
Infrastructure

BUSINESS PLAN 2003-06

ACCOUNTABILITY STATEMENT

The Business Plan for the three years commencing April 1, 2003 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 of March 19, 2003 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

[Original Signed]

Ty Lund, *Minister of Infrastructure*
March 21, 2003

OUR VISION

Alberta has innovative, quality, and sustainable public facilities.

OUR MISSION

Through leadership and technical expertise, provide effective, efficient, innovative and timely infrastructure and services.

STRATEGIC PRIORITIES

- implementing the government's capital plan for long-term sustainable building infrastructure;
- preserving taxpayer investment in infrastructure;
- balancing preservation and growth needs;
- ensuring health and safety in government facilities; and
- improving timelines and access to services.

CORE BUSINESSES

1. Working with partners to provide cost-effective, innovative and sustainable building infrastructure to support the delivery of government services.
2. Managing government owned and operated facilities.
3. Providing realty services for government facilities.
4. Managing government air and vehicle fleets.

SCOPE OF OUR OPERATIONS

Alberta Infrastructure's responsibilities are wide-ranging, from the provision of policy direction, planning expertise and capital funding for schools, post-secondary institutions, health care facilities, and seniors' lodges (referred to as supported infrastructure), to building and managing facilities that support government operations (referred to as owned infrastructure). The ministry also provides and monitors operation and maintenance funding to schools. Leasing, property acquisition and disposal, space planning for government facilities and air and vehicle fleet management services also fall within the ministry's mandate.

PLANNING FOR THE FUTURE

Pressures

Infrastructure Debt

- The outstanding backlog of renovation and upgrading required in existing building infrastructure must be eliminated if taxpayer investment is to be protected. As of February 2003, the backlog of unfunded work is in the order of \$2.4 billion. The government's new capital plan includes funding to address some of the most urgent capital needs. However, ongoing funding for facility preservation and maintenance must continue in the long term to ensure the sustainability of facilities.

Economic Pressures

- An active, robust economy continues in Alberta, resulting in high growth in some areas, particularly resource development areas like Fort McMurray. In addition, growth in new urban developments and reduced populations in rural communities and inner city areas of Edmonton and Calgary have created a mismatch between the supply and demand for schools. Increased enrolment in post-secondary institutions and the demand for life-long learning also result in a need for facilities.

- The ratification of the Kyoto Protocol by the federal government will have a significant impact on Alberta's economy. It will cost significantly more for Alberta Infrastructure to operate existing facilities due to higher energy and operating costs.

Challenges

Environmental

- Ensuring healthy indoor air quality in government owned and supported facilities is becoming increasingly important as buildings age. Higher federal and provincial environmental standards increase the cost of land reclamation. Additionally, the need for environmental impact assessments has increased overall infrastructure costs.

Changing Demographics

- Alberta's population continues to grow. As of June 2002, over 3.1 million people reside in Alberta, an increase of over one-half million in ten years. Alberta's seniors population is also growing and by 2026 it is projected that one in five Albertans will be age 65 or older. Increased population results in the need for more learning and health facilities, seniors' lodges, and government services. As well, the demand for improved accessibility for persons with disabilities and seniors impacts building design. Alberta Infrastructure continues to work with partners to balance these needs effectively and to ultimately design multi-purpose facilities that allow flexibility for the future.

Labour and Skills Availability

- Alberta's workforce is aging. A shortage of trades people and professionals exists in both industry and government, resulting in increased labour costs for infrastructure projects.

Opportunities

Technology

- New technology can improve building design standards and materials and make facilities more efficient in energy usage and operating costs. State-of-the-art equipment and technology systems in health care and learning facilities have the potential to provide Albertans with faster access to more efficient services.

New Options for Program Delivery

- Virtual learning is becoming a reality in Alberta as electronic access to learning facilities is more readily available. With new government strategies to provide Albertans with one-window access to government services, the future will bring new opportunities for alternative service delivery options that are cost-effective and could potentially reduce the need for bricks and mortar.

