

# Ontario Infrastructure and Lands Corporation Business Plan

2023-2026





## Table of Contents

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Table of Contents.....	1
<b>Introduction</b> .....	2
<b>Vision, Mission and Values</b> .....	3
<b>2022-23 Significant Achievements</b> .....	5
<b>2023-26 Strategy</b> .....	8
Goals.....	10
Enterprise Strategic Initiatives.....	11
<b>Implementation Plan</b> .....	15
<b>Enterprise Risk Management Framework</b> .....	16
<b>Financial Profile 2023-26</b> .....	20
<b>Appendix</b> .....	21
Legislative Mandate.....	21
Enterprise Governance.....	22
Corporate Structure.....	24
Business Line Statement of Operations.....	26
Environmental Scan.....	27
Human Resources.....	30
Communications Plan.....	33



## Introduction

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*Infrastructure Ontario (IO) is a Crown agency of the Government of Ontario that partners with both the public and private sectors to create a more connected, modern, and competitive infrastructure landscape in the province.*

The agency is uniquely positioned to align public sector policy and private sector delivery and innovation capabilities. Through collaboration with the private sector, IO aims to achieve better outcomes for the Province including higher quality assets which are delivered faster and at a lower cost.

Similarly, IO works to understand the needs of its public sector clients to provide solutions that meet the desired outcomes in an efficient and cost-effective manner. IO's ability to protect the public interest, maximize value to taxpayers and lead innovative delivery models is dependent upon strong relationships with its stakeholders and clients that are rooted in trust and reliability.

IO's experience and capabilities in infrastructure projects, real estate, lending, development, and commercial projects enables IO to bring a variety of solutions to bear. When a "whole-of-IO" approach is activated for client ministries, stakeholders, and government, the agency can provide its best advice in support of developing solutions, executing transactions, and managing assets.

As the nature of IO's work continues to evolve, IO will continue to manage several key risks, primarily related to delivering on an expanded mandate, ensuring IO has the talent and capabilities to deliver in a competitive market.

