Ontario

INFRASTRUCTURE ONTARIO

VALUE FOR MONEY ASSESSMENT

HAMILTON HEALTH SCIENCES
HENDERSON GENERAL HOSPITAL
REDEVELOPMENT PROJECT

www.infrastructureontario.ca

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Infrastructure Ontario
777 Bay Street
Toronto, Ontario
M5G 2C8
Attn: Carole Malo

Re: Final Value for Money Assessment – Hamilton Health Sciences – Henderson Project

Dear Ms. Malo:

KPMG LLP ("KPMG") has prepared the Value for Money ("VFM") assessment for the Henderson Project ("Project") at the Financial Close stage, in accordance with our letter of engagement with Infrastructure Ontario ("IO") and IO's methodology *Assessing Value for Money: A Guide to Infrastructure Ontario's Methodology*. This methodology is consistent with approaches used in other jurisdictions.

The VFM assessment is based on a comparison of the total project costs at substantial completion for the Project under:

1. The traditional delivery approach, as reflected in the Public Sector Comparator ("PSC") model; and

2. The Alternative Finance and Procurement approach ("AFP"), incorporating the Successful Bidder's proposed costs.

The VFM assessment was calculated using the following information (collectively the "Information") within the VFM model:

i. A Risk Matrix developed for IO by Altus Helyar and adapted by IO to reflect Project specific risks; and

ii. Cost and other input assumptions extracted from the bid submitted by the Successful Bidder and other VFM model assumptions as provided by IO.

We have not audited or attempted to independently verify the reasonableness, accuracy or completeness of the Information.

Based on our understanding of IO's VFM methodology, we can confirm that, the Information has been appropriately used in the VFM model, and that the VFM assessment demonstrates the AFP approach provides estimated cost savings of 10.67% in comparison to the traditional delivery approach.

Yours very truly

Will Lipson

KPMG LLP

Will Lipson
Managing Director
Toronto, Ontario
December 20, 2007

PRP International, Inc.

Fairness Monitor Services

December 10, 2007

Mr. Steven Richards
Vice President, Project Legal Services
Infrastructure Ontario
777 Bay Street, 6th Floor
Toronto, ON M5G 2C8

Dear Mr. Richards:

Subject: Attestation of the Fairness Monitor - Request For Proposals Phase
<u>Hamilton Health Sciences Corporation – Henderson General Hospital (Redevelopment Project)</u>

PRP International, Inc. was retained to provide Fairness Monitor services for the above noted project. Our services were provided for the Request for Proposal (RFP) phase which commenced on March 8, 2007. The deadline for submission of Proposals was August 15, 2007.

During the course of this procurement, the specified processes were appropriately and equitably applied to all Proponents and the sole Proposal was evaluated in accordance with the criteria setout in the RFP.

Accordingly, it is the judgment of PRP International, Inc. that the determination of EllisDon Corporation, as the Preferred Proponent was made in a fair (objective and competent) manner and consistent with the evaluation and selection processes set out in the RFP.

Yours truly,
PRP International, Inc.

Peter Sorensen
President

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Hamilton Health Sciences
Henderson General Hospital
Architect's rendering

Zeidler Partnership Architects and Garwood-Jones & Hanham Architects

Redevelopment and Expansion of Services at Hamilton Health Sciences' Henderson General Hospital

Highlights

	Current	At completion	Increase
Emergency room capacity (patient visits)	30,500 annually	32,000 annually	5%
Oncology beds	50	90	80%
Cardiac Care beds	7	12	71%
Intensive Care beds	10	14	40%
Operating Rooms	6	9	50%

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Summary

ReNew Ontario 2005-2010 is a $30-billion-plus strategic infrastructure investment plan to modernize, upgrade and expand Ontario's public infrastructure.

An update to *ReNew Ontario* was released in July 2007 and is available at www.pir.gov.on.ca

Infrastructure Ontario is an essential component of the *ReNew Ontario* plan. The Crown Corporation ensures that new infrastructure projects are delivered on time and on budget.

