

BUSINESS PLAN 2017–20

Infrastructure

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of March 3, 2017.

original signed by

Brian Mason, Minister

MINISTRY OVERVIEW

The ministry consists of the Department of Infrastructure.

Infrastructure designs, builds, manages and maintains government-owned facilities, and collaborates with other ministries to ensure that schools, hospitals and other government-owned and operated infrastructure meet the needs of Alberta's population. The ministry is responsible for leading the development of the provincial Capital Plan, which addresses the provincial infrastructure deficit. The Capital Plan supports key social programs and services provided to Albertans, economic development in the province, and environmental outcomes. The ministry works with stakeholders to develop and deliver new capital projects, while undertaking opportunities to renovate, repurpose and revitalize existing facilities as appropriate. In addition, Infrastructure provides accommodation services and manages a large portfolio of owned and leased facilities while maintaining fiscal accountability and optimizing value for Albertans.

A more detailed description of Infrastructure and its programs and initiatives can be found at www.infrastructure.alberta.ca.

STRATEGIC CONTEXT

The outcomes and key strategies identified in this business plan are aligned with the strategic direction of the Government of Alberta.

Financial pressures and fluctuating oil prices present opportunities and challenges for Infrastructure. Investments in green infrastructure by provincial, federal and other governments ensure Alberta's infrastructure is environmentally responsible. The ministry can contribute to government efforts to combat climate change and improve Albertans' quality of life by supporting renewable energy technologies and waste reduction, strengthening asset management practices, and aligning its business with environmental smart practices.

Infrastructure is committed to a culture of continuous improvement to uphold transparency, fairness and good value for money. The ministry's need to attract and retain specialized personnel and keep pace with rapidly changing technology is constant. Opportunities exist for Infrastructure to ensure its programs and initiatives address the diversity of Alberta's population, including Indigenous communities, in collaboration with other ministries.

Infrastructure must balance the construction of new facilities with the maintenance of existing infrastructure. A life-cycle approach safeguards provincial assets, and ensures value for money through all stages – from planning and building, to operation and ultimately to disposal or repurposing. Preservation of infrastructure assets through maintenance and rehabilitation can extend the useful life of facilities and reduce costs in the long-term.

OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

Outcome One: Innovative and responsible infrastructure solutions that meet current and future provincial needs

Key Strategies:

- 1.1 Develop a responsible provincial capital plan focused on public infrastructure that supports key public services and supports the delivery of the Alberta Jobs Plan.
- 1.2 Address Alberta's infrastructure deficit by balancing the building of new facilities with the preservation of existing infrastructure.
- 1.3 Continuously improve planning, project management and procurement to deliver provincial infrastructure on time, on budget and to specification.

Performance Measures	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
1.a Health facilities – physical condition ⁴ :				
• Percentage in category 1 ¹	84%	83% ⁵	83% ⁵	84% ⁵
• Percentage in category 2 ²	15%	16%	16%	15%
• Percentage in category 3 ³	1%	1%	1%	1%
1.b School facilities – physical condition ⁴ :				
• Percentage in category 1 ¹	57%	60%	61%	57%
• Percentage in category 2 ²	42%	39%	38%	42%
• Percentage in category 3 ³	1%	1%	1%	1%
1.c Post-secondary facilities – physical condition ⁴ :				
• Percentage in category 1 ¹	72%	70%	69%	61%
• Percentage in category 2 ²	27%	29%	30%	37%
• Percentage in category 3 ³	1%	1%	1%	2%
1.d Government-owned and operated facilities – physical condition ⁴ :				
• Percentage in category 1 ¹	73%	74%	75%	75%
• Percentage in category 2 ²	26%	25%	24%	24%
• Percentage in category 3 ³	1%	1%	1%	1%

Notes:

- ¹ Category 1: Adequate for intended use and expected to provide continued service life with average maintenance.
- ² Category 2: Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing.
- ³ Category 3: Upgrading is required to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.
- ⁴ In previous ministry business plans, the physical condition of facilities was reported in terms of being in good, fair or poor condition. Physical condition of facilities is now reported by category to ensure that results are not misunderstood.
- ⁵ The targets for health facilities – physical conditions have been adjusted based on recent assessment information.

Linking Performance Measures to Outcomes:

- 1.a, 1.b, 1.c, 1.d These measures indicate the physical condition of each facility type. This information enables the ministry to provide capital planning advice to other ministries regarding the prioritization of investments in new facilities and capital maintenance and renewal funding for existing facilities.

Outcome Two: Alberta’s public infrastructure is effectively managed and environmentally sustainable

This outcome focuses on government-owned and operated facilities.