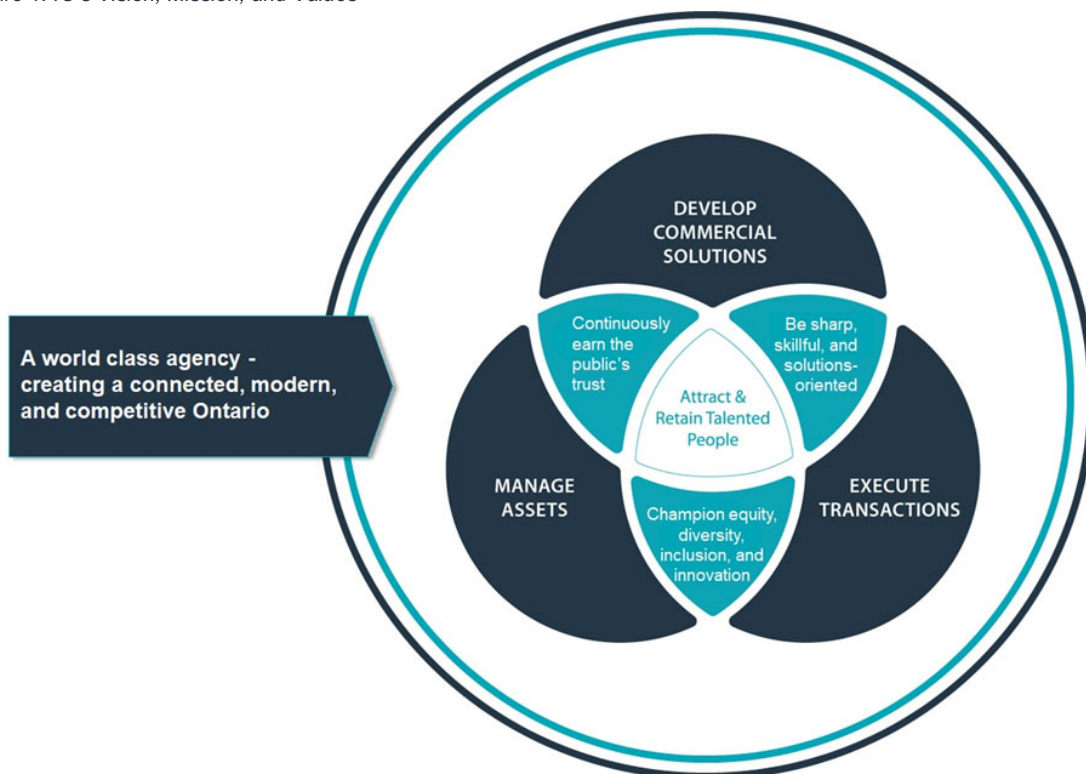
# Vision, Mission and Values

## Vision

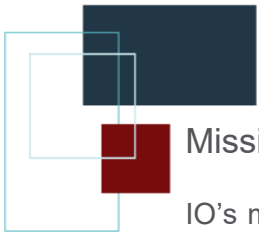
IO's vision articulates its purpose: why the agency exists. Through the Ministry of Infrastructure, the government has entrusted IO with an important mandate to support the design, execution, and delivery of critical services to Ontario across a breadth of solutions. Thus, the agency's vision must sufficiently orient the organization to continuously and prudently aspire, invest, and grow into an organization capable of achieving its mandate.

**IO's vision is to be "A world class agency - creating a connected, modern, and competitive Ontario"**

Figure 1: IO's Vision, Mission, and Values



This vision guides IO in its support of specific government priorities, such as promoting a connected Ontario through broadband and transit networks, modernizing Ontario's health and long-term care assets to be more resilient and creating a more competitive Ontario by optimizing the government real estate portfolio and improving the resilience of municipal infrastructure.



## Mission

IO's mission builds on its ambitious vision, defining "what we do." Specifically, its mission outlines IO's value proposition to deliver and execute solutions in support of government's top priorities while supporting the planning and development of strategic government properties. There are three interconnected components to its mission:

**Develop commercial solutions:** Work with government to identify opportunities to implement economical approaches to the delivery of public assets and services.

**Execute transactions:** Develop new and novel forms of public-private partnerships across new delivery classes and sectors, while continuing to ensure timely delivery.

**Manage assets:** Maximize opportunities for asset optimization and development, through the expansion of its role in the management of government assets to all Provincial ministries, agencies, and broader public sector entities.

## Values

IO's values support the vision and mission to define "how we do it." These values are embedded across the organization and upheld to the highest standards in the agency's interactions with clients and the market. This core set of values that guides IO includes:

- **Continuously earn the public's trust**
- **Be sharp, skillful, and solutions-oriented**
- **Champion equity, diversity, inclusion, and innovation**
- **Attract and retain talented people**

Using the vision, mission, and values as the building blocks, IO has developed a Strategic Plan that aligns its strategic direction around the agency's value proposition to the Province, enabling it to leverage capacity across groups, and meet client needs and government priorities. The strategic plan provides the agency with a three-year roadmap to invest in its people, streamline the way it works with its partners, and ultimately grow its impact in a meaningful and structured way.

This business plan will recap significant events from the 2022-23 fiscal year and provide a summary of the strategic framework, conveying its goals, the initiatives that will be implemented to achieve them, and the measures by which to evaluate them. It will also outline IO's priorities, key risks, and operational budget for the 2023-24 fiscal year.



## 2022-23 Significant Achievements

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### Operating Performance

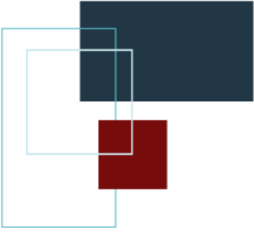
In 2022-23, IO created significant value for the Province by executing on its mission of delivering commercial solutions, executing transactions, and managing assets for government.

Notable achievements included:



#### Maximize our public impact

- Achieved key project and program milestones including the completion of 6 projects and 10 procurements, while proactively managing COVID-19's impact on current and future projects.
- Advancement of the procurement for Project Management Service Provider as well as completed the evaluation and identification of the new providers for Real Property Services and Transaction Management Services by working with the Ministry of Infrastructure (MOI) and Treasury Board/Management Board of Cabinet (TB/MBC).
- Advanced the Accelerated High-Speed Internet Program (AHSIP), intended to bring high-speed internet access to all regions of the Province by the end of 2025, with presence at technical/policy forums and conferences driving awareness, engagement, and adoption of program innovations.
- Partnered with the Ministry of Long-term Care (MLTC) to establish an innovative lending solution that enabled the development of new not-for-profit long-term care beds across Ontario.
- Continued to support municipal infrastructure investment through Infrastructure Ontario's Loan Program; approved \$760 million in loans across various sectors.
- Continued to advance development outcomes for key public projects such as Ontario Place Redevelopment project; led public consultation events with project stakeholders, the general public and indigenous communities, supporting the environmental assessment and development application process.
- Closed the first transaction for Surplus Lands for Social Outcomes on the Oakville Lands Assemble Parcel 1 to allow for additional campus of care uses on-site which also gained shared payment to the Province.