The Hamilton Health Sciences' Henderson General Hospital project is one of the redevelopment projects to be delivered under the province's Alternative Financing and Procurement (AFP) delivery model. The redevelopment project involves expansion of facilities and renovations to various areas of the existing hospital to provide enhanced general hospital services including a full range of acute inpatient and ambulatory services supporting cancer care and patients from the Juravinski Cancer Centre. It will include additional oncology and critical care beds and the provision of more capacity in emergency services, surgery, diagnostic services, outpatient clinics and support areas.

The public sector retains ownership, control and accountability for the hospital, including the new facilities.

The purpose of this report is to provide a summary of the project scope, the procurement process and the project agreement, and to demonstrate how value for money was achieved by delivering the Hamilton Health Sciences' Henderson General Hospital project through the AFP process.

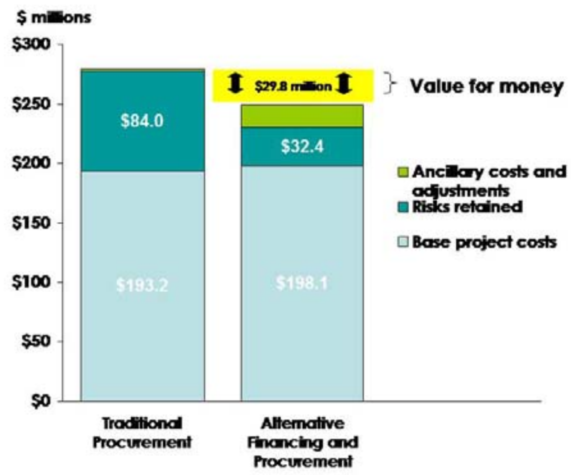
The value for money analysis refers to the process of developing and comparing the total project costs under two different delivery models expressed in dollar values measured at the same point in time. This is referred to as "future value." Future value is a measurement that determines the value of a given sum of money, at a specified time in the future, assuming a specified interest rate.

Value for money is determined by directly comparing the cost estimates for the following two delivery models:

Model #1 Traditional project delivery (Public sector comparator)	Model #2 Alternative Financing and Procurement
Total project costs that would have been incurred by the public sector to deliver an infrastructure project under traditional procurement processes.	Total project costs incurred by the public sector to deliver the same infrastructure project with identical specifications using the AFP approach.

The cost difference between model #1 and model #2 is the estimated value for money for this project.

The value for money assessment of the Hamilton Health Sciences' Henderson General Hospital redevelopment project indicates estimated cost savings of 10.67 per cent or $29.8 million, by using the AFP approach in comparison to traditional delivery.



"We appreciate the government's continued commitment and support of the redevelopment of the Henderson General Hospital. Our patients, staff and community will benefit from having a modern facility designed to meet the growing health care needs in our region,"
Murray Martin, President and CEO, Hamilton Health Sciences.

KPMG completed the value for money assessment of this project. Their assessment demonstrates projected cost savings of 10.67 per cent by delivering the project using the AFP model versus what it would have cost to deliver the project using a traditional delivery model (see page 14).

PRP International acted as the Fairness Monitor for the project. They reviewed and monitored the communications, evaluations and decision-making processes associated with Hamilton Health Sciences' Henderson General Hospital project, ensuring the fairness, equity, objectivity, transparency and adequate documentation of the process. PRP International certified that these principles were maintained throughout the procurement process.

Infrastructure Ontario will work with Hamilton Health Sciences on the redevelopment of Henderson General Hospital, which will remain publicly owned, publicly controlled and publicly accountable.

Project description

Background

ReNew Ontario 2005-2010 is a $30-billion-plus strategic infrastructure investment plan. An update to *ReNew Ontario* was released in July 2007 and is available at www.pir.gov.on.ca

Infrastructure Ontario is an essential component of the *ReNew Ontario* plan. The Crown Corporation was created in 2005 to ensure that new infrastructure projects are delivered on time and on budget.

