Freedom To Create. Spirit To Achieve.

Infrastructure

Annual Report
2009-2010

Government of Alberta

CONTENTS

Preface

Public Accounts 2009-10

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June, 2010, contains Ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Infrastructure contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.

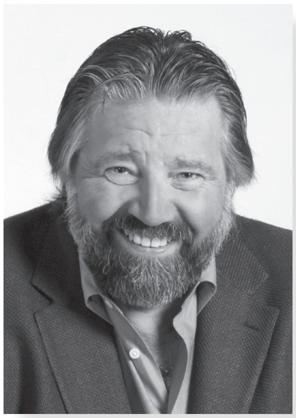
Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2010, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 14, 2010 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Ray Danyluk]

Ray Danyluk
Minister of Infrastructure

Message from the Minister



Our government recognizes the importance of infrastructure to our economic competitiveness and the quality of life of all Albertans. That is why one of four points of Premier Ed Stelmach's vision for Alberta is for our province to have the most advanced infrastructure in North America. This means building and maintaining the highways, schools, health and cultural facilities needed to best meet the needs of Albertans. It means finding the best ways to build. And it means building facilities that work.

Each government ministry took action in 2009 by looking internally at ways to more efficiently provide services to Albertans. The collective savings resulting from those efforts helped lower the deficit and improve the government's fiscal position. In 2009-10, Infrastructure managed $324 million of the Government of Alberta's $6.5 billion investment in public infrastructure to support program and service delivery. For 2010-11, the Government of Alberta is continuing to maintain its infrastructure investment levels, supporting and building on our core public services by investing a future $7.2 billion as part of our long-term 20-year Strategic Capital Plan. As market conditions for infrastructure have changed over the past few years, this commitment takes advantage of competitive pricing and Albertans are benefiting from increased value. Our investment is providing children with safe learning environments, giving families access to needed services like health care, and supporting our seniors through high quality continuing care. We are also keeping Albertans working in a time of economic uncertainty.

Over the past year, Alberta has continued to lead by example. In 2009 we began blending Alberta's history with the future through the start of the Federal Building rejuvenation and construction of a new public plaza at the Alberta Legislature. We have continued to innovate in alternative procurement, moving into the second phase of our Alberta Schools Alternative Procurement (ASAP) project. The first phase saw 18 innovative new schools delivered on scope, on budget, and ahead of schedule to school boards in Edmonton and Calgary. Our province is also at the international forefront of sustainable building, becoming a national leader in the number of projects achieving Leadership in Energy and Environmental Design (LEED) Certification.

CONTINUED ON NEXT PAGE...

CONTINUED FROM PREVIOUS PAGE...

This past year, the Government of Alberta introduced the *Alberta Competitiveness Act* to ensure the right conditions are in place to support continued economic prosperity and infrastructure development in our province. Government plays a role in creating conditions for competitiveness, and that competitiveness is integral to Alberta's continued prosperity. We are committed to building the innovative, sustainable, progressive infrastructure we know our province will need in the future to keep Alberta's economy globally competitive.

As the Ministry of Infrastructure and its partner ministries continue to implement Alberta's 20-year Strategic Capital Plan, I am committed to my mandate of supporting the new and upgraded facilities essential for our economy, safe and vibrant communities, and the delivery of core public services. I am also committed to continual improvement. In July 2010, the Ministry held Alberta's first Partner's Meeting with our key stakeholders to explore ways to better facilitate and enhance competitiveness for our industry partners.

The talent, dedication and professionalism of the Ministry of Infrastructure staff is a source of inspiration to me. I am proud of this Ministry's accomplishments as a result of their hard work. I am eager to continue to work with them towards our Premier's vision of Alberta having the most advanced infrastructure in North America. We are committed to creating buildings that work: for the people who use them everyday, for the communities in which they are located and for all Albertans.

[Original signed by Ray Danyluk]

Ray Danyluk
Minister of Infrastructure

Management's Responsibility for Reporting

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. 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 business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated 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 consolidated financial statements are prepared in accordance with the Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – Information agrees with the underlying data and the sources used to prepare it.
- **Understandability and Comparability** – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- **Completeness** – Performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

As Deputy Minister, in addition to program responsibilities, I establish and maintain 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, Treasury Board, the Minister of Finance and Enterprise and the Minister of Infrastructure any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act.*

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

[Original signed by Barry Day]

Barry Day
Deputy Minister of Infrastructure
September 14, 2010

MINISTRY OVERVIEW

The Ministry of Infrastructure has a vision of innovative, high quality and well-designed public infrastructure for Albertans. The Ministry's mission, through leadership, expertise and collaboration with its partners, is to support the provision of public infrastructure that contributes to the province's prosperity and quality of life.

The Ministry of Infrastructure aligns its services under four major goals:

Goal 1: Safe, innovative and cost-effective health and education infrastructure for Albertans.

Goal 2: Excellence in the planning, delivery and operation of government-owned properties and facilities.

Goal 3: Environmental sustainability of public infrastructure.

Goal 4: High-quality accommodation and support services for government.

In support of these goals, the Ministry works with partner ministries, boards, agencies and other stakeholders to implement, preserve and upgrade supported capital infrastructure, including health facilities, schools, post-secondary institutions and seniors' lodges. The Ministry also delivers major government-owned capital projects to support program delivery, and provides technical support for the government capital planning process.

The Ministry has shown expertise in alternative procurement, including the Alberta Schools Alternative Procurement (ASAP) project, as well as expertise in achieving the Leadership in Energy and Environmental Design (LEED) designation for public buildings.

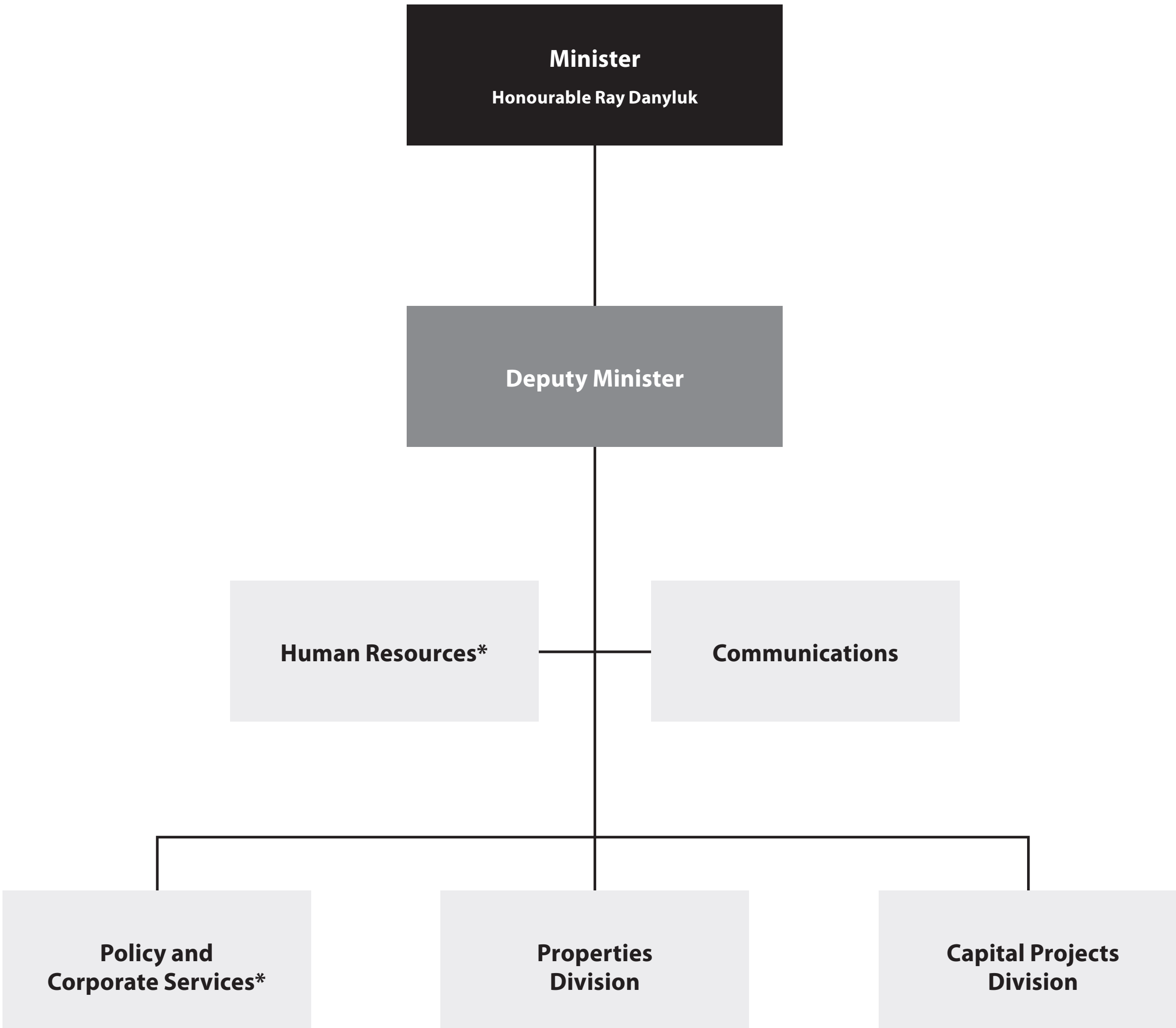
The Ministry provides professional management services for the development of regional strategic infrastructure plans, and develops and implements government accommodation and program delivery facility plans. In total, the Ministry provides facility management services to maintain and operate approximately 1,800 owned and leased facilities across the province, including general office space, museums, courthouses, correctional centres, service buildings and research facilities.

