

BACKGROUND

For Immediate Release
November 3, 2014

Alternative Financing and Procurement Track Record Report 2014

Report Objectives

- In 2014, Infrastructure Ontario (IO) retained Altus Group Limited to conduct an external review of 37 Alternative Financing and Procurement (AFP) projects that had reached Substantial Completion by March 31, 2014.
- The review assessed the extent to which these projects adhered to established budgets and scheduling and followed best industry practices.

Summary of Altus review findings:

- 97 percent of AFP projects (36 out of the 37 projects reviewed) were completed below budget estimates with one project going 0.01% over the budgeted IO-managed AFP contract costs.
- 27 out of 37 AFP projects (73%) were completed on time or within one month of their scheduled completion date.
- Private sector partners often bore the costs associated with delays, either in full or in part, based on the allocation of risk defined in project agreements.
- Across all projects, on average, only 36% of the available contingency funds were used to address non-discretionary changes through the construction period.
- IO's budgeting practices are aligned with industry best practices and guidelines.

Other observations

- The combined on-time and on-budget performance demonstrates the high level of effectiveness and efficiency of the AFP model.
- On-budget performance can largely be attributed to the additional rigour and due diligence associated with private sector financing, along with the overall project management discipline and controls that IO applies at the individual project level.

About IO

Infrastructure Ontario is a Crown corporation wholly owned by the Province of Ontario and established by the Ontario Infrastructure and Lands Corporation Act, 2011. IO works to deliver public benefits through partnerships with the private sector.

IO plays a key role in the Province of Ontario's long-term infrastructure plan to repair, rebuild, and renew the Province's roads and highways, bridges, public transit, post-secondary institutions, hospitals, and justice facilities, including detention centres and courthouses, in communities across Ontario. Projects delivered by IO are guided by five key principles:

- Transparency;
- Accountability;
- Demonstrating value for money;
- Maintaining public ownership and control; and
- Ensuring the protection of public interest.

IO partners with public sector agencies, including provincial ministries, Crown corporations, municipalities, and not-for-profit organizations to renew infrastructure across Ontario. IO also partners

with the private sector to manage one of the largest real estate portfolios in Canada, provides municipalities and eligible public-sector clients with loans to renew public infrastructure, and leverages its private-sector expertise to advise the provincial public-sector clients on commercial transactions.

On behalf of the Province of Ontario, IO procures and delivers large projects using a made-in-Ontario modern procurement and project management practice called alternative financing and procurement. Between June 2009 and May 2014, Infrastructure Ontario achieved Substantial Completion (the point at which a new asset is ready for use as intended and only minor work remains) on 37 AFP projects.

Infrastructure Ontario is committed to transparency. Since 2013, IO has measured and publicly reported on its project delivery results each year. A copy of the 2013 and 2014 Track Record reviews can be found online at: www.infrastructureontario.ca/reports.