Infrastructure

Annual Report
2015-16

Government

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

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 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.

On February 2, 2016, the government announced new ministry structures. The 2015-16 ministry annual reports and financial statements have been prepared based on the new ministry structure.

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, 2016, 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 June 2, 2016 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

Alberta Infrastructure works in partnership with other government ministries to deliver the schools, hospitals, seniors' facilities and other public infrastructure required to provide Albertans with a high quality of life. Our department maintains and improves government-owned infrastructure and plans and builds for Alberta's current and future infrastructure needs.

The following report highlights results achieved by the Ministry of Infrastructure in the 2015-16 fiscal year. Our top priorities included building and modernizing schools, investing in the facilities necessary to ensure Albertans have access to proper health care, and taking action on the most pressing deferred maintenance needs. We are also actively engaged in work to make our existing buildings more sustainable and looking for ways to increase the sustainability in each new project we take on. With these and numerous other projects and initiatives underway throughout the province, it is crucial to ensure the best value for Albertans as we focus on delivering essential infrastructure.

Infrastructure investment is foundational to the success of Alberta's families and communities and positively impacts thousands of Albertans who will be educated, cared for or inspired within new or renewed facilities. No matter where construction or maintenance activity is occurring in the province, we all benefit, and Alberta Infrastructure looks forward to our continued work with department staff, colleagues, and stakeholders to build and enhance the province we are all so proud to call home.

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 2015.

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 of the ministry.

Original signed by

Deputy Minister Barry Day
Deputy Minister of Infrastructure
June 2, 2016

Results Analysis

Ministry Overview

The Department of Infrastructure works to achieve two desired outcomes:

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

Alberta Infrastructure is composed of four divisions, the Strategic Partnerships Office, Procurement Modernization, Communications, and Human Resources.

Learning Facilities

The Learning Facilities Division focuses on the delivery of education and post-secondary projects. The division works with Alberta Education, school jurisdictions, Alberta Advanced Education and post-secondary institutions to plan, build and maintain school and post-secondary facilities. 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

The Health and Government Facilities Division works with partner ministries, boards, agencies and other stakeholders to plan, build and maintain government-owned and supported capital infrastructure, including health facilities, museums, courthouses, community centres and seniors' lodges. In addition, the division provides a wide range of professional and technical expertise in a variety of building, contract, expenditures and project management related disciplines to ensure the effective delivery of capital projects.

Properties

The Properties Division is accountable for the management, operations and maintenance of approximately 1,600 government-owned facilities. It also 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 and research facilities. The division provides comprehensive real estate and leasing services to ministries, boards and agencies. Additional responsibilities include the planning and management of the Edmonton and Calgary Transportation Utility Corridors, and management of the Swan Hills Treatment Centre. The division seeks to manage government assets in a responsible and sustainable manner. This is achieved through execution of environmental initiatives coordinated to help reduce the environmental impact of the construction and operation of government buildings.

Corporate Strategies and Services

The Corporate Strategies and Services Division provides strategic, operational and corporate support to the ministry. The division leads the preparation of the five-year Capital Plan in collaboration with other ministries and collaborates with other levels of government to secure federal funding.

The division oversees corporate functions to enable effective operations, including legislative planning and records management, accommodations and parking, information management and technology services, and emergency planning and management. Other accountabilities for the division include policy development and coordination, research and strategic planning and reporting. Corporate Strategies and Services is accountable for all aspects of financial services, adherence of requests through the FOIP Office, and oversees Ministry Legal Services.

Strategic Partnerships Office

The Strategic Partnerships Office explores alternative and innovative ways to finance and build needed infrastructure which may include partnerships with non-profit organizations or municipalities. This office maintains intergovernmental contracts with other jurisdictions on pan-Canadian matters relating to alternatively financed projects. Other responsibilities include business case development, framework design, and knowledge sharing with other ministries and public sector entities on the evaluation and delivery of partnership solutions. In March 2016, the focus shifted from exploring Public Private Partnership (P3) opportunities to seeking other innovative ways to deliver infrastructure. The functions of this office have been integrated within the Corporate Strategies and Services Division.

Procurement Modernization

The Procurement Modernization team ensures ministry procurement methods continue to adapt to changes in industry and ensures procurement practices and approaches meet current industry standards and best practices for public sector owners.

Communications

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

Human Resources

Human Resources coordinates the ministry's human resource planning activities and strategic consulting, and the implementation of 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. In addition, the branch provides education and human resource information to ministry staff.

Discussion and Analysis of Results

DESIRED OUTCOME 1

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

Alberta Infrastructure works with partner ministries to ensure Albertans have the schools, hospitals and other public infrastructure necessary to support communities and stimulate the economy. Alberta Infrastructure provides leadership through capital planning, design, construction, operation, evaluation and preservation of public infrastructure in support of the Government of Alberta's programs and services.

Planning for Alberta's Infrastructure Needs

Improved Planning and Reporting Processes

Alberta Infrastructure leads the development of the Capital Plan, working with other ministries to determine capital infrastructure priorities and following through with the delivery of priority projects.

In 2015-16, Alberta Infrastructure led government efforts to enhance the capital planning process so the plan better focused on enabling growth and maintaining existing infrastructure, while demonstrating openness, transparency and accountability of the use of public funds.

Following a third party review, Alberta Infrastructure repositioned the capital project and reporting process to align with leading practice resulting in enhanced monitoring of project scope, schedule and budget.

In addition, Alberta Infrastructure worked with David Dodge, former Governor of the Bank of Canada, to provide advice on guiding the development of a new plan to meet the needs of Albertans. The review focused on three key areas. The first area focused on the overall size of the Capital Plan, with consideration to spending already underway or planned, as well as the availability of labour and the potential impacts of inflation. The second area considered the appropriate mix of capital investment to support delivering services to Albertans while supporting long-term growth through better infrastructure. The last area concentrated on various approaches to financing the Capital Plan in the current economic environment.

Based on the advice of David Dodge, Budget 2015 reflected a 15 per cent increase over five years to the Capital Plan. The five-year investment of $34 billion was allocated to support modern, efficient infrastructure for Alberta families and businesses, including $3.8 billion for schools, $4.7 billion for roads and bridges, $2.2 billion for health facilities and equipment and $4.4 billion in new projects and programs. As well, maintenance funding was increased to $4.9 billion to address the most pressing deferred maintenance needs and to stop the overall deterioration of Alberta's public infrastructure.

Alberta Infrastructure also worked to improve ministry reporting processes. Deferred maintenance activities and costs have been better integrated into the project planning process following the development of a new database. This system automates the prioritization of maintenance projects to better ensure projects which are required for health and safety purposes of users are given the highest priority.

In addition, Alberta Infrastructure retained an external consultant to review how it reports deferred maintenance and performance indicators across all government/stakeholder facilities including health, schools, post-secondary, housing and government-owned. The ministry has received the report and is reviewing the recommendations.

Modernization of Procurement Processes

Alberta Infrastructure continued its work to enhance procurement activities. Improvements include the development of standing offer lists that prequalify third party providers for recurring services of low complexity and risk. The introduction of such lists has decreased the time required for Alberta Infrastructure to select and retain third party providers. Alberta Infrastructure completed other improvements to its existing procurement processes, reducing the time these processes take.

A comprehensive review of procurement documents and agreements in partnership with industry was also undertaken. Recommendations from these activities have been implemented, ensuring Alberta Infrastructure procurement processes are well positioned for ongoing success.

Delivering Alberta's Infrastructure

Health Facilities

Alberta Infrastructure works in collaboration with Alberta Health and Alberta Health Services to design, build and maintain health facilities that meet community needs and benefit all Albertans. Through a new Memorandum of Understanding signed in 2016, Alberta Infrastructure, Alberta Health and Alberta Health Services have more clearly defined responsibilities and expectations, improving processes for planning, constructing and operating provincial health facilities.

Alberta has approximately $20 billion in health facility assets that include hospitals, urgent care centres, cancer centres, and supportive living and long-term care facilities. These facilities vary in age and projected lifespan. Alberta Infrastructure provided $87.5 million to Alberta Health Services for health facilities maintenance to cover projects such as the repair or replacement of electrical systems, roofing or elevators.

In 2015-16, $578 million was budgeted for health capital projects and $533 million was spent. Investments in health-care facilities, included:

In Progress

- Grande Prairie Regional Hospital
- High Prairie Health Complex
- Kaye Edmonton Clinic
- Medicine Hat Regional Hospital
- The Stollery Children's Hospital in Edmonton

Completed and handed over to Alberta Health Services

- July 2015 – Foothills Medical Centre – Calgary Lab Services Impacted Departments
- September 2015 – Raymond Health Centre Redevelopment
- September 2015 – Taber Health Centre Redevelopment
- September 2015 – Vascular Renovations in the Calgary Peter Lougheed Centre
- October 2015 – Chinook Regional Hospital Redevelopment (two months ahead of schedule)
- March 2016 – Edson Healthcare Centre – Acute Care Building

After listening to concerns from the community, the Government of Alberta decided to move the site of the new Fort McMurray continuing care centre from Parsons Creek to Willow Square. Consultations continue with Alberta Health Services, Alberta Health, Alberta Seniors and Housing and the Regional Municipality of Wood Buffalo to confirm program requirements.

Budget 2015 included $830 million over five years for the construction of the new Calgary Cancer Centre. The project is well into the planning stages, with construction scheduled to begin in 2017. The new centre will support cancer-related multidisciplinary and integrated programming and accommodate research, education, and patient and family centered care. The centre is estimated to open by 2024.