Alternative Procurement and Service Delivery Options

- Alternative financing and procurement opportunities for new facilities are considered where feasible and cost-effective, and overall an increasing number of partnerships are being implemented. Alberta Infrastructure will continue to pursue such opportunities

GOALS AND STRATEGIES

GOAL ONE

1 Improve planning of government owned, leased and supported infrastructure to ensure value for investment.

Strategies

- 1.1 In partnership with Alberta Finance and Alberta Transportation, co-sponsor the cross-ministry Capital Planning Initiative: to implement infrastructure management systems; develop a priority ranking system for all capital projects across government; develop a policy framework for alternative service delivery and financing options; and measure performance.
- 1.2 Work with school boards, health authorities, post-secondary institutions, government ministries and other stakeholders to update and maintain long-term capital plans.
- 1.3 Continue to monitor deferred maintenance in buildings and provide adequate long-term funding to preserve existing buildings and ensure the facilities are kept in good or fair condition.
- 1.4 Work with stakeholders to identify opportunities for alternative procurement, sustainable development and multi-purpose facilities. (e.g. follow-up from Minister's Symposium on Schools and supporting the Health Sustainability Initiative.)
- 1.5 Expand the use of the business case criteria for assessing capital project proposals to include health and learning capital projects.

GOAL TWO

2 Provide leadership to deliver effective and efficient facilities in support of life-long learning.

Strategies

- 2.1 Balance the need for preserving existing facilities, eliminating excess space, and expanding facilities in areas of enrollment growth.
- 2.2 Measure performance and monitor school board use of operating and maintenance program funding provided for school buildings.
- 2.3 Address the issues identified in the 2002 facilities audit of post-secondary institutions.
- 2.4 In conjunction with post-secondary institutions, conduct a utilization study of all college, university and technical institute facilities.

GOAL THREE

3 Provide leadership in the development and upgrading of effective, efficient health care and seniors' facilities.

Strategies

- 3.1 Support Alberta Health and Wellness and health authorities in planning and implementing the Health Sustainability Initiative.
- 3.2 Facilitate future planning to address major maintenance needs.
- 3.3 Work with Alberta Seniors and lodge foundations to develop infrastructure management systems that will enhance their planning of future capital and maintenance needs.

4 In partnership with all ministries, manage government owned and leased facilities to achieve a safe and healthy environment and support the delivery of government programs.

Strategies

- 4.1 Develop and maintain accommodation plans for government clients.
- 4.2 Maintain and monitor indoor air quality standards and processes.
- 4.3 Develop and implement emergency response plans for all facilities.
- 4.4 Implement an international standards Environmental Management System that can be applied to manage hazardous materials in construction, renovation, demolition and site remediation projects, as appropriate.
- 4.5 Ensure accessibility needs for persons with disabilities are fully considered in ministry design standards, policies, programs and projects.
- 4.6 Seek innovative methods of project financing and delivery for major projects, such as the Calgary Law Courts Facility.
- 4.7 Monitor energy efficiency and operating costs of government owned and leased facilities and make cost-effective improvements.
- 4.8 Manage government facilities by setting standards and monitoring performance of private sector and public service providers.

5 Manage land requirements to support the delivery of government programs and maintain effective environmental stewardship of existing sites.

Strategies

- 5.1 Continue to sell or divest surplus and underutilized properties.
- 5.2 Determine client departments' property needs and acquire, lease or dispose of property as appropriate.
- 5.3 Plan, develop and administer the Edmonton and Calgary transportation and utility corridors.
- 5.4 Implement a program to address environmental concerns at highway maintenance yards.

6 Efficiently manage the government's air and vehicle fleets to provide safe, reliable and responsive service.

Strategies

- 6.1 Ensure the safety of passengers through ongoing efficient maintenance of the air fleet.
- 6.2 Continue to work with the private-sector vehicle fleet service provider to meet the transportation needs of government departments, boards and agencies, and effectively plan for future retirement or replacement of vehicles.

7 Improve client service and ensure cost-effective, quality administration is in place.

Strategies

- 7.1 Continue to streamline and improve procedures and processes.
- 7.2 Implement the Building and Land Infrastructure Management System to improve planning of capital projects and client and department access to facility and project identification information, and track deferred maintenance needs.
- 7.3 Improve communication with stakeholders by providing meaningful opportunities for input into decision making.