Under the *ReNew Ontario* plan, projects may be assigned to Infrastructure Ontario by the provincial government, which uses a made-in-Ontario project delivery model called Alternative Financing and Procurement (AFP). AFP brings private-sector expertise, ingenuity and rigour to the process of managing and renewing Ontario's public infrastructure, while shifting risks associated with cost and schedule overruns away from the public sector.

Ontario's public infrastructure projects are guided by the five principles set out in the provincial government's *Building a Better Tomorrow framework*:

1. public interest is paramount;
2. value for money must be demonstrable;
3. appropriate public control and ownership must be preserved;
4. accountability must be maintained; and
5. all processes must be fair, transparent and efficient.

Hamilton Health Sciences' Henderson General Hospital

The Henderson General Hospital is a full-service community hospital that also provides acute inpatient and palliative care, diagnostic services and an educational environment to support the needs of cancer patients at the Juravinski Cancer Centre.

The Henderson and Juravinski Cancer Centre are part of the Hamilton Health Sciences family of hospitals.

Hamilton Henderson is also the site of the orthopaedics and joint replacement program, women health and general hospital services.

The hospital's 24-hour Emergency Department manages more than 30,000 visits annually. Other services include diagnostic and cardiac imaging, an Ambulatory Care Unit for outpatient clinic visits, a fracture clinic, outpatient procedures, medical day care and pre-admit visits. The existing facility is a 260-bed hospital.

The Government of Ontario approved redevelopment of the Henderson General Hospital to be delivered under the AFP model in its 2005-2006 Capital Plan.

Job Creation

The redevelopment project will also create economic value as skilled tradespeople, subcontractors and their suppliers benefit from the capital investment in the Henderson General Hospital. At the peak of construction period, approximately 500 workers will be employed.

Project Scope

The redevelopment project at the Henderson General Hospital will replace outdated structures, continue to provide community hospital services and position the acute care services appropriately to support the Juravinski Cancer Centre that shares the site. The total redevelopment project at Henderson General Hospital consists of approximately 400,000 square feet of new construction and more than 25,000 square feet of renovation.

The project will enhance services and provide a full-range of inpatient and ambulatory services. It will include more oncology, cardiac care and intensive care beds, as well as more capacity in emergency services, diagnostic services, outpatient clinics and support areas.

Competitive selection process timeline

Hamilton Health Sciences has entered into a project agreement and a guaranteed maximum price contract with EllisDon Corporation to complete and finance the redevelopment project. The procurement stages for the project were as follows:

November 3, 2006

Request for Qualifications

In 2006, the Hamilton Health Sciences and Infrastructure Ontario issued a request for qualifications for the expansion and redevelopment of the Henderson General Hospital. Five bidders were qualified:

- Bondfield Construction Co. Limited
- Carillion Canada Inc.
- EllisDon Corporation
- Vanbots Construction Corporation
- PCL Constructors Canada Inc.

March 8, 2007

Request for Proposals

A request for proposals (RFP) was issued to the pre-qualified proponents, setting out the bid process, proposed project agreement and guaranteed maximum price contract to build and finance the project.

Bid submission

The RFP period closed on August 15, 2007. One bid was received by Infrastructure Ontario and Hamilton Health Sciences. The bid was evaluated using the criteria set out in the RFP.

December 2007

Preferred proponent notification

EllisDon Corporation was selected as the successful RFP proponent on the basis of its proposed price and project schedule, in accordance with the evaluation criteria set out in the RFP.

December 14, 2007

Commercial and financial close

The guaranteed maximum price contract was executed by EllisDon Corporation and Hamilton Health Sciences. Financing for EllisDon Corporation to complete the project was provided by its lender, Pacific &Western Bank of Canada.

December 2007

Construction

Construction began in December 2007. During the construction period, the builder's construction costs will be funded by its lender, Pacific & Western Bank of Canada through monthly drawdown requests from EllisDon Corporation. Construction will be carried out in accordance with the guaranteed maximum price contract. The project will be overseen by a joint building committee made up representatives from the hospital and Infrastructure Ontario.