The Ministry also manages the Edmonton and Calgary Transportation and Utility Corridors, and oversees the operation of the Swan Hills Treatment Centre for the treatment and disposal of hazardous waste.

As part of a commitment to excellence, the Ministry is continually researching and implementing best practices in planning, design and construction to ensure capacity to meet the changing needs of Albertans. This includes examining the most efficient and cost-effective design and construction approaches, addressing critical maintenance projects, working with all levels of government to support infrastructure planning and incorporating environmentally responsible practices.

ORGANIZATIONAL OVERVIEW

Ministry of Infrastructure organization as at March 31, 2010



*Policy and Corporate Services and Human Resources are shared services with the Ministry of Transportation.

RESULTS ANALYSIS

Review Engagement Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the *Ministry of Infrastructure's 2009-10 Annual Report*. These performance measures are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my Office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2009-10 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
September 10, 2010

Performance Measures Summary Table

Core Businesses/Goals/Measure(s)		Prior years' Results				Target	Actual
		2005-06	2006-07	2007-08	2008-09	2009-10	2009-10
Core Business One: Supporting the efficient provision of public infrastructure in Alberta.							
Goal 1: *Safe, innovative and cost-effective health and education infrastructure for Albertans.*							
Measure 1.a: Health Facilities – Physical Condition.	Good	70%	67%	65%	72%	68%	65%
	Fair	26%	28%	26%	26%	25%	30%
	Poor	4%	5%	9%	2%	7%	5%
Measure 1.b: School Facilities – ‡ Physical Condition.	Good	73%	71%	69%	67%	73%	63%
	Fair	25%	26%	27%	29%	25%	33%
	Poor	2%	3%	4%	4%	2%	4%
Measure 1.c: Post-Secondary Facilities – Physical Condition.	Good	55%	60%	65%	60%	60%	64%
	Fair	35%	30%	25%	32%	30%	30%
	Poor	10%	10%	10%	8%	10%	6%
Goal 2: *Excellence in the planning, delivery and operation of government-owned properties and facilities.*							
Measure 2.a: Government Owned and Operated Facilities – Physical Condition.	Good				63%	55%	62%
	Fair	N/A	N/A	N/A	34%	43%	35%
	Poor				3%	2%	3%
Measure 2.b: Average Operating Cost per Square Metre of Government Owned and Operated Office Space Compared to Industry Average.		72%	81%	77%	76%	<90%	N/A*
Core Business Two: Ensuring effective environmental stewardship of public infrastructure.							
Goal 3: *Environmental sustainability of public infrastructure.*							
Measure 3.a: Energy Consumption in ‡ Megajoules per Square Metre in Government Owned and Operated Facilities.		1,743	1,746	1,730	1,672	1,750	1,667
Core Business Three: Providing leadership and coordinating government accommodation and support services.							
Goal 4: *High-quality accommodation and support services for government.*							
Measure 4.a: Client Satisfaction Survey – ‡ Property Development Quality of Service Rating.		4.4	N/A**	4.6	N/A**	4.6	4.8

‡ Indicates Performance Measures that have been reviewed by the Office of the Auditor General.
These performance measures were selected by the Ministry for auditor's review based on the following GOA criteria:
1. Enduring measures that best represent the goal and mandated initiatives,
2. Measures that have well-established methodology and data reporting, and
3. Measures that have outcomes over which the government had a greater degree of influence.

* The average operating cost of government owned and operated office space could not be reported as a percentage of the industry average as industry average operating cost data were not available for the reporting year.

** The client satisfaction survey is completed every two years.

GOAL 1 Linked to Core Business 1 – Supporting the efficient provision of public infrastructure in Alberta

Safe, innovative and cost-effective health and education infrastructure for Albertans

In 2009-10, the Ministry of Infrastructure spent close to $5 million to support the delivery of health and education facilities, with an emphasis on providing technical expertise toward innovative and cost-effective planning, design, construction and financing approaches.

Working in partnership with other ministries, school boards, post-secondary institutions and Alberta Health Services, the Ministry's focus is to ensure that learning and health facility projects incorporate best practices, such as standard facility designs and life cycle costing.

In 2009-10, the Ministry of Infrastructure made significant progress in advancing several learning and health facility projects. For example, the Alberta Schools Alternative Procurement (ASAP) Phase I project is a public-private partnership (P3) to design, build, finance and maintain 18 new schools in Calgary and Edmonton. The schools are scheduled to open in September 2010; however, many schools have been delivered to school boards ahead of schedule.

ASAP Phase II will deliver 14 new schools in communities in and around Edmonton and Calgary by 2012. Contracts have been awarded to build 10 of these schools using a P3 approach, as well as for the construction of four high schools through a design-build approach that will result in significant cost savings.

The Ministry also managed the implementation of major supported infrastructure projects, ensuring they are on schedule and within scope and budget. For example, the $909 million Edmonton Clinic (North and South) project, world-class health facilities with integrated research, medical training and patient care, is slated for completion in early 2012.

Other supported infrastructure projects underway include the Ernest Manning Replacement High School in Calgary, Holy Trinity Catholic School in Fort McMurray, Taylor Family Libraries at the University of Calgary, South Calgary Health Campus, and Ecolé de la Verendrye School in Lethbridge. The Memorial Composite High School replacement in Stony Plain was completed, along with existing seniors' lodge projects. Some examples of completed seniors' lodge projects include upgrades to Shawnessy Lodge in Calgary, Garden View Lodge in Lethbridge, Cypress View Lodge in Medicine Hat and Sandstone Lodge in Okotoks.

As part of the work the Ministry does to provide efficient public infrastructure, the Ministry is continually striving to enhance its role as a centre of excellence. This includes continually assessing and implementing best practices, such as Integrated Design practices, Building Information Modeling, lean design, evidence-based design, building performance evaluations and post-occupancy reviews.

Performance Measures

To indicate how well the Ministry performed in achieving Goal One, the physical condition of existing schools, health facilities and post-secondary institutions are monitored and reported.

To enhance reporting and enable the Ministry to compare condition ratings across facilities, a facility condition index (FCI) was implemented as a basis for determining the condition rating of each facility. The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies, relative to current facility replacement values. The percentages are calculated by taking the square metres of all facilities in good, fair or poor condition (as defined by FCI) and dividing each by the total area of all buildings.

The interpretation of FCI values for building infrastructure is as follows:

Condition	FCI Definition	CPI 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: Current minimum codes and standards are defined by the Alberta Building Code, which is revised periodically. Older buildings are 'grandfathered' and required to comply with the standards applicable at the time they were constructed, and not the current standards.

Performance measure 1.a: "Health facilities – physical condition" reports the percentage of health facilities (by area) rated in good, fair or poor condition using a Facility Condition Index (FCI). The long-term goal of government is to preserve health facilities and other infrastructure. The condition measure provides data in support of long-term capital planning of health facilities across the province. This measure also links to Goal Five in the *2009-12 Government of Alberta Strategic Business Plan:* "Albertans will be healthy."

In 2009-10, 65 per cent of health facilities were rated in good condition, 30 per cent in fair condition, and five per cent in poor condition. These results compare favourably to the 2009-10 targets of 68 per cent good, 25 per cent fair, and seven per cent poor. However, these results indicate a slight move in facilities from a good to a fair rating due, in part, to the larger sample of facilities that were evaluated in 2009-10 compared to the previous year, as well as evaluations that provided a more thorough assessment of physical deficiencies. It is expected that condition results for health facilities should improve somewhat over the next few years as new facilities are completed and added to the inventory of facility evaluations. Also, the greater number of new facility evaluations will continue to improve the quality of the data captured.