8 Support economic growth and diversification to maintain prosperity and quality of life for Albertans.

Strategies

- 8.1 Over time and in concert with the government's capital plan, eliminate the existing infrastructure debt and add needed infrastructure in areas of high growth.
- 8.2 Support the government's strategy to enhance research and development capacity in Alberta through projects such as the development of the new Health Research Innovation Centres at the Universities of Calgary and Alberta.
- 8.3 Provide input regarding schools and health care facilities into the new Rural Development Strategy to create an integrated approach to rural development and help rural communities capitalize on Alberta's economic activity.
- 8.4 Continue to work with industry and educational institutions to attract, train and develop members of the construction and consulting industries and the public service, through initiatives such as the Internship Program.
- 8.5 Contribute to the cross-ministry Aboriginal Policy Initiative through participation in the Alberta Aboriginal Apprenticeship Project.

SUPPORTING GOVERNMENT PRIORITIES

The Government of Alberta's (GOA) activities are focused on three core businesses: People, Prosperity and Preservation. Goals have been developed for each core business to clearly define the government's priorities for protecting the quality of life in Alberta while maintaining a commitment to fiscal responsibility. Ministry linkages to the GOA goals are noted below.

Government of Alberta Goals	Government of Alberta Performance Measures	Supporting Ministry Goals
<ul style="list-style-type: none"> Goal 1 - Albertans will be healthy. Goal 2 - Albertans will be well prepared for lifelong learning and work. Goal 4 - Albertans will be self-reliant and those unable to provide for their basic needs will receive help. Goal 9 - Alberta will have a financially stable, open and accountable government and a strong intergovernmental position in Canada. Goal 10 - Alberta will be a safe place to work, live and raise families. Goal 12 - Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas. 	<ul style="list-style-type: none"> Physical Condition of Health Facilities Physical Condition of Educational Institutions Condition of Government Owned and Operated Buildings (over 1,000 m²) 	<ul style="list-style-type: none"> Goals 1, 3 and 8 Goals 1, 2 and 8 Goals 3 and 4 Goals 4, 5 and 6 Goal 4 Goal 4

LINKING OUR CORE BUSINESSES AND GOALS

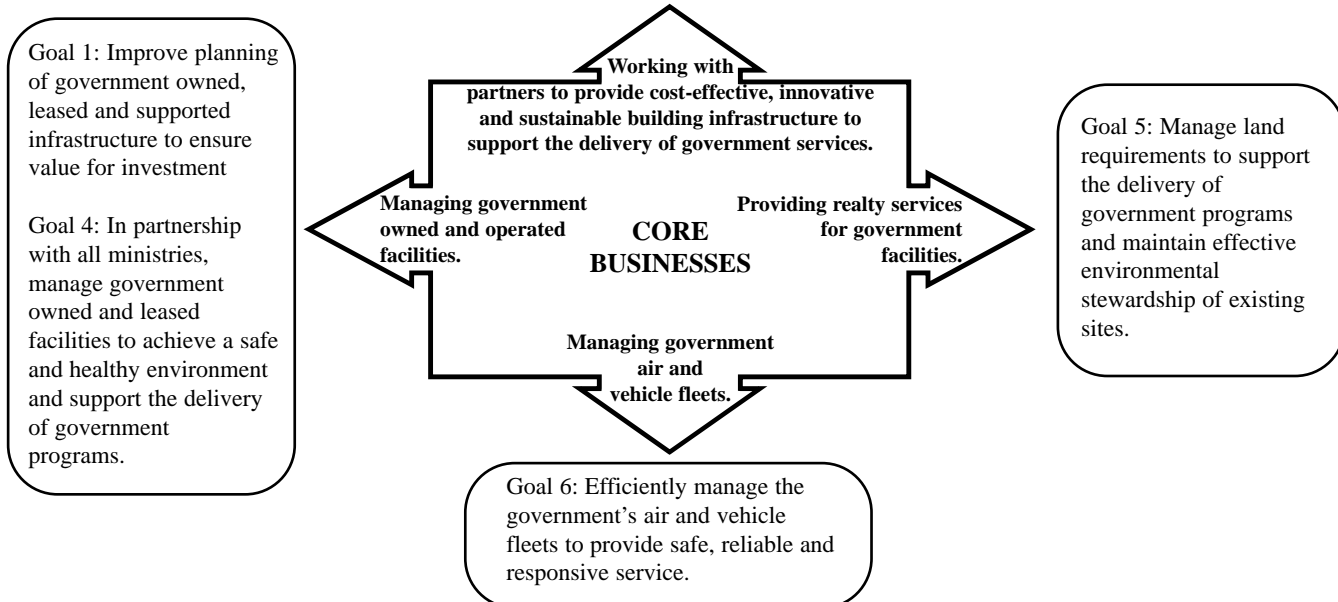
Goal 1: Improve planning of government owned, leased and supported infrastructure to ensure value for investment.