School Projects

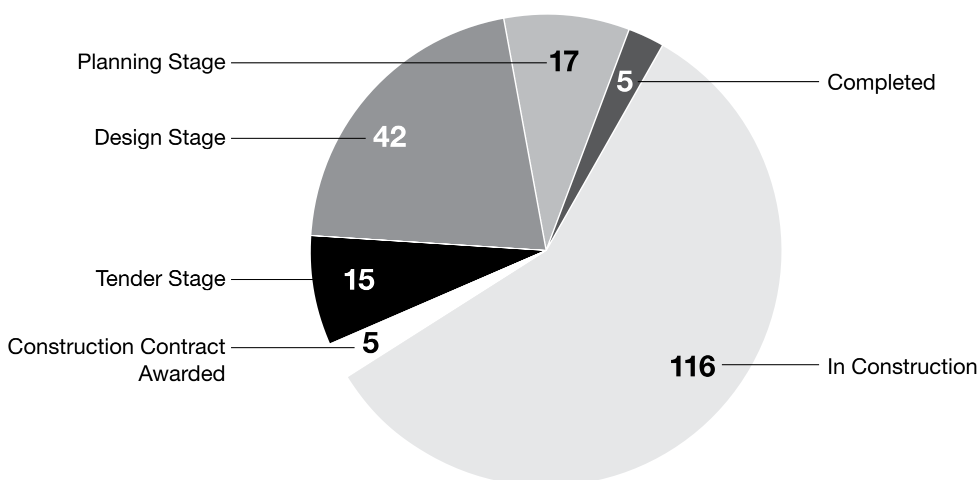
Alberta Infrastructure is committed to ensuring that the province's students and communities have access to the modern, well-designed learning spaces they need today and into the future.

Alberta Infrastructure works with Alberta Education and school boards to plan, build and maintain school infrastructure, with budget and spending reported by Alberta Education. Much progress was made on 200 school projects, with more than 60 per cent under construction or complete. Progress as of March 31, 2016 was as follows:

- 5 projects Complete;
- 116 in Construction;
- 5 with Construction Contracts awarded;
- 15 in the Tender Stage;
- 42 in the Design Stage; and
- 17 in the Planning Stage.

By the end of 2016, approximately 70 of these school projects are expected to be completed.

Breakdown of New Schools and Modernizations in Various Stages of Development



The three schools of Joussard, Neelandia and Robert Zahara in Sexsmith were turned over and occupied ahead of schedule. These schools are still listed as In Construction as crews remain onsite through the demolition of the old facilities. Also, the building addition at École Nouvelle Frontière was occupied in March 2016, ahead of schedule, with construction work continuing on the modernization component of the project until June 2016.

Working with Alberta Education, Alberta Infrastructure concentrated on improving processes to better support the delivery of school capital projects. For example, roles and responsibilities were more clearly defined; reporting and approval processes were improved; and financial management processes were enhanced. A third party consultant was also engaged to evaluate and recommend improvements to data collection, management and validation processes. In addition, Alberta Education and Alberta Infrastructure asked the province's Auditor General to look into why many school projects would not meet their originally announced completion dates and to give government advice on how to do better in the future. The two ministries are working together to develop a detailed implementation plan that addresses next steps for each recommendation.

Alberta Infrastructure and Alberta Education also work together with school boards to provide modular classrooms to meet local student enrolment needs. In collaboration with the University of Alberta and provincial school boards, the Alberta Infrastructure modular school specifications were significantly revised along with changes to the procurement documentation and process to improve how these modular classrooms are delivered.

Post-Secondary Facilities

Alberta Infrastructure partners with Alberta Advanced Education, supporting 21 publicly funded post-secondary institutions in planning, building and maintaining their new and existing infrastructure. The budget and spending reporting rests with Alberta Advanced Education. Alberta Infrastructure works with Alberta Advanced Education and post-secondary institutions to review and monitor capital infrastructure projects. Alberta Infrastructure also supports Alberta Advanced Education in acquiring grant assistance and facility maintenance funding in response to enrolment and research pressures.

Government-Owned Facilities

Alberta Infrastructure is committed to the delivery of public infrastructure for Albertans.

Construction of the new Royal Alberta Museum in downtown Edmonton continued to progress and is on target to be completed in late summer 2016. Work to acclimatize the new facility and install the exhibits and collections will follow, preparing the museum for an anticipated late 2017 opening.

Construction of the High River Community Resource Centre is expected to be complete in January 2017. This new shared facility replaces the Provincial Building that was badly damaged in the 2013 floods and will house government offices and the Foothills School Division.

The new Liquor Distribution Warehouse for the Alberta Gaming and Liquor Commission is under construction and is expected to be complete in late fall of 2017.

With the redevelopment of the Federal Building completed, employees moved into the building in September 2015. This included employees from the Legislative Assembly Office, Alberta Treasury Board and Finance, Executive Council along with government and opposition MLAs.

Did you know?
Alberta Infrastructure won the Award of Excellence at the 2015 Alberta Masonry Design Awards for the Legislature Building Major and Minor Dome Roof Replacement. Alberta Infrastructure employees worked alongside private sector partners on the design and installation of thousands of terracotta tiles to make up the dome, including matching the colour of the tiles with the existing building.

Did you know?
The Magna Carta exhibit was hosted in the Borealis Gallery in the Federal Building from November 23 to December 29, 2015. Only four locations in Canada were equipped to host this piece of history.

Desired Outcome 1 Performance Measures

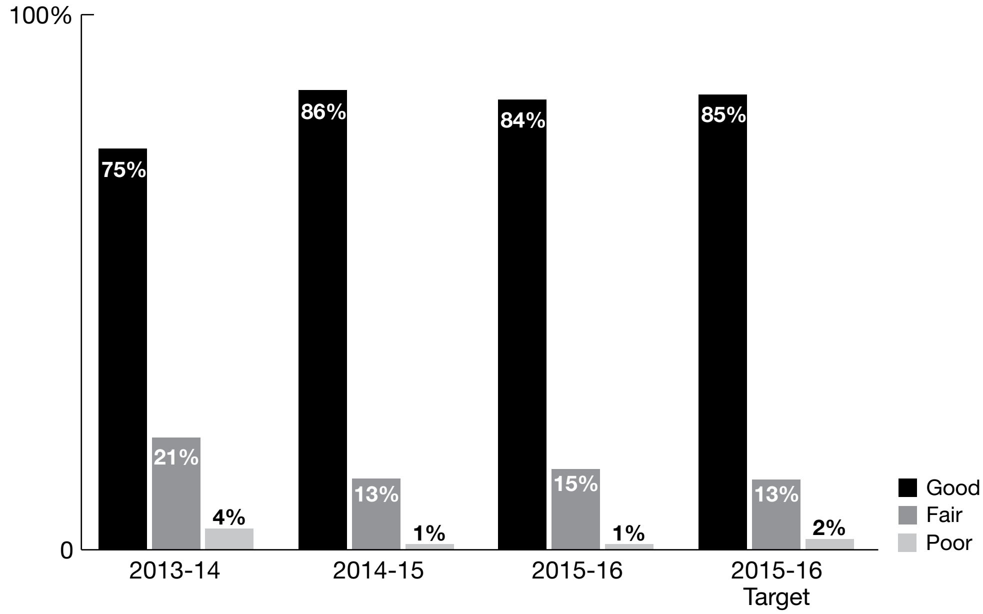
In measuring performance towards achieving Desired Outcome One, the ministry monitors and reports on the physical condition of existing health facilities, schools, post-secondary institutions and government-owned facilities. Alberta Infrastructure uses the Facility Condition Index (FCI) as a common measure, enabling the ministry to compare condition ratings across facility types. The FCI is a ratio of the cost to address current and future (five year) maintenance and renewal needs, relative to facility replacement value, which is translated into a good, fair and poor rating for each facility. Additional information on FCI methodology and the categorization of good, fair and poor is available in the Performance Measure Methodology section on pages 28 and 29.

Performance Measure 1.a:
Health Facilities – Physical Condition

This performance measure reports the percentage of health facilities (by area) rated in good, fair or 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 32 years and 62 per cent are more than 30 years old.

- The targeted facility condition index for health facilities in 2015-16 was:
  - 85 per cent in good condition;
  - 13 per cent in fair condition; and
  - Two per cent in poor condition
- The 2015-16 results for health facilities were:
  - 84 per cent in good condition;
  - 15 per cent in fair condition; and
  - One per cent in poor condition
- Compared to the 2014-15 results, the percentage of health facilities in good condition was two per cent lower, while the amount in fair condition increased by two per cent.
- Capital maintenance and renewal funding through the Infrastructure Maintenance Program is provided to Alberta Health Services to maintain the physical condition of eligible facilities. This funding has been increased for future years.

