form the basis for improvements in planning, managing, controlling and reporting on post-secondary projects.

Government-Owned and Operated Facilities

Construction of the new Royal Alberta Museum in downtown Edmonton has concluded. Work to acclimatize the new facility and install exhibits and collections is underway with the Ministry of Culture and Tourism. The museum is on track for an anticipated early 2018 opening.

In 2015, $70 million of funding was announced for courthouse renewal projects over a five year period. Infrastructure is managing a five year courthouse renewal initiative that started in 2016, with 11 projects currently underway.

In Progress as of March 31, 2017:

- Alexis Modular Court Facility – Designation Process
- Canmore – Courthouse remodel and functional improvements – Design
- Chateh Modular Court Facility – Design Approval
- Didsbury – Courthouse remodel and functional improvements – Tender
- Edmonton Law Courts – Construction
- Fort Vermillion Modular Court Facility – Construction
- Hinton – Courthouse remodel and functional improvements – Planning
- Red Deer – Courthouse remodel and functional improvements – Construction
- Red Earth Creek Modular Court Facility – Construction
- Wabasca-Demarais – Courthouse remodel and functional improvements – Design
- Whitecourt – Courthouse remodel and functional improvements – Design

Infrastructure supported the Ministry of Seniors and Housing with several large seniors' housing projects by providing project management resources and services. The ministries are developing a Memorandum of Understanding to serve as a framework to deliver capital projects with detailed budget and spending information reported by Seniors and Housing.

Did you know?

Since 1974, the Government of Alberta has been protecting and purchasing land for the purpose of developing a ring road in the Edmonton and Calgary Transportation Utility Corridors. Infrastructure has been administrating this land and program since 2001.

On October 1, 2016 the Ministries of Infrastructure and Transportation marked a significant achievement with the opening of Northeast Anthony Henday Drive. The entire length of Anthony Henday Drive is now a freeway and forms an 80 kilometre ring road surrounding the City of Edmonton.

Continuous Improvements to Meet Provincial Needs

Procurement Modernization

Infrastructure completed a two year procurement modernization initiative aimed at enhancing the ministry's procurement activities. To build on previous achievements, the ministry conducted a Lean Six Sigma analysis of the Request for Qualifications and Request for Proposals processes, which resulted in a 25 per cent reduction in procurement times. A continuous improvement project for the tender process was initiated to improve project delivery, transparency and equity, by reducing process time, increasing bid package quality and reducing operational costs. An electronic submission process for proposals and tenders was also introduced.

Seminars about procurement were held with eight local construction associations in Edmonton, Calgary, Red Deer, Lethbridge, Medicine Hat, Lloydminster, Grande Prairie and Fort McMurray. Approximately 250 contractors attended to learn about changes to contractual practices, contractor responsibilities, and how to do business with Infrastructure.

Government Procurement Policy Review

Alberta Infrastructure is leading a cross-ministry review of current procurement policies to promote opportunities for innovation and green practices in government procurement. To complete the review, Infrastructure is collaborating with the Ministries of Transportation, Economic Development and Trade, Service Alberta, Treasury Board and Finance, and Justice and Solicitor General. Industry stakeholders from the commerce, labour and construction sectors were engaged to identify leading practices in government procurement, and to determine ways to better support Alberta's small and medium sized enterprises. Small and medium enterprises are integral to the Alberta economy and make up 98 per cent of all Alberta businesses.

Looking forward, government's procurement practices are also being updated to reflect the newly negotiated Canadian Free Trade Agreement.

Outcome 1 Performance Measures

In measuring performance towards achieving Outcome One, the ministry monitors and reports on the physical condition of health facilities, kindergarten to grade twelve schools, post-secondary institutions and government-owned and operated facilities. Infrastructure uses the Facility Condition Index as a common measure, providing an indication of the physical condition for each facility type. The Facility Condition Index 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 a good, fair and poor rating for each facility. These measures enable the ministry to provide capital planning advice regarding the prioritization of investments in new facilities and capital maintenance and renewal funding for existing facilities. Additional information on Facility Condition Index methodology is available in the performance measure methodology section.

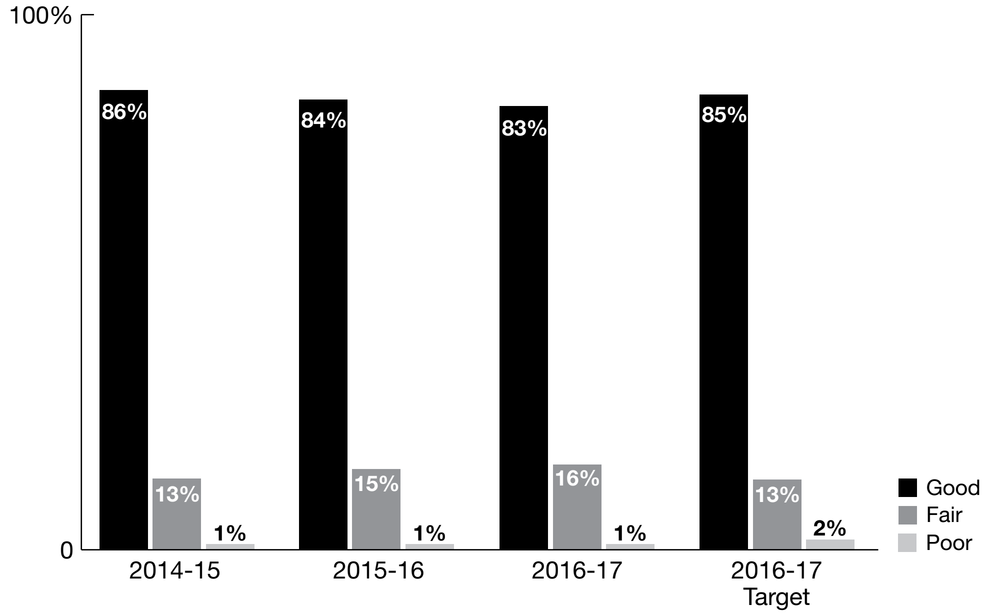
Performance Measure 1.a:
Health Facilities – Physical Condition

This performance measure reports the percentage of health facilities (by area) rated in good, fair and poor condition (by area in m^2). It provides data in support of long-term capital planning of health facilities across the province. The average age of health facilities is 37 years and 65 per cent are more than 30 years old.

- The targeted facility condition index for health facilities in 2016-17 was:
  - 85 per cent in good condition;
  - 13 per cent in fair condition; and
  - two per cent in poor condition.
- The 2016-17 results for health facilities were:
  - 83 per cent in good condition;
  - 16 per cent in fair condition; and
  - one per cent in poor condition.
- The 2016-17 performance results remained similar to the results achieved in 2015-16. The percentage of health facilities rated in good condition decreased by one per cent, while the facilities rated in fair condition increased by one per cent. The percentage of health facilities rated in poor condition remained stable at one per cent.
- The targets for 2016-17 were set assuming that major capital projects would be completed within the year. The schedules of some of these projects have been adjusted, which has postponed reaching the target of 85 per cent of health facilities rated in good condition to a future year.
- Over the last three years, the percentage of health facilities rated in good or fair condition and in poor condition has been relatively consistent.

Health Facilities – Physical Condition

(Percentage in Good, Fair, and Poor Condition by Area in m²)



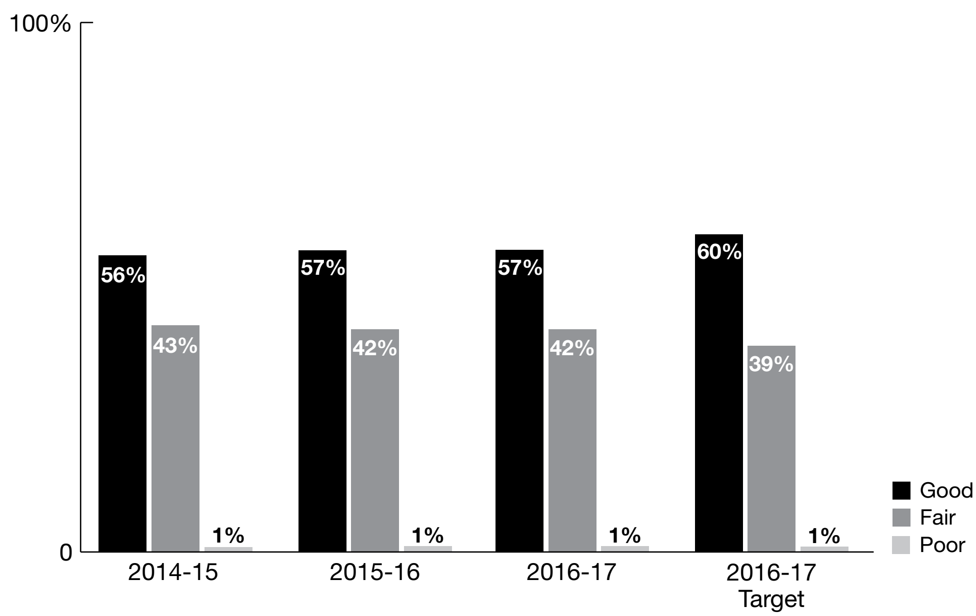
Performance Measure 1.b:
School Facilities – Physical Condition

This performance measure reports the percentage of schools rated in good, fair and poor condition (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 60 per cent are more than 40 years old.