Goal 2: Provide leadership to deliver effective and efficient facilities in support of life-long learning.

Goal 3: Provide leadership in the development and upgrading of effective, efficient health care and seniors' facilities.

Goal 7: Improve client service and ensure cost-effective, quality administration is in place.

Goal 8: Support economic growth and diversification to maintain prosperity and quality of life for Albertans.



PERFORMANCE MEASURES

Measure 1 - Condition, Utilization and Functional Adequacy of Buildings

In support of our strategic direction of preserving existing infrastructure and protecting taxpayer investment, we monitor the condition, utilization and functional adequacy of supported building infrastructure. Our long-term aim is to ensure that the condition of facilities does not deteriorate, that the facilities are effectively utilized and that they provide adequate services to Albertans.

The following outlines targets for our key measures which support the cross-ministry Capital Planning Initiative. Targets for the condition measures are based on current budget levels as outlined in this business plan. The Capital Planning Initiative describes physical condition as the percentage of infrastructure in good, fair and poor condition, with good and fair ratings considered acceptable. Good is defined as adequate for intended use and expected to provide continued service life with average maintenance. Fair condition means components are aging and nearing the end of their life cycle, requiring additional expenditures for renewal or refurbishing. Poor means the facilities require upgrading to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

Utilization is defined as the percentage of infrastructure that is within targeted capacity. The percentage is calculated on specific criteria depending on the type of facility. Utilization measures for health and post-secondary facilities are currently under development.

Functional adequacy is the percentage of infrastructure that provides acceptable functional service. This measure is under development for health, schools and post-secondary facilities.

Schools (K-12)	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
<i>Condition</i>					
% in good condition	47%	50%	53%	56%	56%
% in fair condition	44%	42%	40%	39%	39%
% in poor condition	9%	8%	7%	5%	5%
<i>Utilization</i>					
Student enrolments as a % of school building capacity	76%	76%	74%	72%	72%
<i>Functional Adequacy</i>					
% that provide adequate functional service	Measure under development.				

Health Facilities	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
<i>Condition</i>					
% in good condition	55%	57%	60%	64%	64%
% in fair condition	37%	35%	33%	30%	30%
% in poor condition	8%	8%	7%	6%	6%
<i>Utilization</i>					
% within targeted capacity	Measure under development.				
<i>Functional Adequacy</i>					
% that provide adequate functional service	Measure under development.				

Post-Secondary Institutions	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
<i>Condition</i>					
% in good condition	47%	47%	45%	45%	45%
% in fair condition	45%	45%	46%	46%	46%
% in poor condition	8%	8%	9%	9%	9%
<i>Utilization</i>					
% within targeted capacity			Measure under development.		
<i>Functional Adequacy</i>					
% that provide adequate functional service			Measure under development.		

Government owned and operated facilities (over 1,000 m ²)	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
<i>Condition</i>					
% in good condition	57%	56%	55%	54%	53%
% in fair condition	40%	41%	42%	43%	44%
% in poor condition	3%	3%	3%	3%	3%
<i>Utilization</i>					
% within targeted capacity	89%	89%	89%	89%	89%
<i>Functional Adequacy</i>					
% that provide adequate functional service	79%	79%	79%	79%	79%

Measure 2 - Number of Seniors' Lodges Upgraded

This measure reflects the number of seniors' lodges for which upgrading has been completed under the Lodge Upgrading Program. A total of 121 lodges were selected for upgrading under this program which will be completed by the 2004-05 fiscal year.

	2001-02 Results	2002-03 Target	Business Plan	
			2003-04 Target	2004-05 Target
Number of seniors' lodges completed	103	114	119	121

Measure 3 - Operating cost per square metre for government owned and operated facilities

This measure compares the operating cost of government owned and operated facilities to the industry average.