Completion and payment

Completion and payment will be in two stages. The first payment will be made upon completion of Phase 1A of the project, which is expected in late spring 2010. This phase entails the construction of approximately 400,000 square feet of new space for the Henderson General Hospital. Specifically, completion of this phase will allow occupancy in major clinical spaces such as operating rooms, diagnostic imaging, the emergency department and oncology and critical care beds. This interim portion of the project costs will be repaid by Hamilton Health Sciences through funding from the Ministry of Health and Long-Term Care and the Hospital's fundraising efforts. It is anticipated that the project will reach substantial completion in spring 2012, at which time the remaining final portion of the project costs will be repaid by Hamilton Health Sciences through funding from the Ministry of Health and Long-Term Care and the hospital's fundraising efforts.

Hospital Capital Funding

The provincial government's hospital capital funding policy announced in June 2006 simplifies the Ministry of Health and Long-Term Care's funding formula. In the past, the Ministry's capital cost share rates varied from 50 per cent to 80 per cent, depending on the project. The provincial government's portion of the construction costs now equals 90 per cent of eligible construction costs. Under this new policy, hospitals are responsible for 10 per cent of the eligible construction costs, otherwise known as their local share - as well as the costs associated with the purchase of new and replacement equipment.

Project agreement

Legal and Commercial Structure

Hamilton Health Sciences entered into a project agreement and a guaranteed maximum price contract (project documents) with EllisDon Corporation to carry out the construction and financing of the project. Under the terms of the project documents, EllisDon Corporation will:

- complete the Hamilton Health Sciences' Henderson General Hospital Redevelopment Project, which will be completed in spring 2012.
- provide a financing package for project construction; and
- ensure that, at the end of construction, the building meets the requirements specified in the project documents.

The Hamilton Health Services' Henderson General Hospital will remain publicly owned, publicly controlled and publicly accountable, including the new facilities constructed as a result of the project.

Construction and completion risk

Key risks associated with the construction of the facilities have been transferred to the builder and away from the public sector by way of the project documents, including:

<u>Construction price certainty</u>

EllisDon Corporation will construct the facilities for a guaranteed maximum price of $198.1 million including their financing costs. The builder's guaranteed maximum price may only be adjusted in very specific circumstances, agreed to in advance, in accordance with the change order procedures of the project documents.

<u>Scheduling, project completion and delays</u>

ElllisDon Corporation has agreed to reach the following dates: i) interim completion of Phase 1A of the project, which is expected in late spring 2010 and entails the construction of approximately 400,000 square feet of new space for the Henderson General and ii) substantial completion for Henderson General Hospital by lspring 2012.

The construction schedule can only be modified in very limited circumstances, in accordance with the project documents. Hamilton Health Sciences repayment of the construction financing will not commence until interim completion of Phase 1 A and substantial completion, (i.e., until EllisDon Corporation has completed building the project and it has been certified complete by Hamilton Health Sciences' consultant).

Costs associated with any delays that are the responsibility of the builder must be paid by the builder.

<u>Design co-ordination</u>

The guaranteed maximum price contract provides that EllisDon Corporation is responsible for all design coordination activities to ensure that the facilities are constructed in accordance with the design. Under the traditional model, the costs of these risks would have been borne by Hamilton Health Sciences.

Costs associated with design deficiencies that are the responsibility of the builder must be paid by the builder.

<u>**Construction financing**</u>

EllisDon Corporation is required to finance the construction of the project until the facility is turned over to Hamilton Health Sciences. The project documents provide that the builder will be responsible for all increased financing costs resulting from any builder delay in reaching substantial completion. This shifts significant financial risk onto the builder for late delivery.

<u>Schedule contingency</u>

The project documents provide Hamilton Health Sciences with a 30-day schedule contingency, also known as a schedule cushion, which shields Hamilton Health Sciences for up to 30 days of delay costs for which the hospital is responsible. While delays caused by Hamilton Health Sciences are expected to be minimal, the schedule cushion provides the hospital with some protection from risk of delay claims by the builder.

Commissioning and facility readiness

EllisDon Corporation must achieve a prescribed level of commissioning of the new facility at substantial completion and must co-ordinate the commissioning activity within the agreed upon construction schedule. This assures Hamilton Health Sciences that it will receive a functional facility at the time it pays for the work.