Key Strategies:

- 2.1 Incorporate asset management solutions throughout the design, construction, operation, maintenance and divestment phases to ensure effective decision-making related to facilities, land, leasing and accommodation services.
- 2.2 Maximize the value of provincial infrastructure while minimizing overall costs through effective long-term investment in core assets and the disposition of inefficient or obsolete assets.
- 2.3 Examine opportunities to implement environmental efficiencies, green technologies and the reduction of the environmental footprint of provincial infrastructure, in support of Alberta’s *Climate Leadership Plan*.

Performance Measures	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
2.a Energy consumption intensity in megajoules per gross square metre in government-owned and operated facilities	1,623	1,650 ¹	1,642 ¹	1,634 ¹
2.b Percentage difference between average operating costs per rentable square metre of government-owned and operated office space and privately operated leased space	-0.6%	±5%	±5%	±5%
2.c Net greenhouse gas emissions intensity in metric tonnes of carbon dioxide equivalents per square metre of government-owned and operated facilities	0.127	0.127	0.127	0.126

Note:

¹ The targets for energy consumption intensity have been adjusted based on updates to the methodology and baseline data.

Linking Performance Measures to Outcomes:

- 2.a Indicates the success of the ministry in reducing energy consumption through efficiencies and green technologies. The information enables the ministry to identify and implement energy saving initiatives to achieve environmental benefits.
- 2.b Indicates the cost-effectiveness of operating and maintaining government office space and enables the ministry to identify areas where improvements in cost-effectiveness can be achieved.
- 2.c The information enables the ministry to identify, implement and assess initiatives aimed at reducing greenhouse gas emissions from government-owned and operated facilities.

RISKS TO ACHIEVING OUTCOMES

Reductions in government spending to reduce deficits is a risk to the delivery of the capital plan and the ministry’s ability to take advantage of all available funds from federal, provincial, territorial agreements as the matching dollars required may be unavailable.

Infrastructure may be slower to reduce environmental impacts due to aging infrastructure, current occupancy rates of government-owned buildings and the upfront costs of green technology. This would impact the ministry’s outcome of environmentally sustainable public infrastructure.

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2017-18 Estimate	2018-19 Target	2019-20 Target
	2015-16 Actual	2016-17 Budget	2016-17 Forecast			
REVENUE						
Internal Government Transfers	-	-	-	1,380	1,000	-
Transfers from Government of Canada	398	1,668	1,668	11,681	11,569	11,569
Investment Income	194	-	-	-	-	-
Premiums, Fees and Licences	1,737	2,756	2,756	1,660	1,744	2,176
Other Revenue	62,383	58,581	28,350	36,112	104,173	60,949
Ministry Total	64,712	63,005	32,774	50,833	118,486	74,694
Inter-Ministry Consolidations	(5,490)	(10,450)	(6,953)	(8,421)	(4,845)	(3,845)
Consolidated Total	59,222	52,555	25,821	42,412	113,641	70,849
EXPENSE						
Ministry Support Services	25,015	26,147	26,147	26,217	27,289	26,288
Capital Construction	566,835	647,243	443,339	594,079	954,802	1,441,802
Strategic Partnerships Office	2,923	1,200	1,200	-	-	-
Property Management	345,417	372,562	369,462	384,317	400,979	431,474
Asset Management	7,022	7,908	7,908	7,754	7,902	7,902
Realty Services	209,575	225,164	213,784	222,812	232,359	234,889
2013 Alberta Flooding	8,279	21,534	9,616	28,190	50	-
Climate Leadership Plan	-	-	330	11,738	11,243	8,125
Ministry Total	1,165,066	1,301,758	1,071,786	1,275,107	1,634,624	2,150,480
Inter-Ministry Consolidations	(541,011)	(610,343)	(428,005)	(550,345)	(910,208)	(1,424,028)
Consolidated Total	624,055	691,415	643,781	724,762	724,416	726,452
Net Operating Result	(564,833)	(638,860)	(617,960)	(682,350)	(610,775)	(655,603)
CAPITAL INVESTMENT						
Ministry Support Services	3,370	3,558	4,150	4,858	4,558	3,558
Capital Construction	138,958	232,691	109,194	132,487	134,814	89,651
Property Management	47,052	74,129	88,293	78,629	113,997	150,367
Realty Services	26,605	21,300	23,195	9,540	9,457	22,780
2013 Alberta Flooding	5,207	11,000	12,406	2,249	-	-
Climate Leadership Plan	-	-	135	-	-	-
Ministry Total	221,192	342,678	237,373	227,763	262,826	266,356
Inter-Ministry Consolidations	(991)	-	-	(1,380)	(1,000)	-
Consolidated Total	220,201	342,678	237,373	226,383	261,826	266,356