	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
Average operating cost per m ² of all office buildings owned and operated by Alberta Infrastructure	\$75.78		Ministry target for each year is to not exceed the annual industry average.		
Results of industry survey (for comparison purposes only)	\$99.68				

Measure 4 - Energy Consumption per square metre in government owned and operated facilities

This measure shows the average energy consumption in government owned and operated facilities over a 12-month period and is an indicator of how efficiently energy, including natural gas and electricity, is being used by the facilities.

	2001-02 Baseline	2002-03 Target	Business Plan		
			2003-04 Target	2004-05 Target	2005-06 Target
Energy consumption in owned and operated facilities (megajoules per m ²)	1,760*	1,779	1,775	1,775	1,775

* Due to deregulation of electricity, changes in industry practices resulted in incomplete data.

Measure 5 - Client Satisfaction Survey

To determine our clients' level of satisfaction with the services we provide, client satisfaction survey is undertaken every second calendar year.

	2001 Baseline	2002 Target	Business Plan		
			2004 Target	2006 Target	2008 Target
Average rating for overall quality of service (based on a scale of 1 to 6)	4.6	4.6	4.7	4.7	4.8

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable 2001-02 Actual	Comparable 2002-03 Budget	Comparable 2002-03 Forecast	2003-04 Estimates	2004-05 Target	2005-06 Target
EXPENSE						
Core Business						
Working with partners to provide cost-effective, innovative and sustainable building	1,855,159	482,770	467,480	824,881	687,371	548,180
Managing government-owned and operated facilities	513,814	327,391	354,325	364,500	337,663	337,826
Providing realty services for government facilities	8,947	7,623	8,771	8,400	8,404	8,422
Managing government air and vehicle fleets	6,333	6,815	7,023	7,784	7,787	7,797
MINISTRY EXPENSE	2,384,253	824,599	837,599	1,205,565	1,041,225	902,225

CAPITAL INVESTMENT BY CORE BUSINESS

(thousands of dollars)

	Comparable 2001-02 Actual	Comparable 2002-03 Budget	Comparable 2002-03 Forecast	2003-04 Estimates	2004-05 Target	2005-06 Target
CAPITAL INVESTMENT						
Core Business						
Managing government-owned and operated facilities	20,385	8,562	19,663	24,822	126,296	124,009
Providing realty services for government facilities	10,329	3,432	5,931	19,537	9,105	8,692
Managing government air and vehicle fleets	1,339	1,016	1,016	1,907	1,898	1,899
MINISTRY CAPITAL INVESTMENT	32,053	13,010	26,610	46,266	137,299	134,600