Activity protocols

EllisDon Corporation and Hamilton Health Sciences' consultant (Zeidler Partnership Architects in association with Garwood-Jones & Hanham Architects), are required to establish a schedule for project submittals by the builder, which takes into account the timing for issuance of supplemental instructions by Hamilton Health Sciences' consultant. This protocol mitigates against the builder alleging delay as a result of an inability to receive supplemental instructions in a timely manner in the course of the work.

In addition to the above key risks being transferred to the builder under the project documents, the financing arrangement entered into between Ellis Don Corporation and Pacific& Western Bank of Canada ensures that the project is subject to additional oversight, which may include:

- an independent budget review by a third-party cost consultant;
- monthly reporting and project monitoring by a third-party cost consultant;
- the requirement that change orders must be within the project contingency or agreed to be funded by the hospital; and
- the requirement that prior approval be secured for any changes made to the project budget in excess of a pre-determined threshold.

Change order protocol

In addition to the variation procedure set out in the project documents, Infrastructure Ontario's change order protocol with Hamilton Health Sciences sets out the principles for any changes to the project work/scope during the construction period, including:

- requiring processing and approval of change orders from Hamilton Health Sciences;
- specifying the limited criteria under which change orders will be processed and applied;
- timely notification of change orders to Infrastructure Ontario;
- approval by Infrastructure Ontario for hospital-initiated scope changes;
- approval by Infrastructure Ontario for any change orders that exceed pre-determined thresholds; and
- approval by Infrastructure Ontario when the cumulative impact of the change orders exceed a pre-determined threshold.

Achieving value for money

KPMG's value for money assessment demonstrates a projected cost savings of 10.67 per cent, or $29.8 million, by using the Alternative Financing and Procurement (AFP) approach to deliver the Henderson General Hospital project, as compared to the traditional procurement approach.

KPMG was engaged by Infrastructure Ontario to independently assess whether – and, if so, the extent to which – value for money will be achieved by delivering this project using the AFP method. The assessment was based on the value for money assessment methodology outlined in *Assessing Value for Money: A Guide to Infrastructure Ontario's Methodology*, which can be found at www.infrastructureontario.ca. The approach was developed in accordance with best practices used internationally and in other Canadian provinces, and was designed to ensure a conservative, accurate and transparent result. Please refer to the letter from KPMG on page 2.

Value for money concept

The goal of the AFP approach is to deliver a project on time and on budget and to provide real cost savings for Ontario's taxpayers.

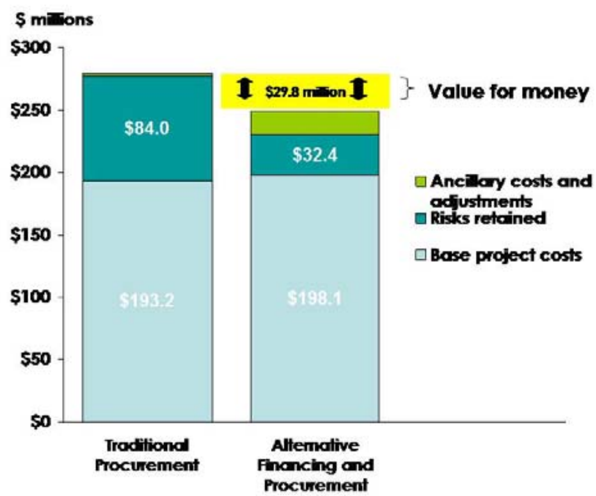
The value for money analysis compares the total estimated costs, expressed in future dollars and measured at the same point in time, of delivering the same infrastructure project under two delivery models – the traditional delivery model (public sector comparator or "PSC") and the AFP model.

Model #1 Traditional project delivery (Public sector comparator)	Model #2 Alternative Financing and Procurement
Total project costs that would have been incurred by the public sector to deliver an infrastructure project under traditional procurement processes.	Total project costs incurred by the public sector to deliver the same infrastructure project with identical specifications using the AFP approach.