- The targeted facility condition index for school facilities in 2016-17 was:
  - 60 per cent in good condition;
  - 39 per cent in fair condition; and
  - one per cent in poor condition.
- The 2016-17 results for school facilities were:
  - 57 per cent in good condition;
  - 42 per cent in fair condition; and
  - one per cent in poor condition.
- The 2016-17 performance results remained consistent with the results achieved in 2015-16. Results are anticipated to improve once ongoing facility evaluations are completed on schools that are new, or have been replaced or modernized, and the results are reflected in the updated information used for analysis.
- With the continued completion of the school projects underway and the additional 26 new projects announced in in Budget 2017, this measure is anticipated to remain stable.

School Facilities – Physical Condition

(Percentage in Good, Fair, and Poor Condition by Area in m^2)



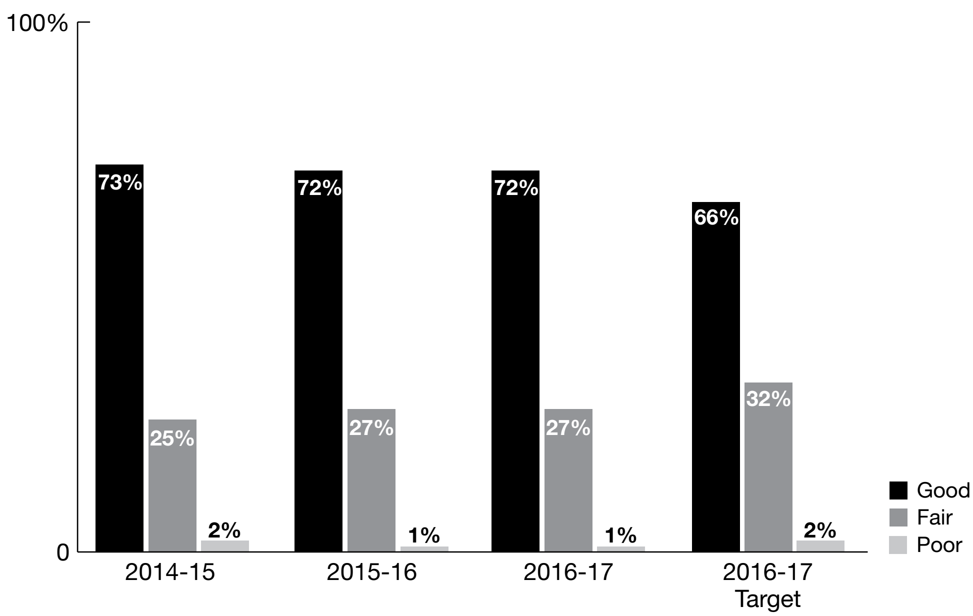
Performance Measure 1.c:
Post-Secondary Facilities – Physical Condition

This performance measure reports the percentage of post-secondary facilities rated in good, fair and poor condition (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 35 years and 60 per cent are more than 35 years old.

- The targeted facility condition index for post-secondary facilities in 2016-17 was:
  - 66 per cent in good condition;
  - 32 per cent in fair condition; and
  - two per cent in poor condition
- The 2016-17 results for post-secondary facilities were:
  - 72 per cent in good condition;
  - 27 per cent in fair condition; and
  - one per cent in poor condition
- There was no difference between results from the 2016-17 and the results achieved in 2015-16.
- Results for 2017-18 are expected to meet the targets, due to the increase in capital maintenance funding for post-secondary institutions announced in Budget 2017.

Post-Secondary Facilities – Physical Condition

(Percentage in Good, Fair, and Poor Condition by Area in m^2)

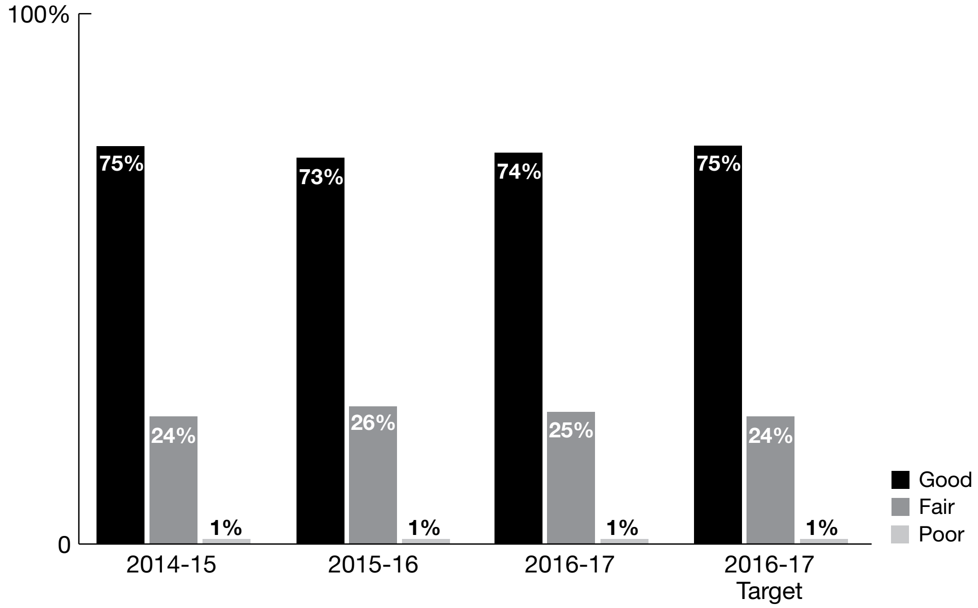


Performance Measure 1.d:
Government-Owned and Operated Facilities – Physical Condition

This performance measure reports the percentage of government-owned and operated facilities rated in good, fair and poor condition (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 2016-17 was:
  - 75 per cent in good condition;
  - 24 per cent in fair condition; and
  - one per cent in poor condition
- The 2016-17 results for government-owned and operated facilities were:
  - 74 per cent in good condition;
  - 25 per cent in fair condition; and
  - one per cent in poor condition
- Compared to 2015-16 results, the percentage of government-owned and operated facilities in good condition increased by one per cent. This increase corresponds with a one per cent decrease in space rated in fair condition.
- The results achieved in 2016-17 are an improvement over 2015-16 due to effective upkeep of government-owned facilities and changes to the portfolio of government-owned facilities. Several new buildings, which are rated as being in good condition were added to the portfolio, including the new Royal Alberta Museum in Edmonton and the High River Community Resource Centre (Spitzee Crossing).
- Current initiatives that are anticipated to positively impact future results include:
  - the Asset Management Plan, a long term strategy to invest in core buildings and dispose of assets that are obsolete, inefficient or no longer needed for programs;
  - increased funding for capital maintenance and renewal of government-owned facilities; and
  - major renovation projects occurring at the Government of Alberta's Learning Resource Centre, and the J. G. O'Donoghue Building.

Government-Owned and Operated Facilities – Physical Condition
(Percentage in Good, Fair, and Poor Condition by Area in m²)



OUTCOME 2

Alberta's public infrastructure is effectively managed and environmentally sustainable

Infrastructure maintains and preserves the inventory of government-owned and operated facilities and arranges for leased properties required for the provision of Government of Alberta programs and services. Industry best practices in asset and property management are used to maximize service delivery and enhance quality of life for Albertans.

Asset Management Solutions to Maximize the Value of Public Infrastructure Investments and Minimize Total Costs

Infrastructure owns, leases or provides property management services for approximately 1,800 structures totalling over 2.8 million square metres of space and $10.5 billion in replacement value for owned assets.