Health Facilities – Physical Condition
(Percentage in Good, Fair, and Poor Condition by Area in m^2)



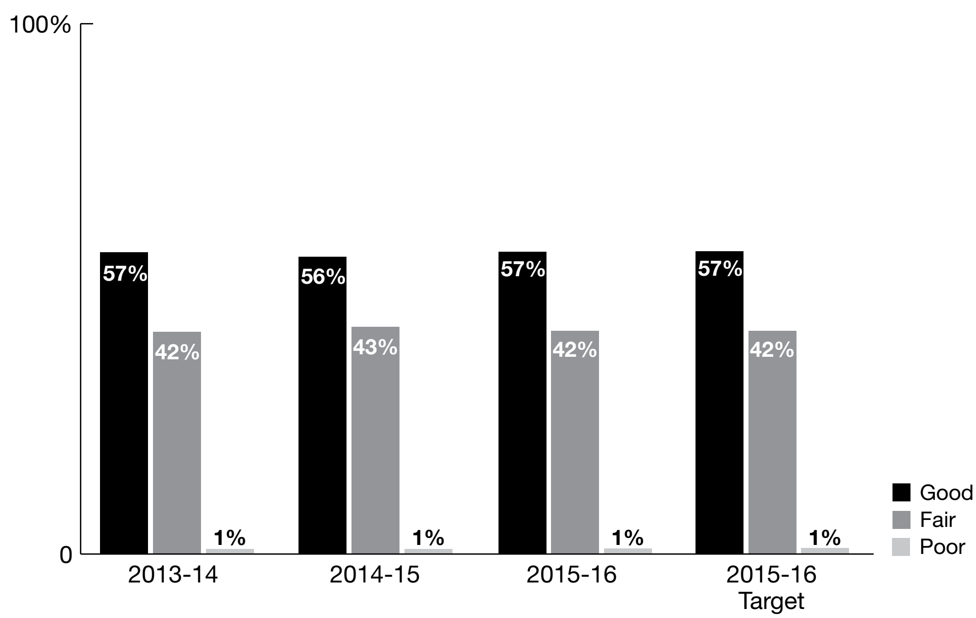
Performance Measure 1.b: School Facilities – Physical Condition

This performance measure reports the percentage of schools rated in good, fair or poor condition (by area in m^2). It provides data in support of long-term capital planning of school facilities across the province. The average age of school facilities is 45 years.

- The targeted facility condition index for school facilities in 2015-16 was:
  - 57 per cent in good condition;
  - 42 per cent in fair condition; and
  - One per cent in poor condition
- The 2015-16 results for school facilities met the targets.
- Current facility maintenance funding levels alongside the completion of new school and modernization projects have been sufficient to sustain the overall condition of school facilities.
- Compared to 2014-15 results, the percentage of school facilities in good condition increased by one per cent, while the amount in fair condition was reduced by one per cent.
- Through the 200 new school and modernization projects currently underway, results are expected to improve over time as new and renovated spaces are added to the inventory.

School Facilities – Physical Condition

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



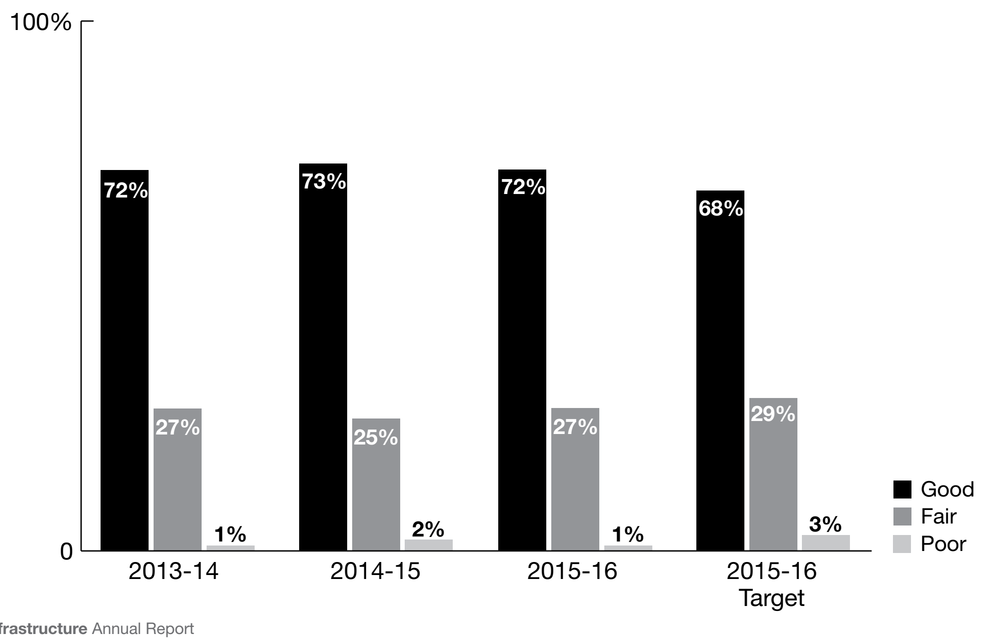
Performance Measure 1.c: Post-Secondary Facilities – Physical Condition

This performance measure reports the percentage of post-secondary facilities rated in good, fair and poor condition (by area in m^2). It provides data in support of long-term capital planning of post-secondary facilities across the province. The average age of post-secondary facilities is 34 years with more than 55 per cent over 30 years old.

- The targeted facility condition index for post-secondary facilities in 2015-16 was:
  - 68 per cent in good condition;
  - 29 per cent in fair condition; and
  - Three per cent in poor condition
- The 2015-16 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
- Targets were exceeded partly as a result of increased Infrastructure Maintenance Program funding in 2015, mitigating the continued aging of post-secondary facilities.
- Compared to 2014-15 results, the percentage of post-secondary facilities in each condition changed. There was a one per cent decrease in the amount of space rated in good and poor condition, and a two per cent increase in space rated in fair condition.
- Future performance is expected to improve as several capital projects are completed in 2017-18 and additional maintenance funding comes on stream.

Post-Secondary Facilities – Physical Condition

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



DESIRED OUTCOME 2

Alberta's public infrastructure is effectively managed and environmentally sustainable

Alberta Infrastructure maintains and preserves all government-owned and leased properties. The ministry manages this inventory in an efficient, safe and sustainable manner to provide the best value possible to Albertans.

Maintaining and Operating Alberta's Infrastructure

Supporting Alberta's Climate Leadership Plan: Greening Infrastructure's Portfolio

Alberta Infrastructure owns and manages approximately 1,600 structures representing over two million square metres of floor space. In support of Alberta's Climate Leadership Plan, the ministry focused on increasing the energy efficiency of government buildings which includes utilizing wind and solar power.

Did you know?
Using green power reduces the Government of Alberta's carbon footprint by an estimated 150,000 tonnes of CO_2 per year – the equivalent of taking 30,000 vehicles off Alberta's roads.

As of March 31, 2016, the Government of Alberta has 101 Leadership in Energy and Environmental Design (LEED) certifications, including two Platinum certifications, 36 Gold certifications, 58 Silver certifications, and five certified at the base level. The LEED program recognizes green buildings in 150 countries, including Canada. The list of LEED certified projects includes schools, health facilities, post-secondary and other unique facilities such as the Calgary Courts Centre, the Edmonton Remand Centre and the Writing-on-Stone Provincial Park Visitor Centre.

Alberta Infrastructure currently has 89 buildings certified under the Building Owners and Managers Association Building Environmental Standards (BOMA BESt®) program, with three government-owned buildings holding Platinum ratings, the highest level possible. The BOMA BESt® Certification program acknowledges the compliance of commercial buildings with accepted industry best practices in energy, water and waste reduction.

Alberta Infrastructure maintained its commitment towards energy efficiency. Below are some examples of energy initiatives completed in 2015-16:

- 48 of the 89 BOMA BESt® certified government buildings were submitted for recertification to the BOMA BESt® environmental standard program, which required the completion of onsite energy audits (i.e., to identify new energy conservation opportunities) and the formation of three-year energy reduction plans.
- A measurement and verification report was completed for the new Edmonton Remand Centre (opened in early 2014-15 and certified LEED Silver) which confirmed that the building's energy usage is approximately 41 per cent below non-LEED baselines.
- Alberta Infrastructure undertook several studies to increase its portfolio of onsite renewable energy systems around the province. For example, it expanded the Pincher Creek Provincial Building solar photovoltaic installation from a three kW system to a 13 kW system.
- Creating awareness about reducing energy consumption, Alberta Infrastructure participated in Earth Hour 2016 by turning off lighting and electronics in many government-owned facilities, and encouraged employees to participate in National Sweater Day when the Infrastructure building temperature was lowered by two °C and employees were encouraged to wear sweaters.
- Alberta Infrastructure completed a variety of energy saving projects associated with building operations and major maintenance, including several lighting upgrades and lifecycle replacements of major building HVAC systems with more efficient equipment.

Cost-Effective Public Asset Management

Alberta Infrastructure made significant progress in streamlining its asset management activities by integrating best practices, management strategies and tools into the planning, development and management of government-owned infrastructure.

The ministry continues to work on real estate and other initiatives to meet community and program needs, while targeting cost savings. Highlights include:

- Development of a plan for the disposition of approximately 118 surplus properties.
- Reallocation of provincial staff from leased space to government-owned space in downtown Edmonton generating approximately $1.1 million in savings, which will be realized starting in 2016-17.

Alberta Infrastructure has begun restacking office space across the Government of Alberta to reduce our footprint and achieve cost savings for government-owned space. The reduction in office density is expected to save roughly $4 to $6 million a year upon completion in 2016-17.

Desired Outcome 2 Performance Measures

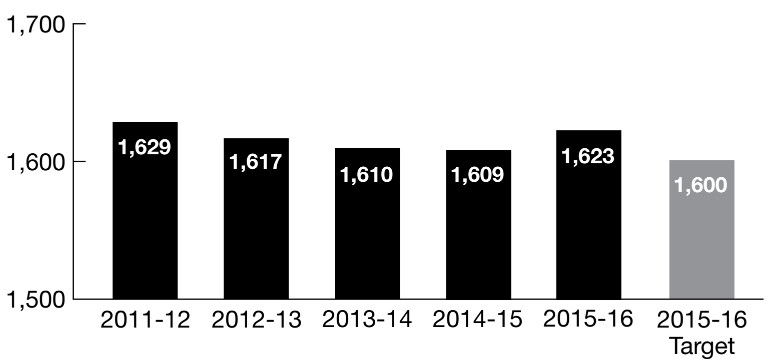
In measuring performance in achieving Desired Outcome Two, the ministry monitors energy consumption, operating costs and the physical condition of existing government-owned and operated facilities. Additional information on Desired Outcome 2 performance measures is available in the Performance Measure Methodology section on pages 30, 31 and 32.