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- Collaborative effort between the Ministry of Transportation, IO and a project consortium resulted in on time delivery and enabling full use of the new lanes for the Highway 401 Expansion Project three years sooner than expected.



### **Be trusted by governments and the market**

- Received a letter of direction to support the design and implementation of a provincial Attainable Housing Program working with the Ministry of Municipal Affairs and Housing, and MOI to make housing attainable for more people in Ontario.
- Successfully worked with MLTC to bring mechanical cooling to almost every long-term care home in Ontario.
- Entrusted to support the multi-year capital planning and approval process; provided risk reporting to government related to budget, schedule and market capacity and guidance on their capital plan and sequencing.
- Developed go-to-market strategy for the Ontario Line South Transit Oriented Communities Offering and launched pre-marketing phase.
- Received multiple industry awards including Canadian Council for Public-Private Partnerships (CCPPP) National Awards during the 30th annual CCPPP conference, Silver Award for the Accelerated High-Speed Internet Program, an Award of Merit for the redevelopment of the Grandview Children's Centre and Oakville Trafalgar Memorial Hospital project.



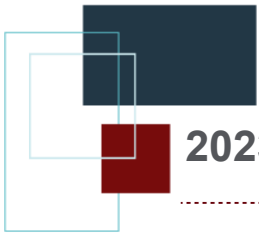
### **Achieve operational excellence**

- Operated within budget, achieved its surplus target and demonstrated efficient and effective operations as measured by operating expenses relative to business volumes.
- Developed an enterprise risk appetite framework, including metrics and tolerances, that articulates the amount of risk IO is prepared to take, and mitigation strategies, for each enterprise risk.
- Significant progress made on new enterprise financial and project management systems, which are expected to improve operational efficiency and enterprise scalability upon implementation.



## Attract and retain talent

- Refreshed the Employee Value Proposition (EVP) to ensure it continues to resonate with employees, highlighting key reasons why people join and stay with the organization.
- Annually measures the overall employee experience relative to the EVP. In 2022, ratings on 15 of 16 elements saw improvement over the previous survey. Key measures of overall engagement remain high and improvements were made in key focus areas related to leadership and coaching.
- Continued its focus on values around equity, diversity, and inclusion (EDI), including the development of an Indigenous Engagement strategy, engaging staff through opportunities highlighting cultural heritage and inclusivity and launching an EDI learning journey for all employees.
- Actively enhanced the hybrid work experience for employees by gathering continued feedback and promoting a return to the office for 4C-driven opportunities (Collaboration, Celebration, Creation and Connection).



## 2023-26 Strategy

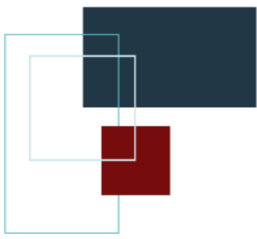
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IO's strategic evolution is grounded in its Board approved strategic planning framework. Central to the framework is IO's vision, mission, and values, which provide the foundation upon which the strategy is developed.

A key component of the strategic evolution is a transformed vision that reflects IO's elevated ambition: "a world class agency – creating a connected, modern, and competitive Ontario."

Grounded upon IO's vision, mission, and values, IO's goals articulate its organization's ambition, and guides its priorities and actions. These goals will align decision making, investments, and resources across the organization to the strategic priorities of IO with the ultimate purpose of increasing the impact of IO's solutions for Ontario.

Progress against these goals is measured through a balanced scorecard that ensures the direction of the agency aligns with its vision, mission, and values.