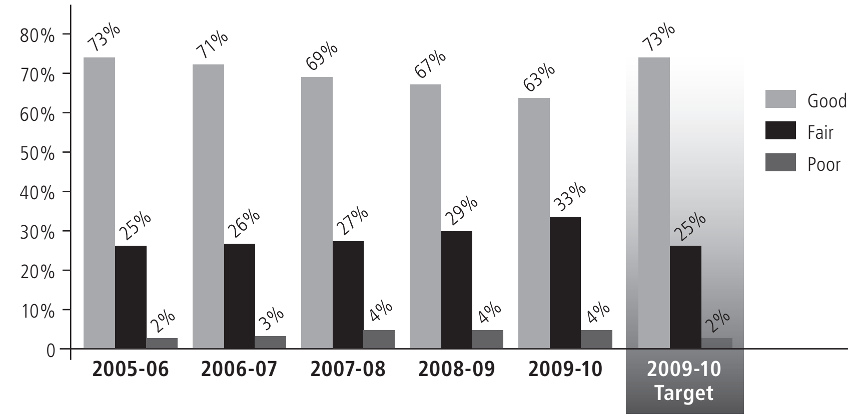
For methodology and data sources related to this measure see page 20.

Performance measure 1.b: "School facilities – physical condition" reports the percentage of schools (by area) rated in good, fair or poor condition using the FCI. The condition measure provides data in support of long-term capital planning of school facilities across the province and supports Goal Two of the *2009-12 Government of Alberta Strategic Business Plan*: "Albertans will be well prepared for lifelong learning."

In 2009-10, 63 per cent of schools were rated in good condition, 33 per cent in fair condition, and four per cent in poor condition. Some facilities have moved from good to fair condition due in part to the continued aging of the buildings, but also because capital and maintenance renewal projects that are underway, but not yet complete, are not reflected in these evaluation data. The addition of the 32 new ASAP schools may contribute to an improvement of the overall condition rating. There are also more than 47 modernization projects currently underway in the province (as of March 31, 2010).

For methodology and data sources related to this measure see page 20.

School Facilities Physical Condition



Performance measure 1.c: "Post-secondary facilities – physical condition" reports the percentage of post-secondary facilities (by area) rated in good, fair or poor condition using the FCI. This condition measure helps support long-term capital planning of post-secondary facilities across the province and supports Goal Two of the *2009-12 Government of Alberta Strategic Business Plan:* "Albertans will be well prepared for lifelong learning."

For 2009-10, the percentage of post-secondary facilities rated in good condition was 64 per cent, a four per cent increase over the target. The facilities rated in fair condition met the target of 30 per cent, and six per cent of facilities were rated in poor condition, a four per cent improvement over the target. The overall improvement in the condition of these facilities can be attributed to $73 million in funding provided to post-secondary institutions from the Infrastructure Maintenance Program. Funding levels from this program are expected to be maintained for 2010-11, and will continue to help address maintenance needs at post-secondary institution facilities rated in fair and poor condition.

The Ministry has recently acquired the responsibility for the delivery of health infrastructure. It is expected that economic growth and demographic changes over the next five to 10 years will continue to drive a need for health and education infrastructure in particular. The Ministry will continue to research and adopt best practices in planning, design and construction in order to be prepared to meet these changing needs.

For methodology and data sources related to this measure see page 21.

GOAL 2 Linked to Core Business 1 – Supporting the efficient provision of public infrastructure in Alberta

Excellence in the planning, delivery and operation of government-owned properties and facilities

In 2009-10, the Ministry of Infrastructure spent $297 million to support the planning, delivery and operation of government-owned properties and facilities.

The Ministry delivers major capital projects, incorporating life cycle planning, cost modeling design and the use of public-private partnerships where appropriate. The Ministry also undertakes facility condition evaluations to identify upgrading and maintenance needs, implements site security plans, and ensures barrier-free access is incorporated into the planning of ongoing work in facilities.

A number of major capital projects are currently underway. The new Edmonton Remand Centre is a 2,000-bed facility that will address overcrowding issues at the existing 30-year-old facility. The project has an approved budget of $620 million and is slated for completion in spring 2012.

The $356 million Federal Building and Centennial Plaza renovation and redevelopment project aims to preserve an architectural landmark, while increasing the appeal of the legislature grounds for all Albertans. Due to the economic climate, the Ministry has been able to achieve significant cost savings on some projects, including the Federal Building redevelopment.

Additional projects are proceeding on schedule and within scope and budget, including the Brooks Crop Diversification Centre South, completion in spring 2010, phase two of the Calgary Courts Centre, which is scheduled for completion autumn 2010, the Southern Alberta Jubilee Auditorium in Calgary scheduled for completion autumn 2010, and the Sam Livingston Fish Hatchery Floating Fen which should be finished December 2010.

Performance Measures

Two performance measures are used to indicate how well the Ministry performed in achieving Goal Two: "Government owned and operated facilities – physical condition" and "Average operating cost per square metre of government owned and operated office space." These measures also link to Goal Four of the *2009-12 Government of Alberta Strategic Business Plan*: "Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally."

Performance measure 2.a: reports the percentage of government owned and operated facilities (by area) in good, fair or poor condition using a facility condition index (FCI) (see page 13 for a description). In 2009-10, 62 per cent of government owned and operated facilities were rated in good condition, 35 per cent in fair condition and three per cent in poor condition. These results are comparable to the 2008-09 results, with a one per cent shift from good to fair condition.

Given that many government owned and operated facilities were built between 1975 and 1985, and are approaching a time when major upgrading will be required, it will continue to be a challenge to balance needs to maintain this infrastructure with the requirements for new infrastructure projects.

For methodology and data sources related to this measure see page 22.

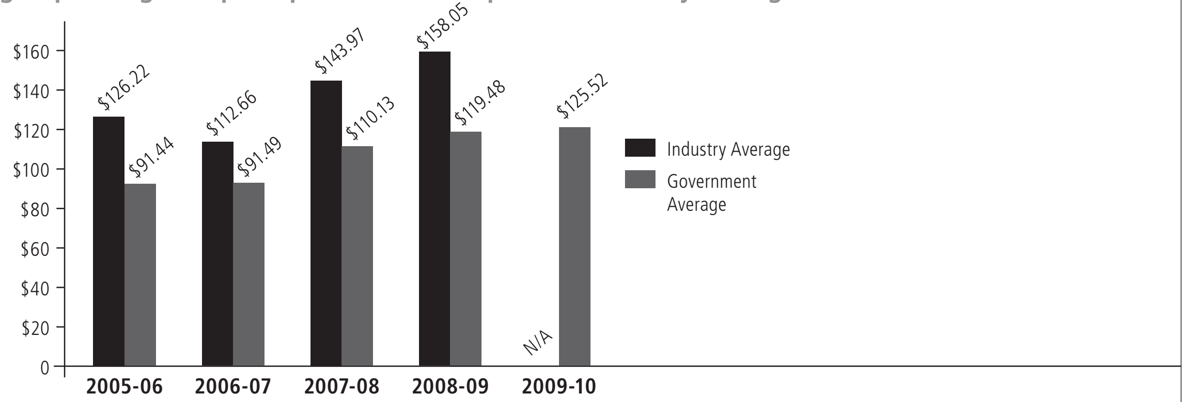
Performance Measure 2.b reports the average operating cost per square metre of government owned and operated office space as a percentage of the Alberta industry average. The Ministry's target is to keep the average government operating cost below 90 per cent of the industry average. This measure assists the Ministry in identifying opportunities for improving cost-effectiveness where appropriate.

In 2009-10, the average operating cost of government owned and operated office space was $125.52 per square metre; however, these average operating costs could not be reported as a percentage of the industry average as comparable industry data were not available for the current reporting year.

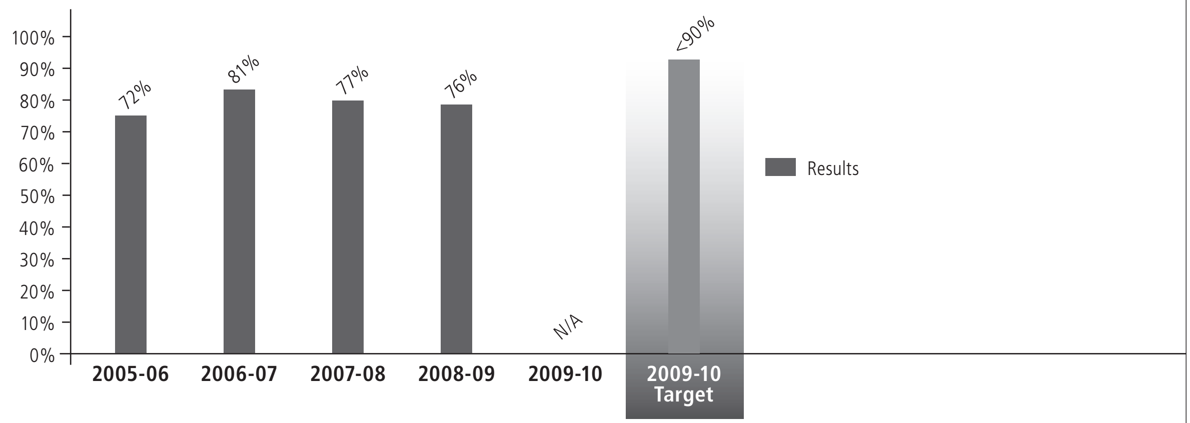
This measure can be directly impacted by inflationary pressures such as rising costs associated with utilities and contracts, as well as ongoing maintenance requirements. This measure is also sensitive to the variability in funding for property operations. There is an indication that data on industry average operating costs may continue to be unavailable; therefore, the Ministry is exploring the possibility of developing a new reporting methodology for this measure.