In order to optimize the value of government-owned and operated facilities, an Asset Management Strategy was developed to ensure sound financial stewardship, and quality and efficient outcomes as government assets move through the full life-cycle of: plan and design; acquire or build; operate and maintain; and, dispose or re-purpose.

Fundamental Asset Management Strategy principles are:

- Invest in core assets over the long term.
- Environmental and industry best practices and standards guide the management of real property assets.
- Dispose of assets that are obsolete, inefficient or no longer required for program delivery.
- Consider full life-cycle costs of assets and environmental, social and economic responsibilities.
- Optimize utilization of owned and leased assets.
- Plan for future repurpose, disposal, and design with consideration of long-term sustainability and flexibility.
- Provide space to government users, non-government users, and agencies, boards and commissions in a manner consistent with one another.
- Use documents such as the Infrastructure Business Plan, Asset Management Plan, Strategic Plan and Capital Plan to drive decision-making about the real property asset portfolio and levels of service.

Did you know?
The Edmonton Federal Building won the Cities Alive Award of Excellence in the Living Wall category. With this award, Cities Alive stated it is the best living wall made in North America in the past year.

Provincial Infrastructure Operations Minimize Environmental Impacts

Infrastructure is a key partner of the Government of Alberta Greening Government Strategy, which aims to continuously reduce detrimental environmental impacts resulting from government operations and procurement practices.

Infrastructure is increasing the level of sustainability standards and practices integrated within project delivery to ensure the ministry supports Alberta's Climate Leadership Plan.

The Alberta Climate Change Office administers the Green Infrastructure Fund. Projects included in the approved provincial Capital Plan are being assessed to identify opportunities to enhance sustainability options and provide information for future decision making. Opportunities to include solar panels were identified for the 24 school projects announced in Budget 2017. Green Infrastructure planning activities include a solar initiative for school capital projects and modular classrooms and planning for innovative and sustainable technology in infrastructure building and maintenance.

Work to incorporate environmentally sustainable features at the onset of capital projects is underway. The ministry has committed to developing programs to enhance environmental solutions, such as solar panels for government buildings. As of March 31, 2017 there were 117 Leadership in Energy and Environmental Design (LEED) certified government supported buildings. Of these buildings, six have LEED certifications, 70 Silver certifications, 39 Gold certifications, and two Platinum certifications. An additional 108 government supported buildings are under review for LEED certification. The LEED program recognizes green buildings in 150 countries, including Canada. The minimum sustainability standard level for major projects is LEED Silver certification.

To assist Infrastructure manage greenhouse gas emissions in government-owned and operated facilities, a new performance measure was developed for the ministry 2017-20 Business Plan. Net greenhouse gas emissions intensity from government-owned and operated facilities will help identify, implement and assess the success of initiatives aimed at reducing greenhouse gas emissions.

Did you know?
The three main greenhouse gases are carbon dioxide, methane and nitrous oxide. As each greenhouse gas has a different global warming potential, emissions are converted into a carbon dioxide equivalent so they are comparable.

Preliminary analysis show that 0.126 metric tons of carbon dioxide equivalents per square metre of government-owned and operated facilities were produced in 2016-17, which is less than the 0.127 metric tons produced in 2015-16.

Infrastructure is investing in projects and initiatives aimed at increasing energy efficiency and reducing the Government of Alberta carbon footprint. Infrastructure's green power contracts resulted in the diversion of an estimated 144,000 metric tons of carbon dioxide equivalents. Other projects include:

- The Lac La Biche Provincial Building pilot project that aims to achieve as close to a net zero building as possible.
- Installation of rooftop solar panels on the Lethbridge Provincial Building and High River Community Resource Centre. Plans are also underway to install solar panels as part of two facility modernization projects underway in Edmonton at the J.G. O'Donoghue Building and the Learning Resource Centre in Edmonton.
- Completed LED lighting retrofits on various government-owned facilities. Examples include the Edmonton Young Offender Centre, the Morinville Provincial Building, the Southern Alberta Jubilee Auditorium and the Lethbridge Correctional Centre.
- A co-generation installation was approved for the power plant at the Foothills Medical Centre in Calgary. This will provide green electricity and steam (for heating) to Alberta Health Services buildings at the Foothills Medical Centre, and will reduce greenhouse gas emissions.

Infrastructure ensures the space used to deliver provincial government programs is managed in an environmentally sustainable way. As of March 31, 2017 the ministry had 89 buildings currently certified under the Building Owners and Managers Association Environmental Standards (BOMA BESt®) program, with one Certified, seven Bronze, 65 Silver, 13 Gold, and three Platinum. The BOMA BESt® Certification program acknowledges the compliance of commercial buildings with industry best practices in energy, water and waste reduction. The Calgary Courts Centre has achieved a platinum rating, which is the highest achievable in the program.

Did you know?
The John E. Brownlee Building was awarded the National Air Filtration Association's Clean Air Award and the Outstanding Building of the Year Award from the Building Owners and Managers Association (BOMA).

Cost-effective Accommodation Services Through Optimal Space Utilization

A five year building reinvestment plan has been developed to consolidate and reduce space and reinvest in core assets. The initial focus has been to modernize and densify space use in select government-owned facilities in Edmonton, with future expansion to include projects throughout Alberta.

Several accommodation projects were initiated to consolidate work areas, which will reduce the amount of space required for the delivery of government programs. Once completed, these projects will achieve ongoing annual savings of approximately $7 million and will reduce government's overall leased footprint by approximately 32,000 square metres.

The construction phase of the modernization of the J.G. O'Donoghue Building in Edmonton is underway. The modernization will increase office densities from 35 usable square metres per employee to 15 square metres, which will double the occupancy of the building. Completion is anticipated for late January 2018. Along with reducing the government footprint, a projected annual saving of $4 million will result in a return on investment in eight years.

Infrastructure sold twenty surplus properties generating nearly $12 million in proceeds in 2016-17. The ministry continues to work on readying other identified surplus properties for market and sale.

Did you know?
Infrastructure is responsible for managing all government furniture as a corporate asset. This year the Recycled Furniture Program provided 497 workstations and 1,507 individual pieces of furniture to government ministries. The cost benefit for using recycled furniture instead of buying new was $2.2 million. Environmental benefits of using recycled furniture include decreasing waste, and lowering energy use and greenhouse gas emissions associated with manufacturing and shipping.

Outcome 2 Performance Measures

In measuring performance in achieving Outcome Two, the ministry monitors energy consumption and operating costs in government-owned and operated facilities. Additional information about the methodologies used to determine energy consumption and operating costs 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 costs in government-owned and operated buildings. 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 cost and environmental benefits. It also indicates success in reducing energy consumption through efficiencies and green technologies.

- The 2016-17 result for energy consumption intensity is 1,651 MJ/m^2.
- The methodology used to calculate this measure has been strengthened by aligning it with Natural Resources Canada's ENERGY STAR Portfolio Manager program, and improving how weather-normalization is calculated.
- Previously weather-normalization was done by applying a single factor based on an average of heating/cooling degree days from several weather stations across Alberta to all facilities included in the measure.
- Currently, each facility included in the measure is weather-normalized individually by using information from an assigned weather station in close proximity to the facility, with data from Environment and Climate Change Canada.
- Previous analysis indicated an overall downward trend in energy consumption intensity. However, when the improved methodology was applied, the results show energy consumption intensity increased.

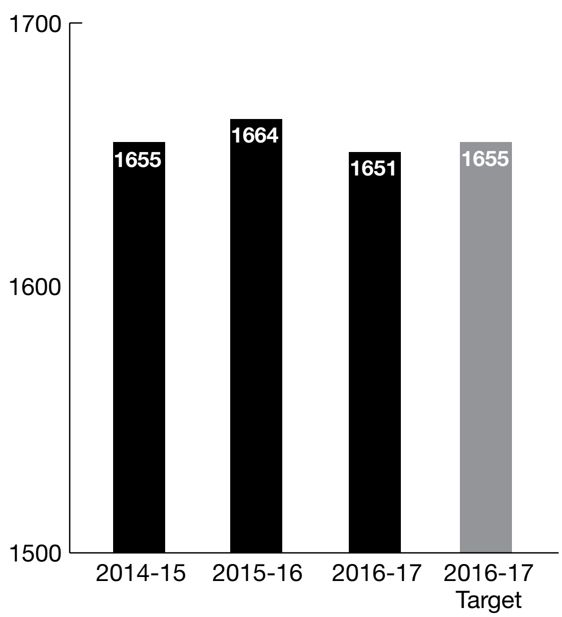
- Due to the change in methodology, the baseline data and subsequent targets were revised to allow performance to be comparable to previous years.