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable 2001-02 Actual	Comparable 2002-03 Budget	Comparable 2002-03 Forecast	2003-04 Estimates	2004-05 Target	2005-06 Target
REVENUE						
Internal Government Transfers	345,000	105,000	105,000	145,000	115,000	130,000
Investment Income	7,422	4,000	9,000	4,000	4,000	4,000
Premiums, Fees and Licences	2,668	2,000	2,000	2,700	2,000	2,000
Other Revenue	91,199	28,740	46,540	26,740	26,358	26,358
MINISTRY REVENUE	446,289	139,740	162,540	178,440	147,358	162,358
EXPENSE						
Program						
Infrastructure Operations						
School Facilities Operations	309,056	323,743	323,743	331,543	329,543	331,543
Property Operations	107,906	115,629	119,129	123,816	121,850	120,935
Leases	83,280	84,370	91,320	99,946	100,700	100,700
Swan Hills Treatment Plant	26,204	26,000	26,000	26,000	11,000	11,000
Sub-total	526,446	549,742	560,192	581,305	563,093	564,178
Infrastructure Preservation						
Health Care Facilities	199,808	25,110	29,360	122,714	108,636	57,000
School Facilities	356,551	31,051	44,148	48,059	81,755	74,588
Post-Secondary Facilities	132,195	14,860	2,360	24,800	28,800	36,034
Seniors' Lodges	22,415	10,942	10,942	3,130	3,120	2,000
Capital and Accommodation Projects	17,632	13,107	22,707	21,881	11,348	13,900
Government Facilities	16,348	9,675	9,675	9,675	9,675	9,675
Site Environmental Services	3,213	1,650	1,650	1,650	1,650	1,650
Sub-total	748,162	106,395	120,842	231,909	244,984	194,847
Infrastructure Expansion						
Health Care Facilities	268,287	34,090	2,340	97,733	10,490	-
School Facilities	356,041	27,479	30,682	67,580	86,809	6,251
Post-Secondary Facilities	197,168	1,540	1,540	100,000	-	-
Seniors' Lodges	942	1,300	8,600	2,170	3,010	-
Capital and Accommodation Projects	1,659	1,758	1,758	2,400	2,800	1,100
Land Services	1,564	2,100	2,900	2,100	2,100	2,100
Centennial Projects	86	5,000	7,550	500	-	-
Centennial Projects - Legacy Grants	-	-	-	12,500	12,500	-
Sub-total	825,747	73,267	55,370	284,983	117,709	9,451
Ongoing Commitments						
Air Transportation Services	2,981	2,796	2,796	3,443	3,443	3,443
Vehicle Services	410	413	413	422	422	422
Support Services	37,105	32,826	38,826	43,503	43,574	43,884
Sub-total	40,496	36,035	42,035	47,368	47,439	47,749
Other						
Financing Cost	-	-	-	-	8,000	26,000
Energy Rebates	201,472	-	-	-	-	-
Sub-total	201,472	-	-	-	8,000	26,000
Non-Cash						
Amortization	39,519	51,560	51,560	52,500	52,500	52,500
Nominal Sum Disposals	-	5,000	5,000	5,000	5,000	5,000
Consumption of Inventories	2,809	2,500	2,500	2,500	2,500	2,500
Valuation Adjustments and Other Provisions	(398)	100	100	-	-	-
Sub-total	41,930	59,160	59,160	60,000	60,000	60,000
MINISTRY EXPENSE	2,384,253	824,599	837,599	1,205,565	1,041,225	902,225
Gain (Loss) on Disposal and Write Down of Capital Assets	17,152	-	-	-	-	-
NET OPERATING RESULT	(1,920,812)	(684,859)	(675,059)	(1,027,125)	(893,867)	(739,867)

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable 2001-02 Actual	Comparable 2002-03 Budget	Comparable 2002-03 Forecast	2003-04 Estimates	2004-05 Target	2005-06 Target
Ministry Revenue	446,289	139,740	162,540	178,440	147,358	162,358
<i>Inter-ministry consolidation adjustments</i>	(351,319)	(109,665)	(109,665)	(148,665)	(118,665)	(133,665)
Consolidated Revenue	94,970	30,075	52,875	29,775	28,693	28,693
Ministry Program Expense	2,384,253	824,599	837,599	1,205,565	1,041,225	902,225
<i>Inter-ministry consolidation adjustments</i>	(6,319)	(4,665)	(4,665)	(3,665)	(3,665)	(3,665)
Consolidated Program Expense	2,377,934	819,934	832,934	1,201,900	1,037,560	898,560
Gain (Loss) on Disposal and Write Down of Capital Assets	17,152	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	(2,265,812)	(789,859)	(780,059)	(1,172,125)	(1,008,867)	(869,867)

CAPITAL INVESTMENT BY PROGRAM

(thousands of dollars)

	Comparable 2001-02 Actual	Comparable 2002-03 Budget	Comparable 2002-03 Forecast	2003-04 Estimates	2004-05 Target	2005-06 Target
Program						
Swan Hills Treatment Plant	3,457	2,000	2,000	2,000	2,000	2,000
Capital and Accommodation Projects	7,489	4,000	4,000	12,000	94,000	97,361
Land Services	9,408	3,300	5,800	19,080	8,721	8,300
Centennial Projects	7,712	2,300	13,400	9,909	29,528	23,864
Site Environmental Services	57	-	-	-	-	-
Air Transportation Services	374	500	500	850	850	850
Vehicle Services	857	500	500	1,000	1,000	1,000
Support Services	2,699	410	410	1,427	1,200	1,225
CAPITAL INVESTMENT	32,053	13,010	26,610	46,266	137,299	134,600