## Vision – Mission – Values

## Goals

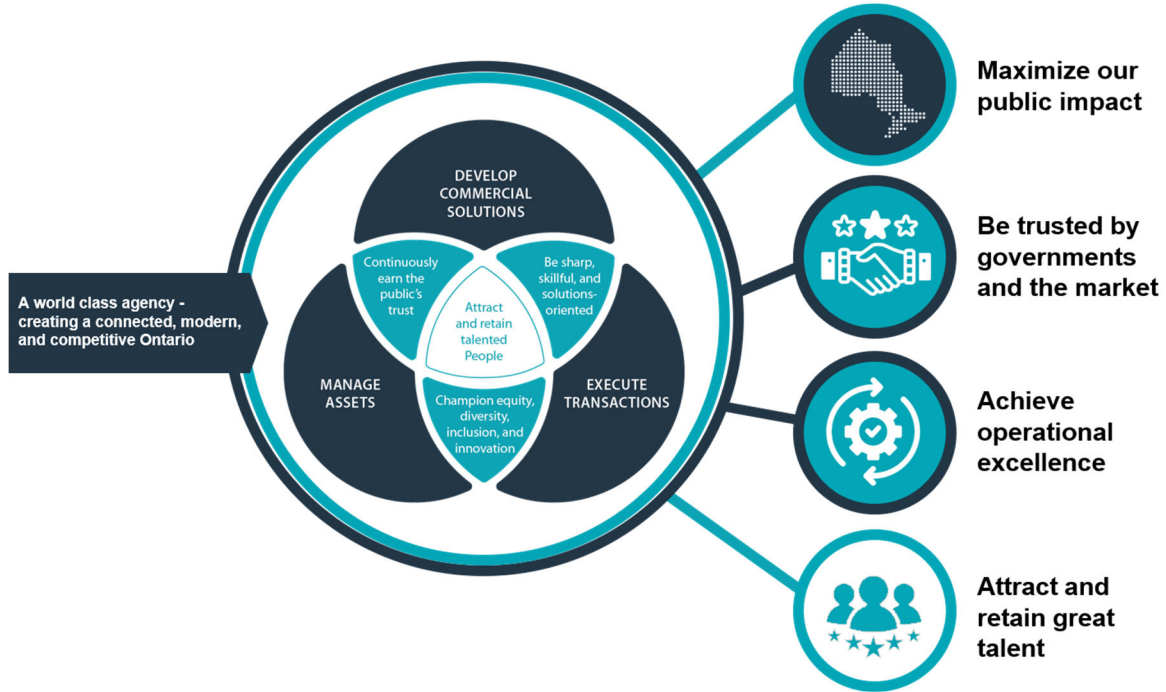


Figure 2: IO's Strategic Planning Framework

To ensure that IO achieves these goals, the agency has also established a set of enterprise-level strategic initiatives that guide IO's choices, investments, and actions. Collectively, the successful execution of these enterprise-level strategic initiatives positions IO to be a world-class agency, truly capable of creating a connected, modern, and competitive Ontario.





## Goals

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The four goals set out below are intended to be broad enough to capture the breadth of solutions that IO offers, yet specific enough to be actionable.



1. **Maximize our public impact** through the delivery of new assets, the proactive management of existing assets, and by identifying opportunities to optimize/commercial assets and services.

This goal encourages IO to continually evaluate its contracting methodologies and solutions for innovation opportunities. IO brings a seamless, “one-stop shop” perspective to turn government decisions into action by using a range of contracting and commercial models. IO is known worldwide for its ability to execute projects, in addition to acting as steward of provincially owned and leased buildings. IO is well positioned to deliver projects and programs across a broader spectrum of delivery models and asset types, and to expand its role in the management of government real estate.



2. **Be trusted by governments and the market** to deliver a breadth of work across a defined set of asset classes and public sector owners.

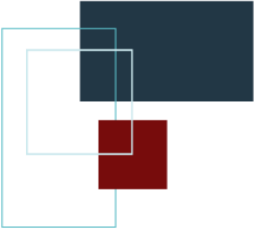
This goal drives IO to focus on opportunities most aligned to government priorities and use its expertise to appropriately support government infrastructure decisions. Additionally, it encourages IO to proactively collaborate across ministries to shape the role of capital, to inform downstream projects and strengthen long-term relationships with its clients, and to foster competitive, multi-party bids alongside innovative partnership approaches. IO’s ability to protect the public interest, maximize value to taxpayers and lead innovative delivery models is strengthened when the agency is engaged early.