Method	Baseline			Targets		
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
MJ/m^2 (previous method)	1,610	1,609	1,623	1,595	1,590	1,585
MJ/m^2 (weather normalized, new method)	n/a	1,655	1,664	1,655	1,650	1,642

- In comparison with the revised baseline, 2016-17 results of 1,651 MJ/m^2 exceed the results of 1,664 MJ/m^2 achieved in 2015-16.
- Overall performance was consistent across government-owned and operated facilities, with approximately 52 per cent of facilities with lower energy consumption intensity than the previous year.
- Reductions achieved at large facilities such as Michener Centre in Red Deer, the Edmonton Law Courts, the Vegreville Alberta Innovates Technology Futures and the Northern Alberta Fish Hatchery have positively impacted 2016-17 results.
  - There has been a gradual increase in energy consumption by fish hatcheries, such as the Northern Alberta Fish Hatchery and the Sam Livingston Fish Hatchery, consistent with 2015-16 results. Recognizing the need to manage energy consumption while effectively delivering government programs and services, an energy audit was conducted to identify energy reduction projects. The audit identified a project that if implemented at the Northern Alberta Fish Hatchery is estimated to substantially reduce energy consumption at the hatchery. Infrastructure is working with Environment and Parks to evaluate the proposed project.
- In 2016-17, Infrastructure invested in several energy efficiency projects, primarily lighting retrofits that are expected to contribute to energy savings in future years, including the:
  - Edmonton Young Offenders Centre;
  - Lethbridge Correctional Centre;
  - Morinville Provincial Building;
  - Southern Alberta Jubilee Auditorium; and
  - St. Albert Provincial Building.
- As the new Royal Alberta Museum and High River Community Resource Centre (Spitzee Crossing) were designed and built to LEED Silver standard, their addition to the government-owned and operated inventory are expected to positively impact future results for this measure.

- Several facilities with modernization projects underway are expected to increase their energy efficiency, such as the J.G. O'Donoghue Building and the Learning Resource Centre, both in Edmonton. The projects for these two facilities also include large solar photovoltaic installations that will contribute positively to the energy consumption performance measure.
- The Asset Management Plan has placed greater emphasis on strategic planning for the government-owned portfolio. Energy efficient buildings will be retained while inefficient buildings may be sold.
- Infrastructure continues to manage government-owned facilities in an energy efficient manner through the BOMA BESt® Certification program, of which 89 government buildings are currently certified. A mandatory aspect of the program is conducting energy audits every five years and committing to opportunities identified by the audit to increase energy efficiency in a five year plan.

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

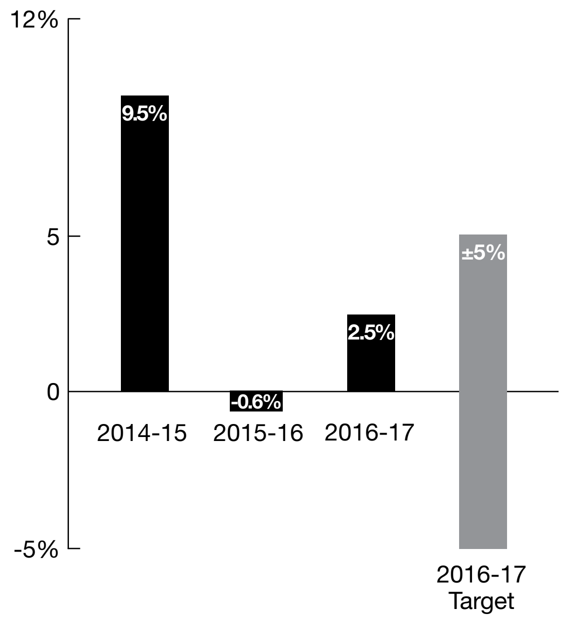


Performance Measure 2.b:
Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

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 operating costs per rentable square metre was plus or minus five per cent.
- The 2016-17 result for the measure is 2.5 per cent, which is within the targeted range.
- Compared to the 2015-16 results, average operating costs per rentable square metre increased by 3.1 per cent.
- The results for this measure have fluctuated over the past several years. The fluctuation is expected given the variability of operating costs year-to-year, and the variable inventory of buildings included in the measure. Changes that have impacted the results include:
  - The addition of the Federal Building in Edmonton to the inventory used for this measure. This building contributed a significant addition of rentable square metres at a higher than average operating cost.
  - The cost of leased buildings in 2016-17 was lower than in 2015-16.
- With the changes to the inventory of government-owned and operated buildings, variable energy costs and variations in weather, future results are expected to continue to fluctuate.

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



Innovative and Professional Support Services

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

Supporting Safe and Inclusive Communities

Support 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.

As a part of a Canada-Alberta agreement associated with the Bigstone Treaty Land Entitlement Settlement, the ministry is building two kindergarten to grade eight school projects. Peerless Lake and Kateri schools are designated as replacements schools for Peerless Lake and Trout Lake. These schools are currently in the design phase and will go out for tender in 2017-18. Proposals to have solar panels included in the designs have been submitted to the Ministry of Education. When complete, Peerless Lake School will have the capacity for 200 students and the Kateri School will have the capacity for 450 students.

A courthouse planning study was completed in 2015. The study reviewed courthouses identified by the Ministry of Justice and Solicitor General that require renovations or new construction in order to maintain and improve court services to Albertans. In order to meet the long-term needs of communities, Alexis First Nation and Chateh, as part of the Dene Tha' First Nation, were included in the planning for construction of the modular courthouses. The study provided the information required to start the actual design and construction of the following projects:

- Alexis Modular Court Facility-Designation Process
- Chateh Modular Court Facility-Design Approval

2013 Southern Alberta Flood Recovery
Infrastructure continued to play a supporting role on recovery and rebuilding efforts following the 2013 Southern Alberta floods.

Infrastructure is assisting the Siksika Nation with the clean-up of Hidden Valley Golf Resort. A total of 775 structures with 28,500 tonnes of debris have been removed. Clean-up is scheduled for completion by the end of August 2017.

Based on a request from the Town of High River, 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 successful voluntary program involved the purchase and removal of residential and commercial properties in the Wallaceville area. Work to remove the remaining buildings and complete the naturalization of the area is scheduled to begin in late spring 2017 and be completed in December 2017. The natural area will be turned over to the Ministry of Environment and Parks when complete.

Infrastructure continued to support the Floodway Relocation Program, which is a voluntary program to purchase residential properties affected by the flood, then move or demolish the structures on those properties. The ministry acquired 94 properties, of which 26 structures were listed for auction. For properties with structures removed or relocated, Infrastructure will manage the properties until a strategy is in place for the land. The Alberta Emergency Management Agency will provide recommendations on future use and ownership.

The new High River Community Resource Centre (Spitzee Crossing) was completed and occupied in spring 2017. The new facility has approximately 3,328 square metres of useable space and is home to several provincial government ministries, including the Ministries of Children's Services, Human Services, Justice and Solicitor General, Transportation, and Agriculture and Forestry. A portion of the building is being leased to the Foothills School Division.

Wood Buffalo Wildfire

On May 3, 2016, the Horse River wildfire in the Municipal District of Wood Buffalo spread into the community of Fort McMurray. Mandatory evacuations were ordered for all Fort McMurray residents impacting approximately 90,000 people and damaging or destroying 2,400 structures.

Infrastructure played a pivotal role during both the response and recovery phase of the disaster including arranging for emergency space for ministries affected by the wildfire to enable the continued provision of essential services to Albertans. With coordination through the Provincial Operations Centre, the ministry:

- created a donation reception area in Lambton Park;
- identified and recovered government-owned and leased facilities damaged by the fire;
- arranged lease agreements for debit card distribution centers; and
- organized a lease agreement for a warehouse in Edmonton to manage the large volume of non-monetary donations from Albertans.

Post-fire, the ministry secured space and transportation to and from Fort McMurray for government staff and contractors to ensure government-owned facilities were inspected, cleaned, secured and safe for occupancy. Arrangements were made to enable the municipal council to return ahead of residents. This included provincial buildings such as the Jubilee Centre, the Courthouse and the Oil Sands Discovery Centre, which was used as a welcome reception area for residents returning to Fort McMurray. Space was secured to accommodate the Wildfire Recovery Task Force in Fort McMurray and Edmonton. The ministry also helped to coordinate the large amount of offers of support from local businesses.