The cost difference between model #1 and model #2 is referred to as the value for money. If the total cost to deliver a project under the AFP approach (model #2) is less than the total cost to deliver a project under the traditional delivery approach (model #1), there is said to be positive value for money. The value for money assessment is completed to determine which project delivery method provides the greatest level of cost savings to the public sector.

The cost components in the VFM analysis include only the portions of the project costs that are being delivered using AFP. Project costs that would be the same under traditional delivery or AFP, such as land acquisition costs, furniture, fixtures and equipment, are excluded from this VFM calculation.

The value for money assessment is developed by obtaining detailed project information and input from multiple stakeholders, including internal and external experts in hospital project management and construction project management. Components of the total project costs under each delivery model are illustrated below:



It is important to keep in mind that Infrastructure Ontario's value for money calculation methodology does not attempt to quantify a broad range of qualitative benefits that may result from using the AFP delivery approach. For example, the use of the AFP approach will more likely result in a project being delivered on time and on budget. The benefits of having a project delivered on time cannot always be accurately quantified. For example, it would be difficult to put a dollar value on the people of Ontario gaining access to an expanded health care facility sooner than would be the case with a traditionally delivered project.

Other qualitative benefits relate to the existence of Infrastructure Ontario – a central organization to coordinate the development of a number of large infrastructure projects. Infrastructure Ontario has standardized documents, increased up-front due diligence and applies best practices to each of its projects; however, it would be difficult to fully quantify these benefits.

These qualitative benefits, while not expressly quantified in this value for money analysis, are additional benefits of the AFP approach that should be acknowledged.

Value for money analysis

For a fair and accurate comparison, the traditional delivery costs and AFP costs are future-valued to substantial completion to compare the two methods of delivering a Build Finance project at the same point in time. It is Infrastructure Ontario's policy to use the current public sector rate of borrowing for this purpose to ensure a conservative and transparent analysis. For more information on how project costs are future-valued and the value for money methodology, please refer to *Assessing Value for Money: A Guide to Infrastructure Ontario's Methodology*, which is available online at www.infrastructureontario.ca.

Base costs

Base project costs are taken from the price of the contract signed with EllisDon Corporation, and include all construction and financing costs. The base costs between AFP and the traditional delivery model mainly differ as follows:

1. Under the AFP model, the private party charges an additional premium as compensation for the risks that the public sector has transferred to them under the AFP project documents. In the case of traditional delivery, the private party risk premium is not included in the base costs as the public sector retains these risks.
2. The financing costs are higher under AFP because the financing rate that the private sector is charged is higher than the financing rate of the public sector.

In the case of the AFP model, the base costs are extracted from the price agreed among the parties under the project agreement. For Hamilton Health Sciences' Henderson General Hospital redevelopment project, this was $198.1 million.

If the traditional model had been used for the Henderson General Hospital project, base costs are estimated to have been $193.2 million.

Risks retained

The public sector has always had to bear costs that go beyond a project's base costs. Total project costs exceed base costs in large part due to contingencies for the project risks.

Project risks may be defined as potential adverse events that may have a direct impact on project costs. To the extent that the public sector retains these risks, they are included in the estimated project cost.

The concept of risk transfer and mitigation is key to understanding the overall value for money assessment. To estimate and compare the total cost of delivering a project under the traditional delivery versus the AFP method, the risks borne by the public sector (which are called "retained risks") should be identified and accurately quantified.

Comprehensive risk assessment not only allows for a fulsome value for money analysis, but also helps Infrastructure Ontario and the public sector sponsors ensure that the party best able to manage, mitigate and/or eliminate the project risks is allocated those risks under the project documents.

Under the traditional delivery method, the risks retained by the public sector are significant. As discussed on page 12, the following are examples of risks retained by the public sector under the traditional delivery method that have been transferred under the project agreement to the builder:

- schedule contingencies;
- construction price certainty;
- design co-ordination;
- construction financing;
- scheduling, project completion and potential delays;
- commissioning and facility readiness; and
- activity protocols.