For methodology and data sources related to this measure see page 22.

Average Operating Cost per Square Metre Compared to Industry Average



Percentage of Operating Cost Compared to Industry Average



GOAL 3 Linked to Core Business 2 – Ensuring effective environmental stewardship of public infrastructure

Environmental sustainability of public infrastructure

In 2009-10, the Ministry of Infrastructure spent approximately $29 million towards this goal. The Ministry integrates high environmental and energy efficiency standards into the design, construction and maintenance of public infrastructure.

The Building Owners and Managers Association (BOMA) Building Environmental Standards (BESt) Certification program demonstrates the compliance of existing commercial buildings with best practices in energy, waste and water reduction. As of March 31, 2010, the Ministry of Infrastructure met its goal to have all large, public, government-owned buildings certified, with a total of 80 buildings certified or awaiting final verification under the program. This amounts to more than eight million square feet of building space.

Since 2005, over 90 per cent of the electricity used by government buildings has come from green sources like wind power and biomass. In 2009-10, this number increased to 100 per cent of electricity for government buildings originating from green sources in areas where grid electricity is directly accessible. This commitment to green power reduces government greenhouse gas emissions by an estimated 220,000 tonnes annually.

The Ministry of Infrastructure maintained its commitment to adopt Leadership in Energy and Environmental Design (LEED) Silver as the standard for new construction. LEED Silver buildings cost up to five per cent more than conventional buildings to construct, but are up to 45 per cent more energy efficient, resulting in lower utility bills and reduced environmental impact over the life of the building.

In partnership with the ministries of Environment and Service Alberta, Infrastructure championed the approval of the Greening Government Strategy which was approved in April 2010. Implementation of this strategy provides a solid foundation to encourage individual ministries to green their operations in a coordinated manner, and sets out a means to ensure the continuous reduction of environmental impacts resulting from government's operations and procurement practices.

Performance Measure

Performance measure 3.a: "Energy consumption in megajoules per square metre in government owned and operated facilities" is used to indicate how well the Ministry performed in achieving Goal Three. This measure also supports Goal Four of the *2009-12 Government of Alberta Strategic Business Plan*: "Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally."

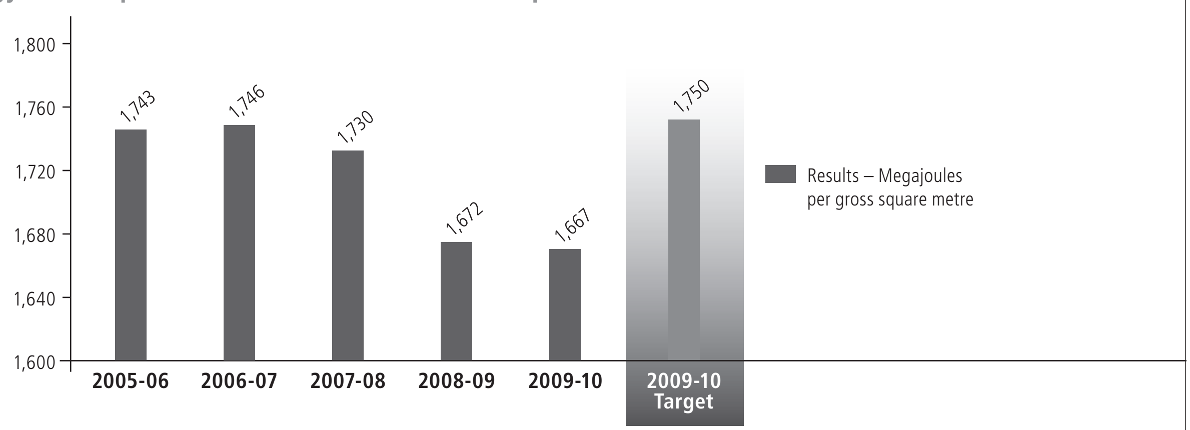
As part of the Ministry's responsibility to effectively and efficiently manage government-owned facilities, energy usage is monitored on an ongoing basis and energy saving initiatives are identified and implemented.

In 2009-10, the energy consumption of government owned and operated facilities was 1,667 megajoules per gross square metre. This result indicates that energy consumption was significantly lower than the target of 1,750 megajoules per gross square metre.

This measure is affected by several factors that may vary annually, including changes to the inventory of owned buildings, changes to building usage and occupancy levels, and climate variations. A number of major energy saving measures have already been identified and implemented in previous years resulting in fewer opportunities to improve upon energy use through conservation measures. However, there is still the potential for a decrease in future energy consumption as new energy efficient facilities are completed such as the Federal Building and the new Remand Centre.

For methodology and data sources related to this measure see page 23.

Energy Consumption in Government Owned and Operated Facilities



GOAL 4 Linked to Core Business 3 – Providing leadership and coordinating government accommodation and support services

High-quality accommodation and support services for government

In 2009-10, the Ministry of Infrastructure spent close to $190 million to support accommodation and support services for government. The Ministry takes a lead role in providing services for the acquisition and disposal of properties, provides facility maintenance services, accommodation evaluations, and works with Treasury Board to ensure adequate funding is available to meet accommodation needs to government's priority programs.

Bill 19, the *Land Assembly Project Area Act* was introduced last year to enhance the process to assemble land for large-scale infrastructure projects by enabling government to designate and acquire land for future transportation utility corridors and projects related to the conservation or management of water. This legislation enhances accountability and transparency by requiring consultation with the public and affected land owners prior to acquiring land or approving development, establishing a timeline to approve or reject a project area proposal, and requiring government to commit to buying land within a designated project area as soon as landowners are prepared to sell. Bill 19 was passed in the legislature in May 2009, and work is now underway to develop the required regulations.

This past year, the Ministry of Infrastructure continued with a one-year pilot project to explore Alternate Workplace Arrangements (AWA) in order to better use existing government office space and support mobile workers. This project aimed to increase utilization, reduce facility costs and support new ways of working including AWA mobility and widespread use of new technology.

The AWA pilot project is part of a larger Government of Alberta Accommodation Review (GAR) project with the objective to improve service delivery and optimize resource use. The major goals of GAR are to ensure the accommodation process provides more functional space, faster response times and consistent standards, reduced duplication of effort and lower carbon footprints. A final report was approved by the Deputy Ministers Steering Committee in March 2010, and it is anticipated that implementation of the approved recommendations will occur over the next 12 to 24 months.

Performance Measure

Performance Measure 4.a: "Client Satisfaction Survey: property development quality of service rating" provides an indication of client satisfaction with the property development and accommodation services provided by ministry staff through the Client Satisfaction Survey which is conducted every second year. This measure also links to Goal Four of the *2009-12 Government of Alberta Strategic Business Plan:* "Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally."

The results and information derived from the survey are considered in the Ministry's planning cycle to address and improve the future satisfaction of clients. A commitment to providing quality service to clients is illustrated by the overall results.

In 2009, client satisfaction was rated at 4.8, an increase of 0.2 points over the 2007 rating of 4.6. Respondents were asked to rate their satisfaction on a six-point scale with one representing "very unsatisfied" and six representing "very satisfied." The Client Satisfaction Survey assesses client satisfaction with property development services which include: short and long-term planning of leasing and accommodation requirements; project implementation of tenant improvements and capital projects; consulting services; space planning; technical expertise and project management.

Although service levels are currently being maintained, the current economic situation and budget challenges may stress client relationships over the long-term. A traditional approach to accommodating programs places high expectations on space allocation and may not be sustainable. In order to maintain client satisfaction, the Ministry will explore new approaches to property development and accommodation services, such as the Alternate Workplace Arrangements and Government of Alberta Accommodation Review projects.

For methodology and data sources related to this measure see page 23.

RESULTS ANALYSIS

Ministry Expense by Function

Ministry of Infrastructure
Expense by Function for the year ended March 31, 2010
(thousands of dollars)

	2009-10 Budget	2009-10 Actual	2008-09 Actual
	(Estimates)		
General Government	$ 537,336	$ 476,449	$ 482,400
Environment	28,125	29,009	30,744
Transportation, Communications and Utilities	4,290	3,626	227,838
Education	4,391	3,610	33,147
Health	964	1,049	1,199
Housing	—	550	969
Total Expense by Function	**$ 575,106**	**$ 514,293**	**$ 776,297**

In accordance with Government of Alberta accounting principles, the Ministry of Infrastructure classifies its expenses into six functions. Each of these functions identifies the principal purpose for which ministry expenditures are incurred. It should be noted that Expense by Function includes operating expenses, capital grants and other expenses.

Overall, approximately 93 per cent of the Ministry's expenditures support the function of General Government.