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 are conducted by independent consultants 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.

The physical condition of facilities is summarized in the annual report using a Good/Fair/Poor rating scheme. The interpretation of Facility Condition Index values is as follows:

Condition	Facility Condition Index	Definition
Good	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.
Fair	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.
Poor	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.

Note: The Alberta Building Code defines current facility codes and standards, which are revised periodically, or other mandatory requirements. Facilities are required to comply with the standards applicable at the time they were constructed.

Facilities that have been constructed or completely refurbished within the last 10 years are automatically rated as "Good". The ratings are updated once the next evaluation is conducted. The percentages are then calculated by taking the square metres of facilities in good, fair and poor condition and dividing each by the total area of all facilities.

These measures do not account for costs associated with facility upgrades or for costs related to functional suitability. Surplus facilities that are 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 not included.

For schools, assessments are conducted for school facilities owned by school boards and funded by the Government of Alberta, and do not include outreach facilities. The measure for post-secondary institutions does not include "unsupported" facilities such as residences, parkades and commercial facilities.

Infrastructure is updating the terminology used to report this measure in order to reduce misinterpretation and address recommendations from a review on deferred maintenance and 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 1, 2 and 3 will replace the use of the Good/Fair/Poor rating scheme beginning on April 1, 2017. As the methodologies used to calculate results are not being modified, yearly comparisons remain possible.

The physical condition of facilities will be summarized in the 2017-18 Annual Report using categories 1, 2 and 3. The interpretation of Facility Condition Index values will be as follows:

Category	Facility Condition Index	Definition
1	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.
2	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.
3	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.

OUTCOME 2

Alberta's public infrastructure is effectively managed and environmentally sustainable

Performance Measure 2.a: Energy Consumption in Megajoules per Gross Square Metre in Government-Owned and Operated Facilities

This performance measure is used to evaluate how effectively Infrastructure is managing energy and associated costs in government-owned and operated buildings. 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 the Natural Resources Canada 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) and 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.

To be included in this measure, buildings must have complete information by mid-May. 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.

Financial Information

Financial Information Contents

Independent Auditor's Report

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, 2017, 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, 2017, 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 Merwan N. Saher FCPA, FCA]

Auditor General

May 31, 2017

Edmonton, Alberta

MINISTRY OF INFRASTRUCTURE
STATEMENT OF OPERATIONS
Year ended March 31, 2017

	2017		2016
	Budget	**Actual**	**Actual**
		(in thousands)	
Revenues			
Government Transfers			
Federal and Other Government Grants	$ 1,668	$ 1,393	$ 398
Investment Income	-	-	189
Premiums, Fees and Licenses	2,756	1,862	1,737
Other Revenues			
Land Inventory Sales	9,634	-	-
Gain on Land Exchange	17,100	-	-
Other (Schedule 1)	31,847	48,040	62,388
	63,005	51,295	64,712
Expenses - Directly Incurred (Note 2a, Schedule 3, Schedule 7)			
Programs			
Ministry Support Services	26,147	28,335	25,015
Capital Construction	647,243	416,277	566,835
Strategic Partnerships Office	1,200	1,028	2,923
Property Management	372,562	355,540	345,242
Asset Management	7,908	7,221	7,022
Realty Services	225,164	212,354	209,750
2013 Alberta Flooding	21,534	2,601	8,279
Climate Leadership Plan	-	156	-
	1,301,758	1,023,512	1,165,066
Annual Deficit	$ (1,238,753)	$ (972,217)	$ (1,100,354)

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF FINANCIAL POSITION
As at March 31, 2017

	2017	2016
	(in thousands)	
Financial Assets		
Cash	$ -	$ 6,176
Accounts Receivable (Note 3)	7,675	7,072
Advances (Note 4)	139	137
Inventories for Resale (Note 5)	10,206	11,850
	$ 18,020	$ 25,235
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	$ 229,128	$ 303,300
Holdbacks Payable	72,270	115,852
Deferred Revenue (Note 7)	2,477	2,486
Liabilities under Public Private Partnerships (Note 8)	6,319	7,081
Liabilities for Site Remediation and Reclamation (Note 13)	82,364	78,143
Liabilities for Contaminated Sites (Note 9)	421	175
	392,979	507,037
Net Debt	$ (374,959)	$ (481,802)
Non-Financial Assets		
Tangible Capital Assets (Note 10)	$ 3,190,438	$ 3,080,201
Inventories of Supplies and for Resale (Note 5)	216,733	232,342
Prepaid Expenses	-	145
	$ 3,407,171	$ 3,312,688
Net Assets Before Spent Deferred Capital Contributions	$ 3,032,212	$ 2,830,886
Spent Deferred Capital Contributions (Note 7)	116,005	88,852
Net Assets	$ 2,916,207	$ 2,742,034
Net Assets at Beginning of Year	$ 2,742,034	$ 2,748,603
Adjustments to Net Assets (Note 11)	28,312	(45,066)
Annual Deficit	(972,217)	(1,100,354)
Net Financing Provided from General Revenues	1,118,078	1,138,851
Net Assets at End of Year	$ 2,916,207	$ 2,742,034

Contractual obligations (Note 12) and contingent liabilities (Note 15).

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CHANGE IN NET DEBT
Year Ended March 31, 2017

	2017		2016
	Budget	**Actual**	**Actual**
		(in thousands)	
Annual Deficit	$ (1,238,753)	$ (972,217)	$ (1,100,354)
Acquisition of Tangible Capital Assets	(342,678)	(192,655)	(220,579)
Amortization of Tangible Capital Assets (Note 10)	119,100	105,498	103,262
Gain on Disposal of Tangible Capital Assets (Schedule 1)		(8,889)	(18,857)
Proceeds from Disposal of Tangible Capital Assets		11,971	20,896
Write-down of Tangible Capital Assets		2,148	2,213
Loss on Disposal of Tangible Capital Assets		484	-
Contributed Assets (Note 10)		(2,346)	(613)
Write-down of Tangible Capital Asset accruals		1,137	-
Grants in Kind		727	-
Purchases of Inventories for Supplies (Note 5)	(2,754)	(2,467)	(2,894)
Consumption of Inventories of Supplies (Note 5)	2,900	2,610	3,033
(Increase) Decrease in Prepaid Expenses		145	(145)
(Increase) Decrease in Non-Financial Inventory for Resale (Note 5)		15,466	(96,645)
Increase in Spent Deferred Capital Contributions (Note 7)		27,153	40,687
Net Financing Provided from General Revenue		1,118,078	1,138,851
(Increase)Decrease in Net Debt		$ 106,843	$ (131,145)
Net Debt at Beginning of Year		(481,802)	(350,657)
Net Debt at End of Year		$ (374,959)	$ (481,802)

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (972,217)	$ (1,100,354)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 10)	105,498	103,262
Consumption of Inventory of Supplies (Note 5)	2,610	3,033
Gain on Disposal of Tangible Capital Assets (Schedule 1)	(8,889)	(18,857)
Contributed Assets (Note 10)	(2,346)	(613)
Loss on Disposal of Tangible Capital Assets	484	-
Write-down of Tangible Capital Assets	2,148	2,213
Provision for Site Remediation and Reclamation (Note 13)	4,558	7,563
Provision for Contaminated Sites (Note 9)	250	175
Deferred Revenue Recognized as Revenue (Note 7)	(13,850)	(25,533)
Deferred Capital Contributions Recognized as Revenue (Note 7)	(1,904)	(843)
Provision for Vacation Pay	567	145
Provision/(Collection) for Doubtful Accounts	54	(373)
Grants in Kind	727	-
	89,907	70,172
Increase in Accounts Receivable	(657)	(1,382)
Increase in Advances (Note 4)	(2)	(39)
(Increase) Decrease in Prepaid Expenses	145	(145)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(48,526)	17,698
Increase (Decrease) in Holdbacks Payable	(43,582)	48,565
Decrease in Liabilities for Site Remediation and Reclamation (Note 13)	(336)	(433)
Decrease in Liabilities for Contaminated Sites (Note 9)	(4)	-
Deferred Revenue Received/Receivable (Note 7)	13,841	24,674
Purchases of Inventory of Supplies (Note 5)	(2,467)	(2,894)
Purchases of Inventory for Resale	(7,967)	(30,595)
Cash Applied to Operating Transactions	(971,865)	(974,733)
Capital Transactions		
Acquisition of Tangible Capital Assets	(192,655)	(220,579)
Proceeds from Disposal of Tangible Capital Assets	11,971	20,896
Cash Applied to Capital Transactions	(180,684)	(199,683)
Financing Transactions		
Repayment of Liabilities under Public Private Partnerships (Note 8)	(762)	(740)
Contributions Restricted for Capital (Note 7)	29,057	41,530
Net Financing Provided from General Revenue	1,118,078	1,138,851
Cash Provided by Financing Transactions	1,146,373	1,179,641
Increase (Decrease) in Cash	(6,176)	5,225
Cash, Beginning of Year	6,176	951
Cash, End of Year	$ -	$ 6,176

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

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

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 Minister of Infrastructure (the "Minister") is responsible for working with partners and stakeholders to:

- leading the development of the provincial Capital Plan to help support medium-and long-term economic growth,
- delivering health, learning and other public infrastructure while balancing the construction of new facilities with the maintenance of existing infrastructure,
- ensuring effective decision-making during the full life-cycle of property assets, from design and construction to operation, maintenance, and divestment, and
- aligning provincial infrastructure operations with climate change strategies, with specific focus on energy-efficient technologies and greenhouse gas emissions to minimize the environmental impacts.