Examples of these risks include:

- *Design coordination/completion:* Under the AFP approach the builder is responsible for design coordination activities to ensure that the facilities are constructed in full accordance with the design in the project agreement. The builder is responsible for inconsistencies, conflicts, interferences or gaps in the contract documents particularly in the plans, drawings and specifications; and for design completion issues that are specified in the contract documents but erroneously left out in the drawings and specifications.
- *Scheduling, project completion and delays:* Under the AFP approach, the builder has agreed that it will provide the facility for use by the province by a fixed date and at a pre-determined price. Therefore, any extra cost (financing or otherwise) incurred as a result of a schedule overrun caused by the builder will not be paid by the province, thus providing the builder a clear motivation to maintain the project's schedule. Further oversight includes increased upfront due diligence and project management controls imposed by the builder and the builder's lender.

Under the traditional approach, the public sector would have borne these risks. For example, design coordination risks that materialize would be carried out through a series of change orders issued during construction. Such change orders would, therefore, be issued in a non-competitive environment, and would typically result in a significant increase in overall project costs for the public sector.

The added due diligence brought by the private party's lenders, together with the risk transfer provisions in the project documents result in overall cost savings as these transferred risks will either be better managed or completely mitigated by the private sector builder.

A detailed risk analysis of Hamilton Health Sciences' Henderson General Hospital project concluded that the average value of project risks retained by the public sector under traditional delivery is $84.0 million. The analysis also concluded that the average value of project risks retained by the public sector under the AFP delivery model decreases to $32.4 million.

For more information on the risk assessment methodology used by Infrastructure Ontario, please refer to Altus Helyar's *Build-Finance Risk Analysis and Risk Matrix*, available at www.infrastructureontario.ca.

Ancillary costs and adjustments

There are significant ancillary costs associated with the planning and delivery of a large complex project that could vary depending on the project delivery method.

For example, there are costs related to each of the following:

- *Project management:* These are essentially fees to manage the entire project. Under the AFP approach, these fees will also include Infrastructure Ontario costs.
- *Transaction costs:* These are costs associated with delivering a project and consist of legal, fairness and transaction advisory fees. Architectural and engineering advisory fees are also incurred to ensure the facility is being built according to specifications.

The ancillary costs are quantified and added to both models for the value for money comparison assessment. Both project management and transaction costs are likely to be higher under AFP given the greater degree of up-front due diligence. The ancillary costs for Hamilton Health Sciences' Henderson General Hospital project, under the traditional delivery method are estimated to be $2.0 million as compared to $5.9 million under the AFP approach.

An adjustment of $13.0 million has been made under the AFP model. This adjustment is for the notional public financing costs resulting from an interim payment to the builder. An interim payment will be paid to the builder when Phase 1A is completed partway through the overall project. The notional public financing costs will cover the period between completion of Phase 1A, expected in late spring 2010, and the project's substantial completion, expected in spring 2012. It is important to note that the interim payment will only be made at the successful completion of the clearly defined Phase 1A of the project, meaning the building is ready for occupancy in this case; as well, the project risk is not materially affected.

For a detailed explanation on ancillary costs, please refer to *Assessing Value for Money: A Guide to Infrastructure Ontario's Methodology*, which is available online at www.infrastructureontario.ca

Calculating value for money

The analysis completed by KPMG concludes that the additional costs associated with the AFP model are more than offset by the benefits which include: a much more rigorous upfront due diligence process, reduced risk to the public sector, and controls imposed by both the lenders and Infrastructure Ontario's standardized AFP procurement process.

Once all the cost components and adjustments are determined, the aggregate costs associated with each delivery model (i.e., traditional delivery and AFP) are calculated, and expressed in Canadian dollars, as at substantial completion date. In the case of Hamilton Health Sciences' Henderson General Hospital project, the estimated traditional delivery cost (i.e. PSC) is $279.2 million as compared to $249.4 million under the AFP delivery approach.

The positive difference of $29.8 million or 10.67 per cent represents the estimated value for money by using the AFP delivery approach in comparison to the traditional delivery model.