Methodology and Data Sources

Goal One – Safe, innovative and cost-effective health and education infrastructure for Albertans

Performance Measure 1.a *– Health Facilities – Physical Condition*

Performance measure 1.a uses two methodologies and data sources to compile the 2009-10 facility condition index (FCI) for health facilities.

In 2008-09, Infrastructure commenced an evaluation of health facilities using independent consultants as is done for government-owned buildings and other supported infrastructure (schools and post-secondary facilities). In this process, data are collected through condition assessments by ministry staff and consultants over a five year cycle. Since 2008-2009, when the consultant-based evaluations were initiated for health facilities, 81 facilities have been evaluated in this manner. This represents 25.8 per cent of facilities over 1,000 gross square metres in size. The data collected are stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor. The software and its associated methodology are used by other jurisdictions in education, public works and property management settings.

For health facilities not evaluated by consultants through RECAPP, the FCI was calculated based on detailed five year physical condition deficiency lists provided by Alberta Health Services, supplemented with review by the Ministry of Infrastructure.

A province-wide roll-up determines the percentage of health facilities with good, fair or poor condition ratings. The buildings included in the report are those which are eligible for Infrastructure Maintenance Program funding.

Replacement values were determined using factors such as construction type, maintenance responsibility type, location and gross building area. Health facility replacement values are generated and confirmed in an annual process that involves ministry cost managers, program areas and Alberta Health Services representatives.

Performance Measure 1.b *– School Facilities – Physical Condition*

Performance measure 1.b uses a facility condition index (FCI) value to report the physical condition of school facilities. The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies relative to current facility replacement value. 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 buildings.

Data are collected through condition assessments by ministry staff and consultants. The FCI is established at the time of the consultant assessment and does not change until the facility is re-assessed. Assessments are conducted over a five year cycle, with one-fifth (approximately 20 per cent) of the school facilities assessed and their condition rated each year. The condition ratings from current year assessments are combined with those of previous years. Approximately 80 per cent of condition ratings are based on prior year facility assessments. 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 data are then stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor. The software and its associated methodology are used by other jurisdictions in education, public works and property management settings.

Facility managers for school boards are now able to update building condition information directly in the evaluation database, resulting in more accurate and timely condition information. Consultant evaluations of infrastructure serve the dual purpose of updating the condition information as well as validating the data entered by the facility managers.

Assessments are conducted for school facilities owned by school boards and funded by the Government of Alberta and do not include outreach facilities. To optimize evaluation funds, this measure does not include some school buildings with an area of less than 1,000 gross square metres. However, the area of these excluded schools is less than half of one per cent (0.5) of the total schools area and would not impact the measure.

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

Performance measure 1.c uses a facility condition index (FCI) value to report on the physical condition of post-secondary facilities. The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies relative to current facility replacement value. 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 buildings.

Data were collected through condition assessments by ministry staff and consultants. The facility condition rating (FCR) is established at the time of the consultant assessment and it does not change until the facility is re-assessed. The intention is to conduct assessments on a five year cycle, with one-fifth (approximately 20 per cent) being evaluated per year. However, a growing inventory is affecting the cycle with approximately one-seventh (14 per cent) of the post-secondary facilities being assessed and their condition rated each year. 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 data are then stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor. The software and its associated methodology are used by other jurisdictions in education, public works and property management settings.

Facility managers for post-secondary institutions are now able to update building condition information directly into the evaluation database, resulting in more accurate and timely condition information. Consultant evaluations of infrastructure serve the dual purpose of updating the condition information as well as validating the data entered by the facility managers.

This measure does not include “unsupported” facilities such as residences, parkades and commercial facilities, nor does it include facilities with an area less than 1,000 gross square meters. This measure uses the “Year End” FCI which changes annually based on updated information entered into RECAPP by the institutions.

RESULTS ANALYSIS

Goal Two – Excellence in the planning, delivery and operation of government-owned properties and facilities

Performance Measure 2.a *– Government Owned and Operated Facilities – Physical Condition*

Performance measure 2.a uses a facility condition index (FCI) as a basis for determining the physical index of government owned and operated facilities.

The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies relative to current facility replacement value. Overall, the percentages are 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 buildings. If a building has been constructed or completely refurbished within the last 10 years, and there is no up to date condition assessment, it is automatically rated as "good."

Data are collected through condition assessments by ministry staff and consultants. The FCI is established at the time of the consultant audit and it does not change until the facility is re-audited. Evaluations are conducted over a five year cycle, with one-fifth of the buildings evaluated each year. By 2010-11, the five year cyclical evaluation program will be based on all eligible buildings.

The data are stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor and is a program used by other jurisdictions in education, public works and property management settings.

To optimize evaluation funds, this measure only includes eligible facilities that are over 1,000 gross square metres in size, comprising approximately 90 per cent of the total area of all facilities combined. Facilities owned by the provincial government but leased or operated by a third party are excluded from this measure, as well as surplus properties that have been approved for disposal.

Performance Measure 2.b *– Average Operating Cost per Square Metre of Government-Owned and Operated Office Space*

Performance measure 2.b reports the average operating cost of government facilities based on the methodology used in a survey conducted by the Building Owners and Managers Association (BOMA) to assess facilities management practices in 10 office buildings throughout Alberta. The survey determines the average cost of building operations using established criteria and includes in the calculation the costs of administration, caretaking, grounds, security/safety, routine building maintenance, utilities, insurance and grants in place of taxes. Areas excluded from the rentable space calculation include interior parking, elevator/mechanical shafts and external walls.

This methodology is used to determine the average operating cost per square metre for 71 government-owned office buildings using data from various systems including the Alberta Government Integrated Management Information System, Facilities and Business Information System, Building and Land Information Management System, and Grants in Place of Taxes. The results are compared to the Alberta industry average for the buildings included in the BOMA survey.

This year, the annual BOMA survey did not include Alberta buildings, so industry average operating cost data were not available to report for comparison.

Goal Three – Environmental sustainability of public infrastructure

Performance Measure 3.a *– Energy Consumption in Megajoules per Square Metre in Government Owned and Operated Facilities*

Performance measure 3.a reports the energy consumption of government owned and operated facilities and indicates how effectively the Ministry of Infrastructure is managing energy-use and associated costs in these facilities. The methodology uses a simple formula: total annual energy consumption for all buildings divided by the buildings' total area in gross square metres.

Energy consumption data for over 1,200 gas and electricity sites is provided by various retailers during the year and entered into the Energy Consumption Reporting System. The data is validated, converted from gigajoules and kilowatt-hours into megajoules, and totaled for all buildings.

The gas total is adjusted using monthly actual and normal degree data from Environment Canada to compensate for weather variations. To calculate the measure, the total weather-adjusted consumption is divided by the total square metres based on building areas reported by the Building and Land Information Management System.

Goal Four – High-quality accommodation and support services for government

Performance Measure 4.a – Client Satisfaction Survey

Performance measure 4.a reports client satisfaction with property development services provided by the Ministry of Infrastructure. The Client Satisfaction Survey asks respondents to rate their satisfaction on a six-point scale where one represents "very dissatisfied" and six represents "very satisfied."

The 2009 Client Satisfaction Survey was administered by an external consultant to ensure the confidentiality of individual results. The survey was delivered by mail to 23 property development clients and later followed up by telephone. There were a total of 15 surveys completed and returned for a response rate of 65 per cent. None of the contacts were excluded from the analysis due to incorrect contact information and/or surveys being returned as undeliverable.

On average, the 2009 results are accurate to within plus or minus .60 of a point; therefore, the actual satisfaction rating may fall within a range between 4.2 and 5.4 on a six-point scale. Caution is required in comparing results across years.

The respondents were asked to rate the overall Property Development Service Area on the service aspects of:

- Clarity of written materials
- Ease of access to information
- Ease of access to services
- Consistency of services
- Staff doing everything to address your needs
- Quality of consultant services
- Facility evaluations and reports
- Timeliness of service delivery
- Proficiency of staff
- Courtesy of staff
- Overall quality of services
- Services provided by Infrastructure in supporting your short and long-term planning
- Project management services from design to construction completion
- Development of long - term options

FINANCIAL INFORMATION

Financial Statements for the year ended March 31, 2010

FINANCIAL INFORMATION

CONTENTS

Auditor General's Report

AUDITOR GENERAL Alberta

To the Members of the Legislative Assembly

I have audited the statements of financial position of the Ministry of Infrastructure as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry of Infrastructure as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
May 31, 2010

MINISTRY OF INFRASTRUCTURE
STATEMENTS OF OPERATIONS
Year ended March 31

(in thousands)