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

Revenue

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 deferred revenue.

Government Transfers

Transfers from the Government of Alberta (GOA), federal and other governments 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 terms 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.

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,
- pension costs, which are 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, and
- 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.

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 and are disclosed and allocated to programs 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, as well as inventories held for resale that are anticipated to be sold within the next fiscal 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 transactions or events occurring before the year end. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount. They include accrued employee vacation entitlements and contingent liabilities where future liabilities are likely.

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 cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

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.
- 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. 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 is capitalized.

Tangible capital assets of the Ministry include work in progress.

Contributed tangible capital assets are recognized at their fair value at the time of contribution.

Tangible capital assets transferred to/from other government departments/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.

Assets acquired by right are not included.

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

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 at $82,364 (2016 - $78,143) 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 $421 (2016 - $175) 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 theses factors during remediation could materially change the estimate.

- Amortization recognized as $105,498 (2016 - $103,262) 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.

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 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 2016-17. Transactions recorded by the ministries to date and the net effect of the agreement to government at March 31, 2017 is as follows:

(in thousands)	Ministry	(Gain) / Grant in Kind	Inter-Ministry Receivable / (Payable)	Receivable / (Payable)	Capital Asset Acquisition / (Disposal)	Cash
Land transferred	Infrastructure	$ (65,400)	$ 65,400	$ -	$ -	$ -
Highway Improvements	Transportation	61,653	(65,400)	8,700	3,747	(8,700)
Net Balance		$ (3,747)	$ -	$ 8,700	$ 3,747	$ (8,700)

(c) Future Accounting Changes

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

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)
PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)
PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights.

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, 2019)
The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 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.

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

NOTE 3 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2017			2016
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Centre	$ 2,119	$ -	$ 2,119	$ 3,782
Rental and Other	5,426	233	5,193	2,534
Cost Recoveries	363	-	363	756
	$ 7,908	$ 233	$ 7,675	$ 7,072

FINANCIAL INFORMATION

NOTE 4 ADVANCES
(in thousands)

	2017			2016
	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	116
	$ 139	$ -	$ 139	$ 137

NOTE 5 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	2017	2016
Land Under Development (Note 14)		
Balance, beginning of year	$ 241,948	$ 232,268
Increase (Decrease) in estimated value of work in phases with agreements	(17,110)	7,971
Add value of work for phases with no agreement	-	1,709
Less cost of inventory sold	-	-
Balance, end of year	$ 224,838	$ 241,948
Inventories of Supplies		
Swan Hills Inventory (Note 13)		
Balance, beginning of year	$ 2,244	$ 2,383
Add purchases of inventory	2,467	2,894
Less consumption of inventory	(2,610)	(3,033)
Balance, end of year	$ 2,101	$ 2,244
	$ 226,939	$ 244,192

	2017	2016
Inventories for Resale - Financial Assets	$ 10,206	$ 11,850
Inventories for Resale - Non-Financial Assets	214,632	230,098
Inventories of Supplies - Non-Financial Assets	2,101	2,244
	$ 226,939	$ 244,192

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

	2017	2016
Parsons Creek Land Development (Note 14)	$ 120,477	$ 147,753
Accrued Liabilities for Health Facilities	40,639	75,759
Other Accounts Payable and Accrued Liabilities	68,012	79,788
	$ 229,128	$ 303,300

NOTE 7 DEFERRED CONTRIBUTIONS
(in thousands)

	2017	2016
Deferred Revenue (i)	$ 2,477	$ 2,486
Unspent Deferred Capital Contributions (ii)	-	-
Spent Deferred Capital Contributions (iii)	116,005	88,852
	$ 118,482	$ 91,338

(i) Deferred Revenue

	2017	2016
Balance, beginning of year	$ 2,486	$ 3,345
Cash contributions received/receivable during the year	13,841	24,674
Less amounts recognized as revenue	(13,850)	(25,533)
Balance, end of year	$ 2,477	$ 2,486

(ii) Unspent Deferred Capital Contributions

	2017	2016
Balance, beginning of year	$ -	$ -
Cash contributions received/receivable during the year	29,057	41,530
Transferred to spent deferred capital contributions	(29,057)	(41,530)
Balance, end of year	$ -	$ -

(iii) Spent Deferred Capital Contributions

	2017	2016
Balance, beginning of year	$ 88,852	$ 48,165
Transferred from unspent deferred capital contributions	29,057	41,530
Less amounts recognized as revenue	(1,904)	(843)
Balance, end of year	$ 116,005	$ 88,852

NOTE 8 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:

	2017	2016
Liabilities, Beginning of Year	$ 7,081	$ 7,821
Additions to Liabilities during the Year	-	-
Principal Payments	(762)	(740)
Liabilities, End of Year	$ 6,319	$ 7,081

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

	Capital Payments
2017-18	$ 951
2018-19	951
2019-20	951
2020-21	951
2021-22	951
Thereafter	2,249
	7,004
Less amount representing interest	(685)
Total NPV of capital payments remaining	$ 6,319

FINANCIAL INFORMATION

NOTE 9 LIABILITIES FOR CONTAMINATED SITES
(in thousands)

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

	Total 2017	Total 2016
Liabilities, Beginning of Year	$ 175	$ -
Additions to Liabilities during the Year	250	175
Change in Estimate Related to Existing Sites	-	-
Less Remediation Work Performed	(4)	-
Liabilities, End of Year	$ 421	$ 175

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 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.

NOTE 10 TANGIBLE CAPITAL ASSETS
(in thousands)

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

	2017 Historical Cost (1)				
	Estimated Useful Life	Beginning of Year	Additions (2)	Disposals, adjustments, write-downs (3)	End of Year
Land	Indefinite	$ 776,468	$ 27,249	$ 5,498	$ 809,215
Land Improvements	40 years	19,564	1,740	1,765	23,069
Buildings	40 years	3,741,273	164,015	(5,070)	3,900,218
Equipment	5-40 years	54,401	5,138	2,125	61,664
Computer Hardware and Software	3-10 years	39,911	189	(1,248)	38,852
Leasehold Improvement	3-40 years	76,273	11,417	1,181	88,871
		$ 4,707,890	$ 209,748	$ 4,251	$ 4,921,889

	2017 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2017	March 31, 2016
Land	$ -	$ -	$ -	$ -	$ 809,215	$ 776,468
Land Improvements	6,330	489	450	7,269	15,800	13,234
Buildings	1,512,181	86,782	1,047	1,600,010	2,300,208	2,229,092
Equipment	28,802	3,433	1,050	33,285	28,379	25,599
Computer Hardware and Software	30,382	3,141	(3,445)	30,078	8,774	9,529
Leasehold Improvement	49,994	11,653	(837)	60,810	28,061	26,279
	$ 1,627,689	$ 105,498	$ (1,735)	$ 1,731,452	$ 3,190,438	$ 3,080,201

(1) Included in the cost of tangible capital assets is work in progress amounting to $135,351 (2016 - $354,807) as detailed below:

	2017	2016
Land	$ 21,647	$ 15,400
Land Improvements	2,410	11
Buildings	96,165	321,706
Equipment	4,710	4,411
Computer Hardware and Software	561	5,538
Leasehold Improvement	9,858	7,741
	$ 135,351	$ 354,807

(2) Includes contributed assets valued at $2,346.