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

This performance measure reports how effectively the ministry is managing energy and associated costs in government-owned and operated buildings. This measure assists the ministry in identifying and implementing energy saving initiatives to achieve cost and environmental benefits.

- Energy consumption of government-owned and operated facilities has remained relatively consistent over the last five years and remained within one per cent of the previous year's energy usage. This measure may be affected by changes to the way programs use the facilities and to the number and types of buildings included in the calculation as a result of the construction of new facilities or the sale of surplus facilities.
- In 2015-16, energy consumption in government-owned and operated facilities exceeded the 2015-18 business plan target of 1,600 megajoules per gross square metre by 23 megajoules per gross square metre. This increase was due to changes in program requirements at the Northern Alberta Fish Hatchery, including the need for higher water temperatures, which increased the natural gas usage at the facility. This hatchery represents approximately seven per cent of all energy consumed by government programs. Changes in their consumption of energy have a measurable impact on overall consumption.

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

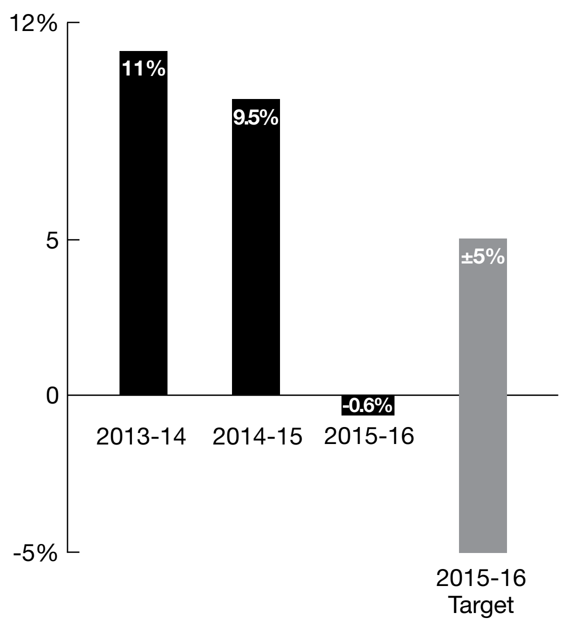


Performance Measure 2.b:
Percentage Difference Between Average Operating Costs per Rentable Square Metre of Government-Owned and Operated Office Space and Privately Operated Leased Space

This performance measure compares the average annual operating costs per rentable square metre in government-owned and operated office space to that of leased office space. The long-term goal is to control the costs and maintain the value of government infrastructure.

- The targeted percentage difference between operating costs per rentable square metre was plus or minus five per cent.
- The 2015-16 results for the measure fell within the targeted range.
- Compared to 2014-15 results, average operating costs per rentable square metre decreased by 10.1 per cent. Half of the decrease is related to lower energy costs, as market rates were lower for natural gas and consumption was reduced due to the mild winter weather.

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

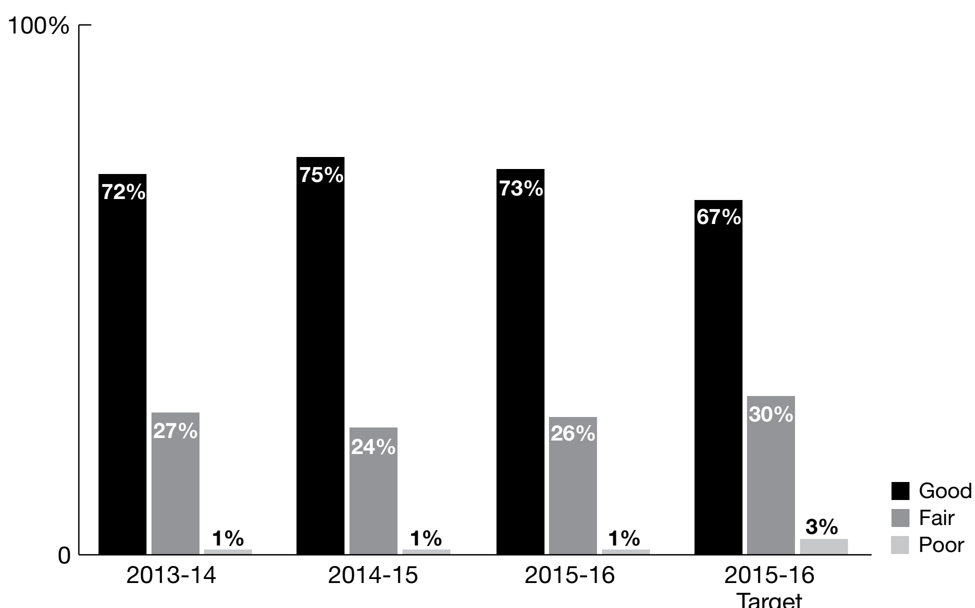


Performance Measure 2.c:
Government-Owned and Operated Facilities – Physical Condition:

This performance measure reports the percentage of government-owned and operated facilities rated in good, fair and poor condition (by area in m^2). It provides data in support of long-term capital planning of government-owned and operated facilities across the province.

- The targeted facility condition index for government-owned and operated facilities in 2015-16 was:
  - 67 per cent in good condition;
  - 30 per cent in fair condition; and
  - Three per cent in poor condition
- The 2015-16 results for government-owned and operated facilities were:
  - 73 per cent in good condition;
  - 26 per cent in fair condition; and
  - One per cent in poor condition
- Targets were exceeded as a result of facility dispositions and an overall reduction of space from the inventory.
- Compared to 2014-15 results, the percentage of government-owned and operated facilities in good condition declined by two per cent, due to the removal of space from the inventory and updated facility evaluations. This decline corresponds with the two per cent increase in space rated in fair condition.
- Due to the resulting variance, future targets have been updated to reflect the latest baseline, accounting for new facilities entering the inventory and additional facility dispositions based on the asset management plan.

Government-Owned and Operated Facilities – Physical Condition
(Percentage in Good, Fair, and Poor Condition by Area in m^2)



Performance Measure Methodology

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

The performance measures for Desired Outcome One use a Facility Condition Index (FCI) value to report the physical condition of facilities. The FCI is a ratio of the cost to address current and future (five year) maintenance issues, relative to current facility replacement values. The percentages are then calculated by taking the square metres of facilities in good, fair or poor condition (as defined by FCI) and dividing each by the total area of all facilities. A standard replacement cost methodology is used across all facility types.

Data is collected through periodic facility evaluations conducted by consultants and coordinated by ministry staff. Between consultant assessments, facility managers update facility information directly in the evaluation database, providing more detailed and timely condition information. The cycle is then repeated after five years, at which time, the consultant assessments serve the dual purpose of updating the condition information as well as validating the data entered by facility managers. The data is stored in an electronic database using a program called VFA, which is managed by a consultant. VFA has replaced the former Real Estate Capital Asset Priority Planning (RECAPP) program. VFA and its associated methodology are used by other jurisdictions in education, public works and property management settings.

Presentation of the data in the Annual Report is summarized using a Good/Fair/Poor rating scheme. The interpretation of FCI values for building infrastructure is as follows:

Condition	Facility Condition Index	Capital Planning Initiative Definition
Good	Facilities with an FCI of **less than 15%**	Adequate for intended use and expected to provide continued service life with average maintenance.
Fair	Facilities with an FCI that is **equal to or 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: For facilities, current codes and standards are defined by the Alberta Building Code, which is revised periodically, or other mandatory requirements. Older buildings are grandfathered and required to comply with the standards applicable at the time they were constructed, and not the current standards.

If a facility has been constructed or completely refurbished within the last 10 years, and there has been no audit, it is rated as “Good.” The percentages are then calculated by taking the square metres of facilities in good, fair or poor condition (as defined by FCI) and dividing each by the total area of all facilities. Alberta Infrastructure is currently evaluating its performance measures, including the FCI, to ensure they are reflective of desired outcomes and focused on continuous improvement with planning and reporting processes.

In 2008, Infrastructure started using the Facility Condition Rating (FCR) which is the FCI established at the time of a consultant assessment. By the end of 2015-16, all eligible health facilities have been assessed using FCR. Facilities are ineligible for assessment if they are less than 10 years old, are vacant for an indeterminate timeframe or approved for disposition. In 2015-16, the remaining facilities were assessed and the cycle started over and the facilities with the oldest assessments are re-assessed.

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. To optimize evaluation funds, this measure does not include facilities with an area of less than 1,000 gross square metres.

DESIRED 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 indicates how effectively the ministry is managing energy and associated costs in government-owned buildings using a formula: the total annual energy consumption for all buildings divided by the buildings' total gross square metres (gm^2).

Energy consumption data for over 1,200 gas and electricity sites (service points) is provided by various retailers during the year in the form of utility bills and recorded in Alberta Infrastructure's Energy Consumption Reporting System (ECRS). The data is then taken from ECRS and transferred to EnergyCAP, Alberta Infrastructure's Energy Management Information System. The EnergyCAP software automatically populates this data in Natural Resources Canada's (NRCan) ENERGY STAR Portfolio Manager (ESPM) tool. ESPM is a widely used, national energy benchmarking system that provides a standardized methodology for calculating energy use intensity. It is from ESPM that the measure is calculated.