3. **Achieve operational excellence** by ensuring its processes are sustainable, transparent, continuously improved, and consistent with the highest standards of professionalism.

IO recognizes that investing in internal capabilities and tools is necessary to enable the agency to work more efficiently, and with more agile collaboration, especially in the current environment where the workforce is operating remotely.





It is also incumbent on IO to prudently manage its financial resources and risks to ensure financial resiliency while building organizational capability to drive collaboration and discipline around its enterprise-wide initiatives.



- 4. Attract and retain great talent** through the articulation and delivery of an employee value proposition grounded in empowerment, development, teamwork, diversity, inclusion and impact.

This goal motivates IO to develop and retain talent with the required competencies and capabilities to fulfill the agency’s expanding mandate. In addition, IO is not only striving to attract and retain talent that reflects Ontario’s diversity, but also establish an expectation that all employees will promote diversity, inclusion, and equity. In addition, IO remains focused on supporting an open and innovative work environment where all employees bring forward innovative ideas to improve outcomes for the Province.

## Enterprise Strategic Initiatives

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To enable IO to achieve its goals, IO identified ten enterprise strategic initiatives that will collectively enable IO to deliver on its vision to build a connected, modern, and competitive Ontario. These ten enterprise-level initiatives guide the agency’s choices, investments, and actions to align with its goals.

In implementing these ten transformational enterprise initiatives IO will consider the inter-relationships between them and the impacts across its people, processes, and technology. Implementation progress will be closely monitored and governed.

Each of the ten enterprise initiatives have clearly articulated three to five-year outcomes.

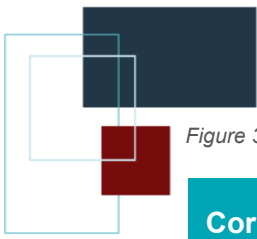
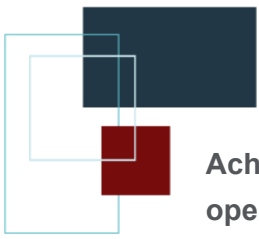


Figure 3: Strategic Initiatives

Corporate Goal	Strategic Initiative	3–5-year Outcome
<p><b>Maximize our public impact</b></p> 	<p>1. Mature IO’s development function &amp; continue to build out a pipeline of land development opportunities.</p> <p>2. Formalize a digital infrastructure practice at IO to improve the delivery of government services and improve the way that Ontario delivers projects and manages assets.</p> <p>3. Develop and implement a centralized approach to ensure that assets are built to the right specifications (environmental, accessibility, efficiency) and in a way that maximizes benefits to local communities.</p>	<ul style="list-style-type: none"> <li>▶ IO is government’s entity of choice for executing strategic land development opportunities across ministries and the broader public service.</li> <li>▶ Active participation in pan-ministerial digital initiatives that connects Ontarians to critical services and infrastructure.</li> <li>▶ IO manages, funds, builds and operates public assets and procures contracts in a sustainable and ethical way – creating lasting, and resilient assets that maximize benefits to local communities.</li> </ul>
<p><b>Be trusted by governments and the market</b></p> 	<p>4. Achieve clarity on governance for all IO mandates.</p> <p>5. Formalize IO’s role in asset management and operations across asset classes.</p>	<ul style="list-style-type: none"> <li>▶ Clarity on behalf of the government and market as to the role that IO plays, its accountabilities, and governance structure.</li> <li>▶ Formal involvement for IO in reviewing capital plans, ensuring standard approaches to budgeting and risk assessment, and managing government assets through the maintenance and operations phase.</li> </ul>



**Achieve operational excellence**



6. Institutionalize knowledge management

- ▶ IO routinely captures, consolidates, and curates knowledge, data and content created by its operations to improve IO staff efficiency, effectiveness, consistency, and government decision-making.

7. Execute on established technology roadmap.

- ▶ Stable and integrated systems and data infrastructure that enables IO to meet client and business needs efficiently & effectively.

**Attract and retain great talent**



8. Develop and grow its people.

- ▶ IO remains an employer of choice – attracting/retaining employees through a culture of impact and performance, while offering meaningful development through coaching and mentorship.

9. Execute a strategy to secure and retain needed specialized skills.

- ▶ IO has the ability to secure and retain specialized resources that enable its growing business in a timely and efficient manner.