(3) Includes the net transfer of assets from other general revenue funded government departments/entities valued at $13,564 (see Note 11) and non-general revenue funded government departments/entities valued at $572.

NOTE 11 ADJUSTMENTS TO NET ASSETS
(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2017	2016
Non-Grant Transfer of Tangible Capital Assets from/(to) Other General Revenue Funded Government Departments/Entities [1]	$ 13,564	$ (51,004)
Error Correction from Prior Periods [2]	4,303	5,938
Policy Change Correction from Prior Periods [3]	10,445	-
	$ 28,312	$ (45,066)

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

[2] An adjustment to increase net assets in the current year 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.

[3] An adjustment to increase net assets in the current year 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 12 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.

	2017	2016
Capital Investment		
Construction Contracts and Service Agreements	$ 106,367	$ 142,113
Expense		
Maintenance Contracts and Service Agreements	1,038,160	1,323,257
Grants	337,467	483,906
Leases	604,679	685,633
P3 Operations and Maintenance Payments	17,602	19,602
	$ 2,104,275	$ 2,654,511

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
2017-18	$ 98,648	$ 467,383	$ 174,768	$ 191,248	$ 2,339	$ 934,386
2018-19	5,322	67,627	126,146	140,728	2,702	342,525
2019-20	847	36,770	24,611	98,923	1,985	163,136
2020-21	452	27,693	5,526	60,706	2,119	96,496
2021-22	329	26,232	3,723	37,857	2,103	70,244
Thereafter	769	412,455	2,693	75,217	6,354	497,488
	$ 106,367	$ 1,038,160	$ 337,467	$ 604,679	$ 17,602	$ 2,104,275

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

NOTE 13 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, 2017 is $82.4 million (2016 - $78.1 million).

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

	2017	2016
Assets		
Accounts Receivable	$ 2,119	$ 3,781
Chemical and Parts Inventories	2,101	2,244
Capital Assets	18,053	15,892
	$ 22,273	$ 21,917
Liabilities		
Accounts Payable and Accrued Liabilities	$ 4,258	$ 3,885
Deferred Revenue	1,533	731
Site Remediation and Reclamation	82,364	78,143
	$ 88,155	$ 82,759

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

	2017	2016
Revenue		
Operating Revenue	$ 9,186	$ 13,341
	9,186	13,341
Expenses		
Plant Operating Expenses	$ 25,656	$ 27,153
Consumption of Inventories	2,610	3,033
Amortization	1,821	2,521
Provision for Site Remediation and Reclamation	4,558	7,563
Infrastructure Paid Operational Costs	1,472	1,430
	36,117	41,700
Net Operating Results from Plant Operations	$ (26,931)	$ (28,359)
Purchase of Inventories	$ 2,467	$ 2,894
Capital Investment in Plant and Equipment	$ 4,301	$ 4,089
Site Remediation and Reclamation Work Completed	$ 336	$ 433

NOTE 14 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:

	2017	2016
Assets		
Inventories for Resale (Note 5)	$ 224,838	$ 241,948
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)		
Balance, beginning of year	$ 147,753	$ 170,955
Increase (Decrease) in estimated costs in phases with agreements	(17,110)	7,971
Add value of work for phases with no agreement	-	1,709
Less amounts paid	(10,166)	(32,882)
Balance, end of year	$ 120,477	$ 147,753

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

NOTE 15 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, 2017, no accruals have been recognized as a liability (2016 - $0).

The Ministry has been named in twenty-four (2016 - eleven) claims of which the outcome is not determinable. Of these claims, twenty-two (2016 - ten) have specified amounts totaling $78,004 (2016 - $45,193). The two remaining claims (2016 - one) have no specified amount. Included in the total claims, five claims totaling $16,007 (2016 - five claims totaling $15,747) are covered in whole or in part 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 16 GOVERNMENT TRANSFERS - FEDERAL PROGRAMS

The Ministry received support for infrastructure from the Government of Canada in 2016-17 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 2016-17 is as follows:

<u>Building Canada Fund – Major Infrastructure Component</u>

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 will be received on the basis of completed milestones established in the terms of the agreement. In 2016-17, $26.145 million was received for a total of $97.650 million to date.

NOTE 17 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 $9,448 for the year ended March 31, 2017 (2016 - $10,539). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2016, the Management Employees Pension Plan reported a surplus of $402,033 (2015 - surplus $299,051), the Public Service Pension Plan reported a surplus of $302,975 (2015 - deficiency $133,188) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $50,020 (2015 - deficiency $16,305).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2017, the Bargaining Unit Plan reported a surplus of $101,515 (2016 - surplus $83,006) and the Management, Opted Out and Excluded Plan reported a surplus of $31,439 (2016 - surplus $29,246). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 18 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, 2017, trust funds under the Ministry's administration were as follows:

	2017	2016
The General Trust Fund	$ 3,544	$ 3,272
The Security Deposit Trust Fund	594	668
	$ 4,138	$ 3,940

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 19 COMPARATIVE FIGURES

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

NOTE 20 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, 2017

	2017		2016
	Budget	Actual	Actual
		(in thousands)	
Government Transfers			
Federal and Other Government Grants	$ 1,668	$ 1,393	$ 398
	1,668	1,393	398
Investment Income			
Investment Income	-	-	189
	-	-	189
Premiums, Fees and Licenses			
Other Fees & Licenses	2,756	1,862	1,737
	2,756	1,862	1,737
Other Revenue			
Land Inventory Sales	9,634	-	-
Gain on Land Exchange	17,100	-	-
Other			
Refunds of Expenditure	1,400	4,145	2,973
Swan Hills Treatment Centre (Note 13)	11,120	9,186	13,341
Leases (Land and Buildings)	11,780	17,482	23,438
Cost Recoveries	7,407	6,051	3,647
Gain on Disposal of Tangible Capital Assets	-	8,889	18,857
Miscellaneous	140	2,287	132
	58,581	48,040	62,388
Total Revenues	$ 63,005	$ 51,295	$ 64,712

MINISTRY OF INFRASTRUCTURE **Schedule 2**
SCHEDULE TO THE FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2017

		2017			
	Authorized	Actual Revenue Recognized	Deferred Revenue	Actual Cash/Donation Received / Receivable	(Shortfall)/ Excess
		(in thousands)			
Leases (Land and Buildings)	$ 11,780	$ 12,324	$ -	$ 12,324	$ 544
Swan Hills Treatment Centre	11,120	9,186	-	9,186	(1,934)
	$ 22,900	$ 21,510	$ -	$ 21,510	$ (1,390)

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.

MINISTRY OF INFRASTRUCTURE **Schedule 3**
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed By Object
Year ended March 31, 2017

	2017		2016
	Budget	Actual	Actual
		(in thousands)	
Salaries, Wages, and Employee Benefits	$ 83,247	$ 77,206	$ 83,024
Supplies and Services	483,892	436,486	437,017
Grants	601,013	398,808	537,092
Amortization of Tangible Capital Assets	119,100	105,498	103,262
Consumption of Inventory	14,280	2,610	3,033
Financial Transactions and Other	226	2,904	1,638
	$ 1,301,758	$ 1,023,512	$ 1,165,066

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2017

Schedule 4

Expense Vote by Program	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Operating Expense						
1 Ministry Support Services						
1.1 Minister's Office	$ 755	$ -	$ -	$ 755	$ 621	$ 134
1.2 Deputy Minister's Office	790	-	-	790	492	298
1.3 Communications	930	-	-	930	843	87
1.4 Human Resources	2,065	-	-	2,065	1,986	79
1.5 Corporate Strategies and Services	17,699	-	-	17,699	19,425	(1,726)
	22,239	-	-	22,239	23,367	(1,128)
2 Capital Construction						
2.1 Government Facilities Infrastructure	10,474	-	-	10,474	8,193	2,281
2.2 Health Facilities Infrastructure	2,778	-	-	2,778	2,237	541
2.3 School Facilities Infrastructure	2,433	-	-	2,433	1,722	711
	15,685	-	-	15,685	12,152	3,533
3 Strategic Partnerships Office	1,200	-	-	1,200	1,209	(9)
4 Property Management						
4.1 Property Operations	207,483	-	-	207,483	207,188	295
4.2 Swan Hills Treatment Centre	29,422	-	(1,934)	27,488	27,188	300
	236,905	-	(1,934)	234,971	234,376	595
5 Asset Management	7,908	-	-	7,908	7,227	681
6 Realty Services						
6.1 Leases	209,717	-	-	209,717	207,893	1,824
6.2 Land Purchases and Sales	3,139	-	-	3,139	2,576	563
6.3 Fort McMurray and Area Lands	928	-	-	928	1,027	(99)
	213,784	-	-	213,784	211,496	2,288
7 2013 Alberta Flooding						
7.1 Floodway Relocation Program	21,534	-	-	21,534	2,369	19,165
8 Climate Leadership Plan						
8.1 Green Infrastructure	-	-	-	-	126	(126)
Capital Grants						
2 Capital Construction						
2.4 Capital Planning	30,545	-	-	30,545	5,531	25,014
4 Property Management						
4.3 Government Owned Facilities Preservation	9,675	-	-	9,675	8,849	826
4.4 Accommodation Projects	-	-	-	-	1,880	(1,880)
	9,675	-	-	9,675	10,729	(1,054)
Debt Servicing						
4 Property Management						
4.5 Debt Servicing	190	-	-	190	189	1
Total	$ 559,665	$ -	$ (1,934)	$ 557,731	$ 508,771	$ 48,960
Lapse/(Encumbrance)						$ 48,960