ESPM converts all energy consumption information to a common unit – megajoules – from its native gigajoules (natural gas), kilowatt-hours (electricity), pounds (steam), and ton hours (chilled water) and then plots the data to ensure all energy data is allotted on a calendar year basis even when utility bills do not coincide with calendar months. Energy consumption information at each site is then weather-normalized by ESPM using the heating degree day and cooling degree day information taken from nearby weather stations (updated by Environment Canada). To calculate the measure, the weather-normalized consumption is totaled for all buildings and divided by the gross floor area based on data reported by the Building and Land Information Management System (BLIMS). Buildings that do not have complete data or show zero consumption are excluded from the performance measure so as to not skew the results of the 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 reports the average operating costs of government-owned and operated office space based on the methodology used in a survey conducted by the Building Owners and Managers Association (BOMA) to assess facilities management practices in office buildings. The survey determines the average costs of building operations using established criteria and includes the costs of administration, caretaking, grounds, security/safety, routine buildings maintenance, utilities and insurance. Grants in place of taxes, which are beyond the control of Alberta Infrastructure, are excluded from the operating costs as are major maintenance project costs and amortization costs. Areas excluded from the rentable space calculation include interior parking, elevator/mechanical shafts and external walls.

The costing methodology used to calculate the average operating costs per square metre for government-owned office buildings uses data from various systems, including the Alberta Government Integrated Management Information System (IMAGIS), Facilities and Business Information System (FBIS) and Building and Land Information Management System (BLIMS).

Performance Measure 2.c:
Government-Owned and Operated Facilities – Physical Condition:
• Percentage in good condition
• Percentage in fair condition
• Percentage in poor condition

The performance measure uses a Facility Condition Index (FCI) value to report the physical condition of facilities and uses the same methodology as the following measures:

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

Data is collected through facility evaluations conducted by consultants over a five year cycle, and provided to the ministry. If a facility has been newly constructed or completely refurbished within the last 10 years, and there has been no audit, it is rated as "Good." Between consultant assessments, facility managers update facility information, which provides more detailed and timely condition information.

Consultant audits serve the dual purpose of updating the condition information and validating the data entered by the facility managers.

The data is stored in an electronic database using a program called VFA, which is managed by a consultant. VFA has replaced the former Real Estate Capital Asset Priority Planning (RECAPP) program. VFA and its associated methodology are used by other jurisdictions in education, public works and property management settings.

Financial Information

Financial Information Contents

Independent Auditor's Report

AUDITOR GENERAL Alberta

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Infrastructure, which comprise the statement of financial position as at March 31, 2016, 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, 2016, 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

June 2, 2016

Edmonton, Alberta

MINISTRY OF INFRASTRUCTURE
STATEMENT OF OPERATIONS
Year ended March 31, 2016

	2016		2015
	Budget	Actual	Actual Restated (Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Federal and Other Government Grants	$ 403	$ 398	$ 295
Investment Income	-	194	333
Premiums, Fees and Licenses	2,648	1,737	4,172
Other Revenue			
Land Inventory Sales (Note 15)	-	-	17,633
Gain on Land Exchange (Note 2d and 15)	-	-	65,400
Other	27,917	62,383	61,447
	30,968	64,712	149,280
Expenses - Directly Incurred (Note 2(b) and Schedule 6)			
Programs (Schedule 3)			
Ministry Support Services	24,870	25,015	24,312
Health Facilities Support	585,691	547,658	450,463
Capital Construction Program	18,234	19,177	18,778
Strategic Partnerships Office	2,975	2,923	1,858
Property Management	358,448	345,242	348,989
Asset Management	7,527	7,022	6,312
Realty Services	201,852	209,750	227,591
2013 Alberta Flooding	43,938	8,279	54,287
	1,243,535	1,165,066	1,132,590
Annual Deficit	$ (1,212,567)	$ (1,100,354)	$ (983,310)

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF FINANCIAL POSITION
As at March 31, 2016

	2016	2015 Restated (Note 3)
	(in thousands)	
Financial Assets		
Cash	$ 6,176	$ 951
Accounts Receivable (Note 4)	7,072	5,317
Advances (Note 5)	137	98
Inventories for Resale (Note 2b, Note 6)	11,850	98,814
	$ 25,235	$ 105,180
Liabilities		
Accounts Payable and Accrued Liabilities (Note 2b, Note 7)	$ 303,300	$ 306,371
Holdbacks Payable	115,852	67,287
Deferred Revenue (Note 2b, Note 8)	2,486	3,345
Liabilities under Public Private Partnerships (Note 2b, Note 9)	7,081	7,821
Liabilities for Site Remediation and Reclamation (Note 14)	78,143	71,013
Liability for Contaminated Sites (Note 2b, Note 10)	175	-
	507,037	455,837
Net Debt	$ (481,802)	$ (350,657)
Non-Financial Assets		
Tangible Capital Assets (Note 2b, Note 11)	$ 3,080,201	$ 2,996,460
Assets to be Transferred (Note 11)	-	15,128
Inventories of Supplies and for Resale (Note 2b, Note 6)	232,342	135,837
Prepaid Expenses	145	-
	$ 3,312,688	$ 3,147,425
Net Assets Before Deferred Capital Contributions	$ 2,830,886	$ 2,796,768
Spent Deferred Capital Contributions (Note 8)	88,852	48,165
Net Assets	$ 2,742,034	$ 2,748,603
Net Assets at Beginning of Year, as restated (Note 3)	$ 2,748,603	$ 2,618,288
Adjustments to Net Assets (Note 12)	(45,066)	(3,236)
Annual Deficit	(1,100,354)	(983,310)
Net Financing Provided from General Revenues	1,138,851	1,116,861
Net Assets at End of Year	$ 2,742,034	$ 2,748,603

Contractual obligations (Note 13) and contingent liabilities (Note 16).

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CHANGE IN NET DEBT
Year Ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual Restated (Note 3)
		(in thousands)	
Annual Deficit	$ (1,212,567)	$ (1,100,354)	$ (983,310)
Acquisition of Tangible Capital Assets	(445,526)	(220,579)	(214,561)
Amortization of Tangible Capital Assets (Note 11)	106,800	103,262	93,266
Gain on Disposal of Tangible Capital Assets (Schedule 1)	-	(18,857)	(20,334)
Gain on Land Exchange for GOA Asset (Note 2d)	-	-	(6,700)
Proceeds from Disposal of Tangible Capital Assets	-	20,896	13,271
Write-down of Tangible Capital Assets	-	2,213	2,558
Contributed Assets	-	(613)	(1,335)
Grants in Kind	-	-	27
Additions to Public Private Partnerships (Note 9)	-	-	(2,236)
Purchases of Inventory for Supplies (Note 6)	(2,701)	(2,894)	(2,776)
Consumption of Inventory of Supplies (Note 6)	2,900	3,033	2,425
Increase in Prepaid Expenses	-	(145)	-
Increase in Non-Financial Inventory for Resale (Note 6)	-	(96,645)	(90,452)
Increase in Spent Deferred Capital Contribution (Note 8)	-	40,687	30,138
Net Financing Provided from General Revenue	-	1,138,851	1,116,861
Increase in Net Debt		$ (131,145)	$ (63,158)
Net Debt at Beginning of Year		(350,657)	(287,499)
Net Debt at End of Year		$ (481,802)	$ (350,657)

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

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CASH FLOWS
Year ended March 31, 2016

	2016	2015 Restated (Note 3)
	(in thousands)	
Operating Transactions		
Annual Deficit	$ (1,100,354)	$ (983,310)
Non-cash Items Included in Net Operating Results		
Amortization of Tangible Capital Assets (Note 11)	103,262	93,266
Consumption of Inventory for Resale (Note 6)	-	15,823
Consumption of Inventory of Supplies (Note 6)	3,033	2,425
Gain on Disposal of Tangible Capital Assets (Schedule 1)	(18,857)	(20,334)
Gain on Land Exchange (Note 2d, Schedule 1)	-	(65,400)
Contributed Assets	(613)	(1,335)
Write-down of Tangible Capital Assets	2,213	2,558
Provision for Site Remediation and Reclamation (Note 14)	7,563	9,000
Liability for Contaminated Sites (Note 10)	175	-
Deferred Revenue Recognized as Revenue (Note 8)	(25,533)	(24,860)
Deferred Capital Contribution Recognized as Revenue (Note 8)	(843)	(728)
Provision for Vacation Pay	145	804
Provision for Doubtful Accounts	(373)	(492)
Grants in Kind	-	27
	70,172	10,754
(Increase) Decrease in Accounts Receivable	(1,382)	3,591
(Increase) in Advances	(39)	-
(Increase) in Prepaid Expenses	(145)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	17,698	(23,581)
Increase in Holdbacks Payable	48,565	12,128
(Decrease) in Liabilities for Site Remediation and Reclamation (Note 14)	(433)	(1,206)
Deferred Revenue Received/Receivable (Note 8)	24,674	21,376
Purchases of Inventory for Supplies (Note 2b, Note 6)	(2,894)	(2,776)
Purchases of Inventory for Resale (Note 2b)	(30,595)	(41,286)
Cash Applied to Operating Transactions	(974,733)	(1,004,310)
Capital Transactions		
Acquisition of Tangible Capital Assets	(220,579)	(214,561)
Proceeds from Disposal of Tangible Capital Assets	20,896	13,271
Cash Applied to Capital Transactions	(199,683)	(201,290)
Financing Transactions		
Repayment of Liabilities under Public Private Partnerships (Note 9)	(740)	(462)
Contributions Restricted for Capital (Note 8)	41,530	30,866
Net Financing Provided from General Revenue [(1)]	1,138,851	1,175,561
Cash Provided by Financing Transactions	1,179,641	1,205,965
Increase in Cash	5,225	365
Cash, Beginning of Year	951	586
Cash, End of Year	$ 6,176	$ 951

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

[(1)] Net Financing provided from General Revenues in the Statement of Financial Position in 2015 includes a non-cash amount of $58,700 related to land exchange (Note 2d).