	2010 Budget (Schedule 4)	2010 Actual	2009 Actual (Note 3)
Revenues (Schedule 1)			
Transfers from the Government of Canada	$ 15,000	$ -	$ -
Parking and Other Fees	2,700	3,047	3,353
Other Revenue	21,320	24,855	37,071
	39,020	27,902	40,424
Expenses - Directly Incurred (Note 2b, 3b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	13,608	13,155	11,842
Government Operations	409,481	389,847	409,316
Other Programs and Services	64,526	39,684	263,924
Non-Cash Items	87,491	78,067	89,427
	575,106	520,753	774,509
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	(297)	356
Provision for Vacation Pay	-	142	657
Provision for Future Site Remediation and Reclamation	-	(6,305)	775
	-	(6,460)	1,788
Total Expenses	575,106	514,293	776,297
Gain on Disposal of Tangible Capital Assets	-	896	15,245
Net Operating Result	$ (536,086)	$ (485,495)	$ (720,628)

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

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
STATEMENTS OF FINANCIAL POSITION
As at March 31

	(in thousands) 2010	2009 (Note 3)
ASSETS		
Cash and Cash Equivalents	$ 435	$ 694
Accounts Receivable (Note 4)	7,945	5,662
Advances (Note 5)	217	187
Inventories	2,300	2,271
Tangible Capital Assets (Note 6)	2,240,429	2,021,324
	$ 2,251,326	$ 2,030,138
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 82,059	$ 112,136
Holdbacks Payable	28,459	17,921
Unearned Revenue	9,055	2,930
Liabilities for Future Site Remediation and Reclamation (Note 2b)	40,701	45,237
	$ 160,274	$ 178,224
NET ASSETS (Note 3a)		
Net Assets at Beginning of Year	$ 1,851,914	$ 1,601,813
Net Operating Result	(485,495)	(720,628)
Net Financing Provided from General Revenues	724,633	970,729
Net Assets at End of Year	2,091,052	1,851,914
	$ 2,251,326	$ 2,030,138

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

MINISTRY OF INFRASTRUCTURE
STATEMENTS OF CASH FLOWS
Year ended March 31

	(in thousands) 2010	2009 (Note 3)
Operating Transactions		
Net Operating Result	$ (485,495)	$ (720,628)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	77,688	66,843
Gain on Disposal of Tangible Capital Assets	(896)	(15,245)
Grants in Kind	379	22,584
Donated Tangible Capital Assets	-	(585)
Provision for Future Site Remediation	4,148	4,148
Valuation Adjustments	(6,460)	1,788
	(410,636)	(641,095)
Changes in Working Capital		
(Increase) in Accounts Receivable	(1,986)	(754)
(Increase) in Advances	(30)	(95)
(Decrease) in Accounts Payable and Accrued Liabilities	(30,219)	(109,827)
Increase in Holdbacks Payable	10,538	4,227
Increase (Decrease) in Unearned Revenue	6,125	(410)
(Decrease) in Liabilities for Future Site Remediation and Reclamation	(2,379)	-
Cash Applied to Operating Transactions	(428,587)	(747,954)
Capital and Inventory Transactions		
Acquisition of Tangible Capital Assets	(300,870)	(225,398)
Purchase of Inventories	(1,103)	(1,995)
Transfer of Tangible Capital Assets to Other Government Entities (a)	4,542	1,562
Proceeds from Disposal of Tangible Capital Assets	1,126	3,267
Cash Applied to Capital and Inventory Transactions	(296,305)	(222,564)
Financing Transactions		
Net Financing Provided from General Revenues	724,633	970,729
Cash Provided by Financing Transactions	724,633	970,729
Increase (Decrease) in Cash and Cash Equivalents	(259)	211
Cash and Cash Equivalents, Beginning of Year	694	483
Cash and Cash Equivalents, End of Year	$ 435	$ 694

(a) The following transfers were made to the Ministry of Infrastructure: $681 from the Ministry of Transportation and $605 from the Ministry of Culture and Community Spirit.

The following transfers were made from the Ministry of Infrastructure: $676 to the Ministry of Sustainable Resource Development, and $5,151 to the Ministry of Tourism, Parks, and Recreation.

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

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:

- support the provision of health, learning, and other public infrastructure;
- operate, maintain and preserve government-owned and leased properties;
- provide professional expertise on capital planning, design, construction, procurement, costing, project management and facility evaluation and preservation;
- provide accommodation and realty services to all government ministries, including space planning and leasing as well as the purchase and sale of property; and
- manage the Edmonton and Calgary Transportation and Utility Corridors, and the Swan Hills Treatment Centre.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministries.

(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 more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. 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

Revenues

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made. Transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credit 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, use the excess to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's credit or recovery initiatives.

Expenses

<u>Directly Incurred</u>

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 include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

- 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

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories are valued at lower of cost or replacement cost.

Assets acquired by right are not included. 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 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. These costs are capitalized but not amortized until the asset is in service.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

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

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Net Assets

Net assets represents the difference between the carrying value of assets held by the Ministry and its liabilities.

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, 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.

Site Remediation and Reclamation Liabilities

The Ministry has compiled a list of all potential sites and reviews the list at least annually.

Site remediation and reclamation liability is recorded when:
- the sites are no longer in operation and where remediation is legally enforceable.
- the sites are in operation and remediation will take place when the asset is retired.

Measurement Uncertainty
(in thousands)

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

Natural Gas Rebates

Accrued liabilities for Natural Gas Rebates recorded as $1,769 (2009 - $23,156). This amount is calculated based on management's estimate of rebate claims for the period ended March 31, 2009 less claims paid prior to the year-end.

Site Remediation and Reclamation

Liabilities for Future Site Remediation and Reclamation recorded as $40,701 (2009-$45,237) in these financial statements are subject to measurement uncertainty.

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity. Actual costs may vary from these estimates and the variances may be material.

NOTE 3 GOVERNMENT RESTRUCTURING

(in thousands)

During the year, the Ministry restated the financial statements previously presented for the effects of changes resulting from program transfers to other departments of the government. The financial impact of these changes on net assets is explained further below.

(a) Program Transfers

Effective April 1, 2009 the Ministry of Infrastructure transferred budgetary responsibilities for funding the operations of a selected health care facility to the Ministry of Health and Wellness. The 2009 comparatives have been restated as if the Ministry had always been assigned with its current responsibilities. Expenses for 2008-09 were decreased by $179 and the Net Financing Provided from General Revenues was decreased by $179 resulting in no change in net assets at March 31, 2009.

Effective April 1, 2009 the Ministry of Infrastructure transferred budgetary responsibilities for funding eight FTEs to the following ministries, Agriculture and Rural Development, Children and Youth Services, Advanced Education and Technology, Environment, Health and Wellness, Energy, Employment and Immigration, and Finance and Enterprise. The 2009 comparatives have been restated as if the Ministry had always been assigned with its current responsibilities. Expenses for 2008-09 were decreased by $585 and the Net Financing Provided from General Revenues was decreased by $585 resulting in no change in net assets at March 31, 2009.

NOTE 3 GOVERNMENT RESTRUCTURING (continued)

(in thousands)

(b) Discontinued Programs

The government has ended the Natural Gas Rebate Program effective March 31, 2009. The program had no revenues and assets. At March 31, 2010 the accrued liability is estimated at $1,769 to end the program and is expected to be completely paid out by the end of the 2010-11 fiscal year.

The Natural Gas Rebate Program provided a rebate to consumers when the price of natural gas exceeded pre-defined thresholds.

	Budget	2010	2009
Natural Gas Rebate Program Expenses	$ -	$ -	$ 224,726

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Plant	$ 4,196	$ -	$ 4,196	$ 3,064
Rental and Other	2,412	459	1,953	2,268
Cost Recoveries	1,796	-	1,796	330
	$ 8,404	$ 459	$ 7,945	$ 5,662

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 ADVANCES

(in thousands)

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Travel advances	$ 1	$ -	$ 1	$ 4
Other advances	216	-	216	183
	$ 217	$ -	$ 217	$ 187

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

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

		2010 Historical Cost (1)			
	Estimated Useful Life	Beginning of Year	Additions	Disposals, adjustments , write-downs	End of Year
Land	Indefinite	$ 701,611	$ 30,709	$ (13,119)	$ 719,201
Land Improvements	40 years	9,708	43	1,335	11,086
Buildings	40 years	2,235,209	237,302	(8,954)	2,463,557
Equipment	5-40 years	19,436	3,407	295	23,138
Computer hardware and software	3-10 years	24,247	2,554	(2,367)	24,434
Other (2)	3-40 years	105,047	26,855	16,303	148,205
		$ 3,095,258	$ 300,870	$ (6,507)	$ 3,389,621
2009 Total		$ 2,891,292	$ 225,983	$ (22,017)	$ 3,095,258

	2010 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2010	March 31, 2009
Land	$ -	$ -	$ -	$ -	$ 719,201	$ 701,611
Land Improvements	2,480	506		2,986	8,100	7,228
Buildings	1,011,589	51,290	(37)	1,062,842	1,400,715	1,223,620
Equipment	9,568	2,355	-	11,923	11,215	9,868
Computer hardware and software	14,091	2,063	-	16,154	8,280	10,156
Other (2)	36,206	20,400	(1,319)	55,287	92,918	68,841
	$ 1,073,934	$ 76,614	$ (1,356)	$ 1,149,192	$ 2,240,429	$ 2,021,324
2009 Total	$ 1,018,496	$ 65,287	$ (9,849)	$ 1,073,934		

(1) Included in the cost of land improvements, buildings, equipment, computer hardware and software is work in progress amounting to $ 392,346 (2009 - $262,253).