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2017

Schedule 4
(Cont'd)

Capital Investment Vote by Program	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Capital Investment						
1 **Ministry Support Services**						
1.5 Corporate Strategies and Services	$ 3,558	$ -	$ 583	$ 4,141	$ 201	$ 3,940
2 **Capital Construction**						
2.1 Government Facilities Infrastructure	138,341	-	(3,141)	135,200	74,709	60,491
2.4 Capital Planning	4,350	-	-	4,350	248	4,102
2.5 New Projects and Programs	90,000	-	-	90,000	-	90,000
	232,691	-	(3,141)	229,550	74,957	154,593
4 **Property Management**						
4.1 Property Operations	-	-	-	-	449	(449)
4.2 Swan Hills Treatment Centre	5,000	-	1,158	6,158	4,301	1,857
4.3 Government Owned Facilities Preservation	35,325	-	7,301	42,626	43,145	(519)
4.4 Accommodation Projects	33,804	-	5,643	39,447	40,128	(681)
	74,129	-	14,102	88,231	88,023	208
6 **Realty Services**						
6.2 Land Purchases and Sales	21,300	-	3,105	24,405	17,102	7,303
6.3 Fort McMurray and Area Lands	-	-	25	25	24	1
	21,300	-	3,130	24,430	17,126	7,304
7 **2013 Alberta Flooding**						
7.2 Reconstruction and Accommodation	11,000	-	1,406	12,406	12,193	213
8 **Climate Leadership Plan**						
8.1 Green Infrastructure	-	135	-	135	155	(20)
Capital Payments to Related Parties						
2 **Capital Construction**						
2.2 Health Facilities Infrastructure	470,013	-	(6,767)	463,246	251,926	211,320
2.6 Health Capital Maintenance and Renewal	131,000	-	(9,512)	121,488	145,682	(24,194)
	601,013	-	(16,279)	584,734	397,608	187,126
7 **2013 Alberta Flooding**						
7.2 Reconstruction and Accommodation	-	-	3,082	3,082	238	2,844
Total	$ 943,691	$ 135	$ 2,883	$ 946,709	$ 590,501	$ 356,208
Lapse/(Encumbrance)						$ 356,208

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2017

Schedule 4 (Cont'd)

	Voted Estimates [1]	Supplementary Estimates [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Financial Transactions Vote by Program						
Acquisition of Inventory						
4 Property Management						
4.2 Swan Hills Treatment Centre	$ 2,754	$ -	$ -	$ 2,754	$ 2,467	$ 287
6 Realty Services						
6.3 Fort McMurray and Area Lands	45,000	-	-	45,000	-	45,000
Total Acquisition of Inventory	$ 47,754	$ -	$ -	$ 47,754	$ 2,467	$ 45,287
Environmental Site Liability Retirement						
4 Property Management						
4.1 Property Operations	250	-	-	250	4	246
4.2 Swan Hills Treatment Centre	900	-	-	900	336	564
	1,150	-	-	1,150	340	810
Land Development Liability Retirement						
6 Realty Services						
6.3 Fort McMurray and Area Lands	-	-	-	-	7,967	(7,967)
Debt Repayment for Public Private Partnerships						
4 Property Management						
4.6 Debt Repayment	762	-	-	762	762	-
Total	$ 49,666	$ -	$ -	$ 49,666	$ 11,536	$ 38,130
Lapse/(Encumbrance)						$ 38,130

(1) As per "Expense Vote by Program" (page 162), "Capital Investment Vote by Program" (page 163), and "Financial Transactions Vote by Program" (page 164) of the 2016-17 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) Per the Supplementary Supply Estimates approved on February 17, 2017.

(3) Adjustments include encumbrances, capital carry forward amounts, transfers between votes, and credit or recovery increases approved by Treasury Board, and credit or recovery shortfalls. 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.

(4) 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, 2017

	2017				2016
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Deputy Minister (4) (5)	$ 236,399	$ -	$ 24,434	$ 260,833	$ 372,855
Other Senior Officials					
Assistant Deputy Minister, Properties	201,176	-	51,910	253,086	255,289
Assistant Deputy Minister, Learning Facilities	201,176	-	50,136	251,312	263,222
Assistant Deputy Minister, Health and Government Facilities(6)	100,389	30,176	25,569	156,134	273,873
Assistant Deputy Minister, Corporate Strategies and Services	203,334	-	53,262	256,596	254,983
Chief, Strategic Partnerships Office (7)	93,265	2,868	23,670	119,803	257,253
Strategic Executive Advisor	201,176	920	52,572	254,668	265,241
Communications Director (8)	118,852	3,200	32,659	154,711	172,190
Executive Director, Finance	167,216	-	44,158	211,374	210,111
Executive Director, Human Resources	164,692	-	44,375	209,067	194,640

(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 2017.

(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.

(5) The incumbent was appointed to the position in September 2016. The position was occupied by two individuals, at different times of the year. The position was vacant for 2 months of the year.

(6) The incumbent was appointed to the position in March 2017. The position was occupied by two individuals, at different times of the year. The position was vacant for 7 months of the year.

(7) Position abolished in September 2016.

(8) The incumbent was appointed to the position in September 2016. The position was occupied by two individuals, at different times of the year.

MINISTRY OF INFRASTRUCTURE **Schedule 6**
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2017
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

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	
	2017	**2016**
Revenues		
Leases	$ 1,189	$ 1,467
Related to SUCH Sector	6,090	3,543
Swan Hills Treatment Centre	480	480
	$ 7,759	$ 5,490
Expenses - Directly Incurred		
Services Related to SUCH Sector	$ 405,404	$ 540,700
Insurance	2,661	2,622
Other Costs	2,103	1,630
	$ 410,168	$ 544,952
Tangible Capital Assets Transferred In/(Out)	$ 13,564	$ (51,002)
Accounts Payable	$ 24,678	$ 49,803
Accounts Receivable	$ 1,240	$ 325
Contractual Obligations	$ 64,962	$ 73,736

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	
	2017	**2016**
Revenue		
Accommodation Costs	$ 482,228	$ 472,441

MINISTRY OF INFRASTRUCTURE **Schedule 7**
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2017
(in thousands)

	2017					2016
		Expenses - Incurred by Others				
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Legal Services [3]**	**Business Services [4]**	**Total Expenses**	**Total Expenses**
Ministry Support Services	$ 28,335	$ 434	$ 465	$ 6,556	$ 35,790	$ 32,472
Capital Construction	416,277	661	197	-	417,135	568,074
Strategic Partnerships Office	1,028	-	10	-	1,038	2,980
Property Management	355,540	1,175	164	-	356,879	347,017
Asset Management	7,221	179	2	-	7,402	7,287
Realty Services	212,354	133	144	-	212,631	210,160
2013 Alberta Flooding	2,601	-	-	-	2,601	8,279
Climate Leadership Plan	156	18	-	-	174	-
	$ 1,023,512	$ 2,600	$ 982	$ 6,556	$ 1,033,650	$ 1,176,269

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

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

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

(4) Cost 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 chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2016 to March 31, 2017.

Chief Officer Report as at March 31, 2017

In relation to the reporting requirements under s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act*, designations for April 1, 2016 to March 31, 2017 include:

- Number of inquiries: zero
- Number of disclosures of wrongdoing: zero
- Number of investigations: zero
- Reports written: zero