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

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:

- lead the development of the provincial Capital Plan to emphasize responsible fiscal management,
- develop and deliver innovative capital projects, and operate and maintain building infrastructure for the public and government in a manner that emphasizes sustainability, safety, and environmental responsibility, and
- enhance the value of building infrastructure by leveraging collective technical expertise covering all areas, including planning, design, construction, acquisition, and renovation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity

The reporting entity is the Ministry of Infrastructure for which the Minister of Infrastructure is accountable. The Ministry Annual Report provides a comprehensive accounting of the financial position and results of the Ministry's operations.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded 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 revenue 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 recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Deferred Revenue

Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

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.

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

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

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.

Incurred by Others

Some services contributed by related entities in support of Ministry operations are not recognized and are disclosed in Schedule 6 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, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks 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 recorded at the lower of cost or net recoverable value. A valuation allowance is recorded 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. Affordable housing program lands transferred to the Alberta Social Housing Corporation as a result of a government reorganization are accounted for through a restatement of net assets at carrying value.

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

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

Liabilities

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Accounts Payable and Accrued Liabilities

Accounts Payable and Accrued Liabilities include a provision for land development related to the construction, installation, and servicing of municipal improvements for the Parsons Creek subdivision under development in the Regional Municipality of Wood Buffalo is 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, by discounting the expected future cash flows at 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 recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Liability 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 recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized for sites, 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.

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

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

Tangible Capital Assets

Tangible capital assets of the Ministry are recorded 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 recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in 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 recorded 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 quarterly 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.

(c) 2013 Alberta Flooding

The Province’s flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation.*

The Department of Municipal Affairs reports DRP expenses and the related revenues from the federal government. No DRP expenses are reported by the Ministry of Infrastructure.

Also, the Province’s flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2016	2015
	(in thousands)	
Expenditures - 2013 Alberta Flooding		
Non - Disaster Recovery Program Expenditures	$ 12,873	$ 55,038

(d) Fort McMurray Land Exchange

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

The Province has 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 2015-16. Transactions recorded by the ministries to date and the net effect of the agreement to government at March 31, 2016 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)

(e) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt is measured as the difference between the Ministry's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Debt.

(f) Future Accounting Changes

In June 2015 the Public Sector Accounting Board 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.

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

NOTE 3 PROGRAM TRANSFERS/GOVERNMENT REORGANIZATIONS
(in thousands)

Effective April 1, 2015, responsibility for two communication director positions was transferred from the Ministry of Executive Council to the Ministry of Infrastructure. Comparatives for 2015 have been restated as if the Ministry had always been assigned with its current responsibilities. The financial impact of these changes on opening net assets is detailed below.

Also effective April 1, 2015, responsibility for a net three positions was transferred to the Ministry of Transportation. Comparatives for 2015 have been restated as if the Ministry had always been assigned with its current responsibilities. The financial impact of these changes on opening net assets is detailed below.

	As Previously Reported	Transfer from Executive Council	Transfer to Transportation	As Restated
Net Assets at March 31, 2014	**$ 2,618,288**	**-**	**-**	**$ 2,618,288**
Annual Deficit	(983,216)	(297)	203	(983,310)
Net Financing Provided from General Revenues [1]	1,113,531	297	(203)	1,113,625
Net Assets at March 31, 2015	**$ 2,748,603**	**$ -**	**$ -**	**$ 2,748,603**

[1] The restated Net Financing Provided from General Revenues in the Statement of Financial Position does not include Transfer of Tangible Capital Assets to Other Government Entities.

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2016			2015
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Centre	$ 3,782	$ -	$ 3,782	$ 1,986
Rental and Other	2,713	179	2,534	3,236
Cost Recoveries	756	-	756	95
	$ 7,251	$ 179	$ 7,072	$ 5,317

FINANCIAL INFORMATION

NOTE 5 ADVANCES
(in thousands)

	2016			2015
	Gross Amount	Accumulated Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Security Deposits for Projects	$ 21	$ -	$ 21	$ -
Security Lease Deposits	116	-	116	98
	$ 137	$ -	$ 137	$ 98

NOTE 6 INVENTORIES
(in thousands)

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

	2016	2015
Inventories for Resale		
Land Under Development (Note 15)		
Balance, beginning of year	$ 232,268	$ 126,675
Add increase in estimated value of work in phases with agreements	7,971	119,263
Add value of work for phases with no agreement	1,709	2,153
Less cost of inventory sold	-	(15,823)
Balance, end of year	$ 241,948	$ 232,268
Inventories of Supplies		
Swan Hills Inventory (Note 14)		
Balance, beginning of year	$ 2,383	$ 2,032
Add purchases of inventory	2,894	2,776
Less consumption of inventory	(3,033)	(2,425)
Balance, end of year	$ 2,244	$ 2,383
	$ 244,192	$ 234,651
Inventories for Resale - Financial Assets	$ 11,850	$ 98,814
Inventories for Resale - Non-Financial Assets	230,098	133,454
Inventories of Supplies - Non-Financial Assets	2,244	2,383
	$ 244,192	$ 234,651

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

	2016	2015
Parsons Creek Land Development (Note 15)	$ 147,753	$ 170,955
Accrued Liabilities for Health Facilities	75,759	68,221
Other Accounts Payable and Accrued Liabilities	79,788	67,195
	$ 303,300	$ 306,371

NOTE 8 DEFERRED REVENUE

(in thousands)

	2016	2015
Deferred Revenue (i)	$ 2,486	$ 3,345
Unspent Deferred Capital Contributions (ii)	-	-
Spent Deferred Capital Contributions (iii)	88,852	48,165
	$ 91,338	$ 51,510

(i) Deferred Revenue

	2016	2015
Balance, beginning of year	$ 3,345	$ 6,829
Received/receivable during the year	24,674	21,376
Less amounts recognized as revenue	(25,533)	(24,860)
Balance, end of year	$ 2,486	$ 3,345

(ii) Unspent Deferred Capital Contributions

	2016	2015
Balance, beginning of year	$ -	$ -
Cash contributions received/receivable during the year	41,530	30,866
Transferred to spent deferred capital contributions	(41,530)	(30,866)
Balance, end of year	$ -	$ -

(iii) Spent Deferred Capital Contributions

	2016	2015
Balance, beginning of year	$ 48,165	$ 18,027
Transferred from unspent deferred capital contributions	41,530	30,866
Less amounts recognized as revenue	(843)	(728)
Balance, end of year	$ 88,852	$ 48,165

NOTE 9 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:

	2016	2015
Liabilities, Beginning of Year	$ 7,821	$ 6,047
Additions to Liabilities during the Year	-	2,236
Principal Payments	(740)	(462)
Liabilities, End of Year	$ 7,081	$ 7,821

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

	Capital Payments
2016-17	$ 951
2017-18	951
2018-19	951
2019-20	951
2020-21	951
Thereafter	3,201
	7,956
Less amount representing interest	(875)
Total NPV of capital payments remaining	$ 7,081

NOTE 10 LIABILITY FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities for two identified sites is as follows:

	Total 2016	Total 2015
Liabilities, Beginning of Year	$ -	$ -
Additions to Liabilities during the Year	175	-
Change in Estimate Related to Existing Sites	-	-
Remediation Work Performed	-	-
Liabilities, End of Year	$ 175	$ -

One other contaminated site was identified but has not been recorded as no course of action or reasonable estimate can be determined until further testing is completed.

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 11 TANGIBLE CAPITAL ASSETS
(in thousands)

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

	Estimated Useful Life	2016 Historical Cost [1] Beginning of Year [4]	Additions	Disposals, adjustments, write-downs	End of Year
Land	Indefinite	$ 803,244	$ 7,184	$ (33,960)	$ 776,468
Land Improvements	40 years	17,566	335	1,663	19,564
Buildings	40 years	3,472,977	194,820	73,476	3,741,273
Equipment	5-40 years	51,259	4,690	(1,548)	54,401
Computer Hardware and Software	3-10 years	43,742	3,540	(7,371)	39,911
Other [2]	3-40 years	183,825	11,100	(118,652)	76,273
Assets to be Transferred [3]		15,128	21,385	(36,513)	-
		$ 4,587,741	$ 243,054	$ (122,905)	$ 4,707,890

	2016 Accumulated Amortization Beginning of Year [4]	Amortization Expense	Effect of Disposals	End of Year	Net Book Value March 31, 2016	Net Book Value March 31, 2015
Land	$ -	$ -	$ -	$ -	$ 776,468	$ 803,244
Land Improvements	5,862	474	(6)	6,330	13,234	11,704
Buildings	1,433,201	81,295	(2,315)	1,512,181	2,229,092	2,039,776
Equipment	26,481	4,256	(1,935)	28,802	25,599	24,778
Computer Hardware and Software	31,303	5,773	(6,694)	30,382	9,529	12,439
Other [2]	79,306	11,464	(40,776)	49,994	26,279	104,519
Assets to be Transferred [3]	-	-	-	-	-	15,128
	$ 1,576,153	$ 103,262	$ (51,726)	$ 1,627,689	$ 3,080,201	$ 3,011,588

(1) Included in the cost of tangible capital assets is work in progress amounting to $354,807 (2015 - $245,304) as detailed below:

	2016	2015
Land	$ 15,400	$ 12,532
Land Improvements	11	134
Buildings	321,706	203,545
Equipment	4,411	4,753
Computer Hardware and Software	5,538	3,105
Assets to Be Transferred [3]	-	15,128
Other	7,741	6,107
	$ 354,807	$ 245,304

(2) Includes leasehold improvements.