(2) Includes trailers and leasehold improvements.

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2010, the Ministry had the following contractual obligations:

	2010	2009
Capital Investment		
Construction Contracts and Service Agreements	$ 739,413	$ 702,788
Expense		
Maintenance Contracts and Service Agreements	1,074,167	1,118,268
Grants	-	379
Long-term Leases	985,957	717,084
	$ 2,799,537	$ 2,538,519

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Capital Investment	Expense			
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Leases	Grand Total
2011	$ 337,838	$ 136,041	$ -	$ 179,061	$ 652,940
2012	265,105	111,444	-	154,616	531,165
2013	136,375	100,667	-	132,989	370,031
2014	85	76,695	-	110,319	187,099
2015	5	55,711	-	86,434	142,150
Thereafter	5	593,609	-	322,538	916,152
	$ 739,413	$1,074,167	$ -	$ 985,957	$ 2,799,537

NOTE 8 SWAN HILLS TREATMENT CENTRE

On December 31, 2000, the buildings and equipment of the Swan Hills Treatment Centre were acquired by the Ministry for one dollar from a subsidiary of Bovar Inc.. The facility is operated by the Ministry through a contracted operator and results of operations are included in these financial statements.

In addition, certain lands relating to the Swan Hills Treatment Centre and the associated environmental obligations were transferred to the Ministry effective March 31, 2004.

As a result of an agreement between Ministers of Environment, Infrastructure, and Sustainable Resource Development, the land and responsibilities of the Swan Hills Waste Treatment Centre and related warehouse sites were transferred to the Ministry.

A study was done by an environmental consultant in October 2002 to determine the estimated cost of remediating and monitoring the Swan Hills Treatment Centre site in 2018. During the 2007-2008 fiscal year, an environmental consultant updated the estimate to $62.14 million. The annual provision is $4,148,000 based on the revised liability of $62.14 million in 2018.

On July 11, 2009, a fire occurred at the Swan Hill Treatment Centre. The damage is estimated at $5.8 million. The plant is expected to resume normal operations mid May 2010.

Insurance is expected to cover the majority of the repair work except for the insurance deductible of $300,000 which is being absorbed by the Ministry. The insurance claim is not expected to be finalized until at least June 2010.

As a result of the fire the Ministry did not reach its revenue target of $9.0 million. The plant generated $1.8 million from operations for 2009/10 fiscal. The plant received $5.2 million in insurance proceeds, for total revenue of $7 million dollars.

In addition, the plant continued to receive PCB’s and other materials for later destruction. This resulted in an increase in deferred revenues of $ 6.6 million. This amount is expected to be brought into revenue in 2010/11 when the plant is operational and the contaminated materials are destroyed.

NOTE 8 SWAN HILLS TREATMENT CENTRE (continued)
(in thousands)

At March 31, 2010 the assets and liabilities of plant operations were as follows:

	2010	2009
Assets		
Accounts Receivable	$ 4,196	$ 3,064
Chemical and parts inventories	2,300	2,271
Capital Assets	14,499	14,071
	$ 20,995	$ 19,406
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,044	$ 4,526
Deferred Revenue	8,259	1,663
	$ 13,303	$ 6,189

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

	2010	2009
Revenue		
Operating revenue	$ 1,889	$ 11,414
Insurance recoveries	5,159	-
	7,048	11,414
Expenses		
Plant operating expenses before inventory transactions (1)	21,924	29,049
Fire damage repairs	5,846	-
Consumption of consumable and repair part inventories	1,074	1,556
Amortization (2)	3,092	2,552
	31,936	33,157
Net operating results from plant operations	$ (24,888)	$ (21,743)
Purchase of consumable and repair part inventories	$ 1,103	$ 1,995
Capital investment in plant and equipment	$ 3,383	$ 3,571

(1) The amount reported on Schedule 5 includes expenses for environmental and financial assessments of $ 165 (2009 - $138). Plant costs include a provision of $4,148 for site reclamation and environmental monitoring.

(2) Included in Financial Transactions on Schedule 5.

FINANCIAL INFORMATION

NOTE 9 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, 2010, trust funds under the Ministry's administration were as follows:

	2010	2009
The General Trust Fund	$ 1,309	$ 975
The Security Deposit Trust Fund	161	166
	$ 1,470	$ 1,141

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

NOTE 10 CONTINGENT LIABILITIES
(in thousands)

At March 31, 2010 the Ministry is a defendant in thirty-two legal/other claims (2009 - thirty nine claims). Twenty-three of these claims have specified amounts totaling $ 388,265 and the remaining nine have no specified amounts (2009 - twenty-four claims with a specified amount of $374,592 and fifteen with no specified amount). Eight claims amounting to $ 2,097 (2009 - eight claims amounting to $6,545) are covered by the Alberta Risk Management Fund.

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

NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $5,939 for the year ended March 31, 2010 (2009 - $5,340).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $ 483,199 (2008 - $568,574) and the Public Service Pension Plan reported a deficiency of $ 1,729,196 (2008 - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $ 39,516 (2008 - deficiency $7,111).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $ 8,335 (2009 - deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,431 (2009 - deficiency $1,051). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 12 COMPARATIVE FIGURES

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

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

MINISTRY OF INFRASTRUCTURE
SCHEDULES TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31

Schedule 1

	2010 Budget	2010 Actual	2009 Actual
	(in thousands)		
Transfers from the Government of Canada			
Cost Recoveries and Contributions	$ 15,000	$ -	$ -
Parking and Other Fees			
Civil Service Parking	2,700	3,047	3,353
	2,700	3,047	3,353
Other Revenue			
Refunds of Expenditure	1,400	2,008	7,266
Lethbridge Railway Relocation Project	225	543	367
Swan Hills Treatment Centre	9,000	1,889	11,414
Rentals (Land and Buildings)	10,555	15,090	15,802
Cost Recoveries	-	5,192	386
Donated Tangible Capital Asset	-	-	585
Miscellaneous	140	133	1,251
	21,320	24,855	37,071
	$ 39,020	$ 27,902	$ 40,424

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31
(in thousands)

Schedule 2

	2010		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Expense			
Property Rentals (Land & Buildings)	$ 13,170	$ 15,089	$ 1,919
Swan Hills Treatment Centre	9,000	1,889	(7,111)
	$ 22,170	$ 16,978	$ (5,192) (1)

(1) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

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

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

The above dedicated revenues are included in the Statements of Operations.

MINISTRY OF INFRASTRUCTURE
SCHEDULES TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31

Schedule 3

(in thousands)

	2010		2009
	Budget	Actual	Actual (Note 3)
Voted:			
Salaries, Wages and Employee Benefits	$ 71,116	$ 67,553	$ 64,598
Supplies and Services	386,434	374,615	402,844
Grants	40,000	792	240,123
Financial Transactions and Other	65	105	101
Amortization of Tangible Capital Assets and Consumption of Inventory	77,491	77,688	66,843
Total Voted Expenses	$ 575,106	$ 520,753	$ 774,509
Statutory:			
Valuation Adjustments			
Provision for Doubtful Accounts	$ -	$ (297)	$ 356
Provision for Vacation Pay	-	142	657
Provision for Future Site Remediation and Reclamation	-	(6,305)	775
	$ -	$ (6,460)	$ 1,788

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO FINANCIAL STATEMENTS — Schedule 4
BUDGET
Year ended March 31
(in thousands)

	2009-2010				
	Estimates	Adjustment (a)	Budget	Authorized Supplementary	Authorized Budget
Revenues					
Transfers from the Government of Canada	$ 15,000	$ -	$ 15,000	$ -	$ 15,000
Fees, Permits and Licenses	2,700	-	2,700	-	2,700
Other Revenue	21,320	2,615	23,935	-	23,935
	39,020	2,615	41,635	-	41,635
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	13,608	-	13,608	-	13,608
Government Operations	409,481	2,615	412,096	-	412,096
Other Programs and Services	64,526	(8,882)	55,644	-	55,644
Non-Cash Items	87,491	-	87,491	-	87,491
Credit or Recovery Shortfall (Schedule 2)	-	(5,192)	(5,192)	-	(5,192)
	575,106	(11,459)	563,647	-	563,647
Statutory Expenses					
Valuation Adjustments	-	-	-	-	-
	575,106	(11,459)	563,647	-	563,647
Net Operating Results	$ (536,086)	$ 14,074	$ (522,012)	$ -	$ (522,012)
Equipment/Inventory Purchases	$ 10,089	$ -	$ 10,089	$ -	$ 10,089
Capital Investment	$ 588,929	$ 75,969	$ 664,898	$ -	$ 664,898

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceed the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act.