(3) An interchange was constructed as part of the Parsons Creek land development and was transferred to the Ministry of Transportation.

(4) Opening balances adjusted for in-year re-categorization of "Other" assets to "Buildings".

NOTE 12 ADJUSTMENTS TO NET ASSETS
(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2016	2015
Non-Grant Transfer of Tangible Capital Assets from/(to) Other Government Departments/Entities	$ (51,004)	$ (3,236)
Error Correction from Prior Periods [1]	5,938	-
	$ (45,066)	$ (3,236)

[1] An adjustment to increase net assets in the current year was made to correct errors made in recording asset transactions in prior years. These errors were discovered as a result of reconciliation work performed during the conversion to a new asset module system. The net impact of the adjustment is an increase of $5,938 to the net book value of assets and to net assets. Prior period financial statements have not been restated.

NOTE 13 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.

	2016	2015
Capital Investment		
Construction Contracts and Service Agreements	$ 142,113	$ 271,268
Expense		
Maintenance Contracts and Service Agreements	1,323,257	1,413,552
Grants	483,906	667,449
Leases	685,633	761,359
P3 Operations and Maintenance Payments	19,602	21,553
	$ 2,654,511	$ 3,135,181

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
2016-17	$ 126,679	$ 695,446	$ 385,181	$ 196,362	$ 2,000	$ 1,405,668
2017-18	14,041	94,533	50,040	164,667	2,339	325,620
2018-19	1,312	47,938	26,704	113,698	2,702	192,354
2019-20	81	33,324	14,878	76,145	1,985	126,413
2020-21		26,816	2,476	42,061	2,119	73,472
Thereafter	-	425,200	4,627	92,700	8,457	530,984
	$ 142,113	$ 1,323,257	$ 483,906	$ 685,633	$ 19,602	$ 2,654,511

NOTE 14 SWAN HILLS TREATMENT CENTRE
(in thousands)

On December 31, 2000, the buildings and equipment of the Swan Hills Treatment Centre were acquired by the Province for one dollar from a subsidiary of Bovar Inc. As a result of an agreement between the Ministers of Environment, Infrastructure, and Sustainable Resource Development, 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 $168 million in 2026. The annual provision recorded is based on this estimate to remediate the site in 2026. The total liability at March 31, 2016 is $78.1 million (2015 - $71 million).

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

	2016	2015
Assets		
Accounts Receivable	$ 3,781	$ 1,985
Chemical and Parts Inventories	2,244	2,383
Capital Assets	15,892	14,324
	$ 21,917	$ 18,692
Liabilities		
Accounts Payable and Accrued Liabilities	$ 3,885	$ 5,812
Deferred Revenue	731	1,807
Site Remediation and Reclamation	78,143	71,013
	$ 82,759	$ 78,632

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

	2016	2015
Revenue		
Operating Revenue	$ 13,341	$ 11,001
	13,341	11,001
Expenses		
Plant Operating Expenses	27,153	26,027
Consumption of Inventories	3,033	2,425
Amortization	2,521	3,695
Provision for Site Remediation and Reclamation	7,563	9,000
Infrastructure Paid Operational Costs	1,430	1,380
	41,700	42,527
Net Operating Results from Plant Operations	$ (28,359)	$ (31,526)
Purchase of Inventories	$ 2,894	$ 2,776
Capital Investment in Plant and Equipment	$ 4,089	$ 4,677
Site Remediation and Reclamation Work Completed	$ 433	$ 1,206

NOTE 15 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 2b 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:

	2016	2015
Assets		
Inventories for Resale (Note 6)	$ 241,948	$ 232,268
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)		
Balance, beginning of year	$ 170,955	$ 87,192
Add increase in estimated costs in phases with agreements	7,971	119,263
Add value of work for phases with no agreement	1,709	2,153
Less amounts paid	(32,882)	(37,653)
Balance, end of year	$ 147,753	$ 170,955
Deferred Revenue		
Balance, beginning of year	$ -	$ 3,873
Add received/receivable during the year	-	13,760
Less amounts recognized as revenue	-	(17,633)
Balance, end of year	$ -	$ -

Net operating results from land development for the years ended March 31 were as follows:

	2016	2015
Revenue		
Land Inventory Sales	$ -	$ 17,633
Gain on Land Exchange (Note 2d)	-	65,400
Total Revenue	-	83,033
Expenses		
Cost of Sales	-	15,823
Net Operating Results from Land Development	-	67,210

NOTE 16 CONTINGENT LIABILITIES
(in thousands)

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

At March 31, 2016 the Ministry is a defendant in fourteen legal/other claims (2015 - thirteen claims). Thirteen of these claims have specified amounts totaling $47,609 and there is one claim having no specified amount (2015 - thirteen claims with a specified amount of $47,845 and no claims with no specified amount). Six claims amounting to $15,886 (2015 - five claims amounting to $1,905) are covered in whole or in part by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

MINISTRY OF INFRASTRUCTURE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

NOTE 17 GOVERNMENT TRANSFERS - FEDERAL PROGRAMS

The Ministry received support for infrastructure from the Government of Canada in 2015-16 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. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure.

A summary of the federal initiative for funds received in 2015-16 is as follows:

Building Canada Fund – Major Infrastructure Component

The Ministry signed an agreement in December 2013 to receive up to $112.5 million through this program towards the construction of the Royal Alberta Museum. Federal funding will be received on the basis of completed milestones established in the terms of the agreement. In 2015-16, $40.86 million was received for a total of $71.505 million to date.

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, 2016, trust funds under the Ministry's administration were as follows:

	2016	2015
The General Trust Fund	$ 3,272	$ 2,198
The Security Deposit Trust Fund	668	681
	$ 3,940	$ 2,879

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 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 $10,539 for the year ended March 31, 2016 (2015 - $10,244). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of $299,051 (2014 - surplus $75,805), the Public Service Pension Plan reported a deficiency of $133,188 (2014 - deficiency $803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $16,305 (2014 - deficiency $17,203).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of $83,006 (2015 - surplus $86,888) and the Management, Opted Out and Excluded Plan reported a surplus of $29,246 (2015 - surplus $32,343). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 20 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 21 SUBSEQUENT EVENTS

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the Ministry may be significant. However, its full extent is uncertain at this stage.

NOTE 22 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF INFRASTRUCTURE **Schedule 1**
SCHEDULE TO THE FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
		(in thousands)	
Government Transfers			
Federal and Other Government Grants	$ 403	$ 398	$ 295
	403	398	295
Investment Income			
Investment Income	-	194	333
	-	194	333
Premiums, Fees and Licenses			
Civil Service Parking	-	-	2,088
Other Fees & Licenses	2,648	1,737	2,084
	2,648	1,737	4,172
Other Revenue			
Land Inventory Sales (Note 15)	-	-	17,633
Gain on Land Exchange (Note 15)	-	-	65,400
Other			
Refunds of Expenditure	1,400	2,973	6,709
Swan Hills Treatment Centre (Note 14)	11,120	13,341	11,001
Leases (Land and Buildings)	11,780	23,438	18,788
Cost Recoveries	3,477	3,647	3,173
Gain on Disposal of Tangible Capital Assets	-	18,857	20,334
Miscellaneous	140	127	1,442
	27,917	62,383	144,480
Total Revenues	$ 30,968	$ 64,712	$ 149,280

MINISTRY OF INFRASTRUCTURE **Schedule 2**
SCHEDULE TO THE FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2016

	2016				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Actual Cash/Donation Received / Receivable	(Shortfall)/ Excess
			(in thousands)		
Leases (Land and Buildings)	$ 12,280	$ 12,269	-	$ 12,269	$ (11)
Swan Hills Treatment Centre	11,120	13,341	-	13,341	2,221
	$ 23,400	$ 25,610	$ -	$ 25,610	$ 2,210

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. Treasury Board Minute No. 31/2015 approved an increase of $500 in recoveries under the Property Operations element of the Expense Vote.

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, 2016

	2016		2015
	Budget	Actual	Actual Restated
		(in thousands)	(Note 3)
Salaries, Wages, and Employee Benefits	$ 87,157	$ 83,024	$ 83,857
Supplies and Services	462,691	435,527	440,381
Supplies and Services from Support Service Arrangements with Related Parties [1]	2,000	1,490	2,047
Grants	581,704	537,092	493,796
Amortization of Tangible Capital Assets	106,800	103,262	93,266
Consumption of Inventory	2,900	3,033	18,248
Financial Transactions and Other	283	1,638	995
	$ 1,243,535	$ 1,165,066	$ 1,132,590

[1] The ministry receives financial and administrative services from the Ministry of Service Alberta.