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO FINANCIAL STATEMENTS — Schedule 5
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EIP AND CAPITAL INVESTMENT AND STATUTORY EXPENSES
BY ELEMENT TO AUTHORIZED BUDGET
Year ended March 31
(in thousands)

	2009-2010						
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense (c)	Unexpended (Over Expended)
Voted Expense, Debt Servicing Costs, EIP and Capital Investments							
1 Ministry Support Services							
1.0.1 Minister's Office	$ 543	$ -	$ 543	$ -	$ 543	$ 532	$ 11
1.0.2 Deputy Minister's Office	626	-	626	-	626	616	10
1.0.3 Communications	480	-	480	-	480	406	74
1.0.4 Strategic Services							
- Expense	11,959	-	11,959	-	11,959	11,601	358
- Equipment/Inventory Purchases	4,161	-	4,161	-	4,161	2,123	2,038
Total Program 1	17,769	-	17,769	-	17,769	15,278	2,491
2 Government Operations							
2.0.1 Property Operations							
- Expense	185,058	2,615	187,673	-	187,673	181,360	6,313
- Equipment/Inventory Purchases	-	-	-	-	-	29	(29)
2.0.2 Leases							
- Expense	160,293	-	160,293	-	160,293	161,049	(756)
2.0.3 Capital and Accommodation Projects							
- Expense	27,110	-	27,110	-	27,110	10,041	17,069
- Equipment/Inventory Purchases	-	-	-	-	-	23,290	(23,290)
- Capital Investment	535,229	58,231	593,460	-	593,460	216,560	376,900
2.0.4 Government Owned Facilities Preservation							
- Expense	9,675	-	9,675	-	9,675	8,597	1,078
- Capital Investment	7,400	-	7,400	-	7,400	12,337	(4,937)
2.0.5 Land Services							
- Expense	1,220	-	1,220	-	1,220	865	355
- Capital Investment	46,300	12,309	58,609	-	58,609	30,709	27,900
2.0.6 Swan Hills Treatment Centre							
- Expense	26,125	-	26,125	-	26,125	27,935	(1,810)
- Equipment/Inventory Purchases	5,928	-	5,928	-	5,928	4,486	1,442
Total Program 2	1,004,338	73,155	1,077,493	-	1,077,493	677,258	400,235
3 Other Programs And Services							
3.0.1 Natural Gas Rebates	-	-	-	-	-	-	-
3.0.2 Capital for Emergent Projects							
- Expense	30,000	(9,882)	20,118	-	20,118	3,535	16,583
- Capital Investment	-	5,429	5,429	-	5,429	12,008	(6,579)
3.0.3 Program Services							
- Expense	34,526	1,000	35,526	-	35,526	36,149	(623)
- Equipment/Inventory Purchases	-	-	-	-	-	431	(431)
Total Program 3	64,526	(3,453)	61,073	-	61,073	52,123	8,950
4 Non-Cash Items							
4.0.1 Amortization of Capital Assets	75,491	-	75,491	-	75,491	76,614	(1,123)
4.0.2 Consumption of Inventories	2,000	-	2,000	-	2,000	1,074	926
4.0.3 Nominal Sum Disposals	10,000	-	10,000	-	10,000	379	9,621
Total Program 4	87,491	-	87,491	-	87,491	78,067	9,424
Dedicated Revenue Shortfall (Schedule 2)	-	(5,192)	(5,192)	-	(5,192)	-	(5,192)
Grand Total	$ 1,174,124	$ 64,510	$ 1,238,634	$ -	$ 1,238,634	$ 822,726	$ 415,908
Expense	$ 575,106	$ (11,459)	$ 563,647	$ -	$ 563,647	$ 520,753	$ 42,894
Equipment/Inventory Purchases	10,089	-	10,089	-	10,089	30,359	(20,270)
	585,195	(11,459)	573,736	-	573,736	551,112	22,624
Capital Investment	588,929	75,969	664,898	-	664,898	271,614	393,284
	$ 1,174,124	$ 64,510	$ 1,238,634	$ -	$ 1,238,634	$ 822,726	$ 415,908
Statutory Expense							
Valuation Adjustments							
Provision for Doubtful Accounts	$ -	$ -	$ -	$ -	$ -	$ (297)	$ 297
Provision for Vacation Pay	-	-	-	-	-	142	(142)
Provision for Future Site Remediation and Reclamation	-	-	-	-	-	(6,305)	6,305
	$ -	$ -	$ -	$ -	$ -	$ (6,460)	$ 6,460

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases (EIP) and Capital Investment in the prior year exceeded the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for Voted Expense, EIP and Capital Investment in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act.*

MINISTRY OF INFRASTRUCTURE

Schedule 6

SCHEDULES TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31

	2010				2009
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Deputy Minister [4]	$ 264,069	$ -	$ 63,177	$ 327,246	$ 375,956
Current Executives					
Assistant Deputy Minister, Properties	185,117	-	9,006	194,123	215,684
Assistant Deputy Minister, Capital Projects	171,954	-	41,878	213,832	214,418
Assistant Deputy Minister, Policy and Corporate Services [5]	171,259	-	40,998	212,257	215,543
Executive Director, Finance [6]	142,182	-	34,815	176,997	204,552
Executive Director, Human Resources [7]	151,545	-	36,808	188,353	203,096

Prepared in accordance with Treasury Board Directive 12/98 as amended.

Total salary and benefits related to a position are disclosed.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts, overtime and lump sum payments. There were no bonuses paid in 2010.

(3) Other non-cash benefits include 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 provided, no dollar amount included in non-cash benefits figures.

(5) The incumbent's services are shared with the Ministry of Transportation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

(6) The incumbent's services are shared with the Ministry of Transportation from April, 2009 to June, 2009 which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

(7) The incumbent's services are shared with the Ministry of Transportation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

SCHEDULES TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management 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 Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2010	2009 (Note 3)
Revenues		
Parking/Rental	$ 2,994	$ 3,461
SUCH Sector Entities	1,086	852
Swan Hills Treatment Centre	480	480
	$ 4,560	$ 4,793
Expenses - Directly Incurred		
Business and Technology Services	$ 956	$ 1,811
SUCH Sector Entities	7,130	5,238
Insurance	2,160	1,945
	$ 10,246	$ 8,994
Tangible Capital Assets Transferred In (Out)	$ 4,542	$ 1,562
Accounts Receivable from SUCH[(1)] Sector Entities	$ 300	$ 298
Accounts Payable to SUCH[(1)] Sector Entities	$ 878	$ 1,023
Nominal Sum Disposals to SUCH[(1)] Sector Entities	$ -	$ 22,584
Proceeds on sale of net Tangible Capital Assets Sold to SUCH Sector Entities	$ -	$ -
Accounts Receivable	$ 40	$ 406

(1) SUCH - Schools, Universities, Colleges and Hospitals

(in thousands)

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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Other Entities	
	2010	2009
Revenue		
Accommodation	$ 398,218	$ 344,891
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 2,322	$ 2,479
Air Transportation/Executive Vehicles	111	196
Business Services	4,140	4,153
Internal Audit	-	30
Legal	520	1,077
	$ 7,093	$ 7,935

FINANCIAL INFORMATION

MINISTRY OF INFRASTRUCTURE
SCHEDULES TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31
(in thousands)

Schedule 8

	2010								2009
		Expenses - Incurred by Others			Valuation Adjustments (5)				(Note 3)
Program	Expenses (1)	Accommo-dation Costs (2)	Business Services (3)	Legal Services (4)	Vacation Pay	Doubtful Accounts	Others	Expenses	Expenses
Ministry Support Services	$ 13,155	$ 270	$ 4,251	$ 160	$ 11	$ -	$ -	$ 17,847	$ 16,970
Government Operations	389,847	1,009	-	159	(41)	(297)	(6,305)	384,372	412,348
Other Programs and Services	39,684	1,043	-	201	172	-	-	41,100	265,487
Non-Cash Items	78,067	-	-	-	-	-	-	78,067	89,427
	$ 520,753	$ 2,322	$ 4,251	$ 520	$ 142	$ (297)	$ (6,305)	$ 521,386	$ 784,232

(1) Expenses - Directly Incurred as per Statements of Operations, excluding valuation adjustments

(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by number of employees in program.

(3) Costs shown for Business Services include charges for financial and information technology support, vehicles and air transportation.

(4) Cost shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(5) Valuation Adjustments as per Statements of Operations. Employee Benefits and Doubtful Accounts and Others provision included in Valuation Adjustments were allocated as follows:
   - Vacation Pay - allocated to the program by employee,
   - Doubtful Accounts Provision - estimated allocation to program.

ISBN: 978-0-7785-5871-2
ISBN: 978-0-7785-5872-9
ISSN: 1924-0619 (printed version)
ISSN: 1924-0627 (online version)
September 2010
Printed in Alberta, Canada
on recycled paper