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2016

Schedule 4

	Voted Estimates (1)	Supplementary Estimates	Adjustments (2)	Adjusted Voted Estimate	Voted Actuals (3)	Unexpended (Over Expended)
				(in thousands)		
Expense Vote by Program						
Operating Expense						
1 **Ministry Support Services**						
1.1 Minister's Office	$ 710	$ -	$ -	$ 710	$ 680	$ 30
1.2 Deputy Minister's Office	784	-	-	784	655	129
1.3 Communications	874	-	-	874	902	(28)
1.4 Human Resources	2,096	-	-	2,096	1,966	130
1.5 Corporate Strategies and Services	16,994	-	-	16,994	14,982	2,012
	21,458	-	-	21,458	19,185	2,273
2 **Health Facilities Support**						
2.1 Health Facilities Infrastructure	7,487	-	-	7,487	14,773	(7,286)
3 **Capital Construction Program**	17,234	-	-	17,234	14,257	2,977
4 **Strategic Partnerships Office**	2,975	-	-	2,975	2,966	9
5 **Property Management**						
5.1 Property Operations	203,061	-	-	203,061	193,992	9,069
5.2 Swan Hills Treatment Centre	30,213	-	-	30,213	28,583	1,630
	233,274	-	-	233,274	222,575	10,699
6 **Asset Management**	7,527	-	-	7,527	6,946	581
7 **Realty Services**						
7.1 Leases	198,228	-	500	198,728	205,942	(7,214)
7.2 Land Purchases and Sales	2,747	-	-	2,747	2,901	(154)
7.3 Fort McMurray and Area Lands	877	-	-	877	874	3
	201,852	-	500	202,352	209,717	(7,365)
8 **2013 Alberta Flooding**						
8.1 Floodway Relocation Program	43,938	-	-	43,938	7,477	36,461
Capital Grants						
3 **Capital Construction Program**	1,000	-	-	1,000	4,082	(3,082)
5 **Property Management**						
5.3 Government Owned Facilities Preservation	9,675	-	-	9,675	12,426	(2,751)
5.4 Accommodation Projects	-	-	-	-	1,109	(1,109)
	9,675	-	-	9,675	13,535	(3,860)
Debt Servicing						
5 **Property Management**						
5.5 Debt Servicing	211	-	-	211	211	-
Total	$ 546,631	$ -	$ 500	$ 547,131	$ 515,724	$ 31,407
Lapse/(Encumbrance)						$ 31,407

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2016

Schedule 4
(Cont'd)

	Voted Estimates [(1)]	Supplementary Estimates	Adjustments [(2)]	Adjusted Voted Estimate	Voted Actuals [(3)]	Unexpended (Over Expended)
Capital Investment Vote by Program			*(in thousands)*			
Capital Investment						
1 **Ministry Support Services**						
1.5 Corporate Strategies and Services	$ 3,953	$ -	$ -	$ 3,953	$ 3,370	$ 583
3 **Capital Construction Program**	319,321	-	-	319,321	138,958	180,363
5 **Property Management**						
5.1 Property Operations	96	-	-	96	417	(321)
5.2 Swan Hills Treatment Centre	5,247	-	-	5,247	4,089	1,158
5.3 Government Owned Facilities Preservation	34,415	-	-	34,415	24,789	9,626
5.4 Accommodation Projects	26,400	-	-	26,400	17,757	8,643
	66,158	-	-	66,158	47,052	19,106
7 **Realty Services**						
7.2 Land Purchases and Sales	21,325	-	-	21,325	5,220	16,105
7.3 Fort McMurray and Area Lands	24,254	-	-	24,254	21,385	2,869
	45,579	-	-	45,579	26,605	18,974
8 **2013 Alberta Flooding**						
8.2 Reconstruction and Accommodation	10,515	-	-	10,515	4,594	5,921
Capital Payments to Related Parties						
2 **Health Facilities Support**						
2.1 Health Facilities Infrastructure	491,204	-	-	491,204	445,431	45,773
2.2 Health Capital Maintenance and Renewal	87,000	-	-	87,000	87,512	(512)
	578,204	-	-	578,204	532,943	45,261
8 **2013 Alberta Flooding**						
8.2 Reconstruction and Accommodation	-	-	-	-	833	(833)
Total	$ 1,023,730	$ -	$ -	$ 1,023,730	$ 754,355	$ 269,375
Lapse/(Encumbrance)						$ 269,375

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Lapse/Encumbrance of Annual Supply Votes
Year ended March 31, 2016

Schedule 4 (Cont'd)

	Voted Estimates [(1)]	Supplementary Estimates	Adjustments [(2)]	Adjusted Voted Estimate	Voted Actuals [(3)]	Unexpended (Over Expended)
Financial Transactions Vote by Program			*(in thousands)*			
Acquisition of Inventory						
5 Property Management						
5.2 Swan Hills Treatment Centre	$ 2,701	$ -	$ -	$ 2,701	$ 2,892	$ (191)
7 Realty Services						
7.3 Fort McMurray and Area Lands	44,821	-	-	44,821	30,595	14,226
Total Acquisition of Inventory	$ 47,522	$ -	$ -	$ 47,522	$ 33,487	$ 14,035
Environmental Site Liability Retirement						
5 Property Management						
5.2 Swan Hills Treatment Centre	900	-	-	900	433	467
Debt Repayment for Public Private Partnerships						
5 Property Management						
5.6 Debt Repayment	740	-	-	740	740	-
Total	$ 49,162	$ -	$ -	$ 49,162	$ 34,660	$ 14,502
Lapse/(Encumbrance)						$ 14,502

(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 2015-16 Government Estimates. The Voted Estimates and Actuals columns will not agree to the Statement of Operations, because it contains only voted amounts, whereas the Statement of Operations contains voted and non-voted amounts.

(2) Adjustments include encumbrances, capital carry forward amounts, transfers between votes, 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.

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

MINISTRY OF INFRASTRUCTURE **Schedule 5**
SCHEDULE TO THE FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year ended March 31, 2016

	2016				2015
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total
Deputy Minister [4]	$ 288,076	$ 10,995	$ 73,784	$ 372,855	$ 369,330
Other Senior Officials					
Assistant Deputy Minister, Properties	201,946	-	53,343	255,289	237,760
Assistant Deputy Minister, Capital Projects[5]	-	-	-	-	196,958
Assistant Deputy Minister, Learning Facilities[6]	201,946	7,708	53,568	263,222	58,359
Assistant Deputy Minister, Health and Government Facilities[7]	216,936	-	56,937	273,873	42,398
Assistant Deputy Minister, Corporate Strategies and Services	202,150	-	52,833	254,983	215,124
Chief, Strategic Partnerships Office	203,454	-	53,799	257,253	248,004
Strategic Executive Advisor [8]	203,454	7,969	53,818	265,241	120,007
Communications Director	135,289	-	36,901	172,190	159,848
Executive Director, Finance	165,323	-	44,788	210,111	207,112
Executive Director, Human Resources [9]	153,323	100	41,217	194,640	180,206

(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 2016.

(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 position was split into two separate divisions in January 2015. The new divisions are Learning Facilities and Health and Government Facilities.

(6) Position created in January 2015.

(7) Position created in January 2015.

(8) Position created in October 2014.

(9) The incumbent was appointed to the position in February 2016. The position was occupied by three individuals, at different times of the year.

MINISTRY OF INFRASTRUCTURE **Schedule 6**
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2016
(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 recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2016	**2015**
Revenues		
Parking/Leases	$ 1,467	$ 1,282
Revenue Related to SUCH Sector	3,543	2,694
Swan Hills Treatment Centre	480	480
	$ 5,490	$ 4,456
Expenses - Directly Incurred		
Services Related to SUCH Sector	540,700	448,453
Insurance	2,622	2,762
Other Costs	-	430
	$ 543,322	$ 451,645
Tangible Capital Assets Transferred Out	$ (51,002)	$ (3,236)
Accounts Payable	$ 49,803	$ 10,003
Accounts Receivable	$ 325	$ 206
Contractual Obligations	$ 73,736	$ 5,767

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 recorded in the financial statements, but are disclosed in Schedule 7.

	Other Entities	
	2016	**2015**
Revenue		
Accommodation	$ 472,441	$ 476,940
Expenses - Incurred by Others (Schedule 7)		
Accommodation Costs	$ 3,515	$ 3,365
Air Transportation/Executive Vehicles	-	98
Business Services	6,457	6,195
Internal Audit	-	161
Legal Services	1,231	1,553
	$ 11,203	$ 11,372

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

MINISTRY OF INFRASTRUCTURE **Schedule 7**
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2016
(in thousands)

	2016					2015
		Expenses - Incurred by Others				Restated (Note 3)
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Legal Services [3]**	**Business Services [4]**	**Total Expenses**	**Total Expenses**
Ministry Support Services	$ 25,015	$ 611	$ 389	$ 6,457	$ 32,472	$ 31,668
Health Facilities Support	547,658	260	102	-	548,020	450,903
Capital Construction Program	19,177	611	266	-	20,054	19,844
Strategic Partnerships Office	2,923	51	6	-	2,980	1,893
Property Management	345,242	1,536	239	-	347,017	350,965
Asset Management	7,022	256	9	-	7,287	6,312
Realty Services	209,750	190	220	-	210,160	228,090
2013 Alberta Flooding	8,279	-	-	-	8,279	54,287
	$ 1,165,066	$ 3,515	$ 1,231	$ 6,457	$ 1,176,269	$ 1,143,962

[1] Expenses - Directly Incurred as per Statement of Operations.

[2] Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by the number of employees in each program.

[3] Cost shown for Legal Services on Schedule 6, allocated by hours of service incurred by each program.

[4] Costs shown for Business Services include charges for financial and information technology support and internal audit services on Schedule 6, allocated to Ministry Support Services.

FINANCIAL INFORMATION

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, 2015 to March 31, 2016.

Chief Officer Report as at March 31, 2016

In relation to the reporting requirements under s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act*, designations for April 1, 2015 to March 31, 2016 include:

- Number of inquiries: one
- Number of disclosures of wrongdoing: one (file closed – not a wrongdoing)
- Number of investigations: zero
- Reports written: zero