10. Prioritize equity of access, experience, and outcomes for all IO staff.

- ▶ IO has a workforce and management team that reflects the diversity of Ontario, a strong culture of inclusion, and a workplace that is increasingly free of bias.

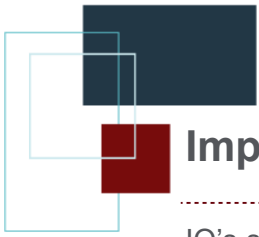
## Balanced Scorecard

To measure the agency’s success against each goal, IO utilizes a balanced scorecard that measures each goal against a set of composite metrics, ensuring that IO is equipped with the relevant insights to make decisions reinforcing IO’s goals and strategy. These measures have been designed to encourage a set of desired behaviors that IO believes will support the achievement of its goals.

Figure 4: Balanced Scorecard Framework

Goal	How we measure and report on our performance against this goal	Target
 <p>Maximize our public impact</p>	<ul style="list-style-type: none"> <li>• <b>On-Time Performance</b> measured as a percentage of projects within Scheduled Substantial Completion Date for P3 Social, P3 highways/transportation and transit projects.</li> <li>• <b>On-Budget Performance</b> measured as a percentage of projects within final costs delivered at Substantial Completion for P3 Social, P3 highways/transportation and transit projects.</li> <li>• <b>Revenue and Cost-Savings Realized</b> measured as a percentage of realization of revenue and cost-savings identified.</li> </ul>	<ul style="list-style-type: none"> <li>• On-Time               <ul style="list-style-type: none"> <li>- P3 Social: 75 - 80%</li> <li>- P3 Transportation/ Transit: 60 - 65%</li> </ul> </li> <li>• On-Budget               <ul style="list-style-type: none"> <li>- P3 Social: 85 - 90%</li> <li>- P3 Transportation/ Transit: 70 - 75%</li> </ul> </li> <li>• Revenue and Cost-Savings Realized               <ul style="list-style-type: none"> <li>- Revenue Realized: 65 - 70%</li> <li>- Cost-Savings Realized: 45 - 50%</li> </ul> </li> </ul>
 <p>Be trusted by government and the market</p>	<ul style="list-style-type: none"> <li>• <b>Market Sentiment</b> measured as a score based on survey results.</li> <li>• <b>Net Promoter Score (NPS)</b> measured as a percentage of promoters vs. detractors.</li> </ul>	<ul style="list-style-type: none"> <li>• Market Sentiment               <ul style="list-style-type: none"> <li>- Market Sentiment Score: 55-60%</li> </ul> </li> <li>• NPS               <ul style="list-style-type: none"> <li>- NPS Score: 25-30%</li> </ul> </li> </ul>
 <p>Achieve operational excellence</p>	<ul style="list-style-type: none"> <li>• <b>Financial Resiliency</b> measured as surplus/deficit based on annual budget.</li> <li>• <b>Operational Effectiveness</b> measured in Basic Points (BPS) for expenses as a percentage volume of work.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Resiliency               <ul style="list-style-type: none"> <li>- Annual Budget: as set by Finance</li> </ul> </li> <li>• Operational Effectiveness               <ul style="list-style-type: none"> <li>- BPS: 20-23</li> </ul> </li> </ul>
 <p>Attract and retain great talent</p>	<ul style="list-style-type: none"> <li>• <b>Employee Engagement</b> Index measured on a point scale based on employee survey responses.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Engagement               <ul style="list-style-type: none"> <li>- Employee Engagement Index: 3.75 - 4.0</li> </ul> </li> </ul>

Progress against goals will be monitored closely by the executive team and shared with IO’s Board of Directors quarterly and with the Ministry of Infrastructure for oversight.



## Implementation Plan

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IO's strategy will be implemented as a program of interrelated projects. For each strategic initiative, a detailed project plan will be developed to ensure that appropriate resources and budget are available for each initiative, and that consideration is given to all risks. Initiatives will be managed through a robust governance model. As noted above, IO will develop detailed plans and related targets that will be shared with its board and the Minister of Infrastructure on a quarterly basis and tracked by management regularly.

Cross-functional teams will be formed, where appropriate, regularly collaborating with appropriate program stakeholders to ensure progress. Any work that is not "business-as-usual" will reconcile with a strategic priority or initiative. Strategic initiatives will be staggered to reflect dependencies among initiatives and capacity considerations.

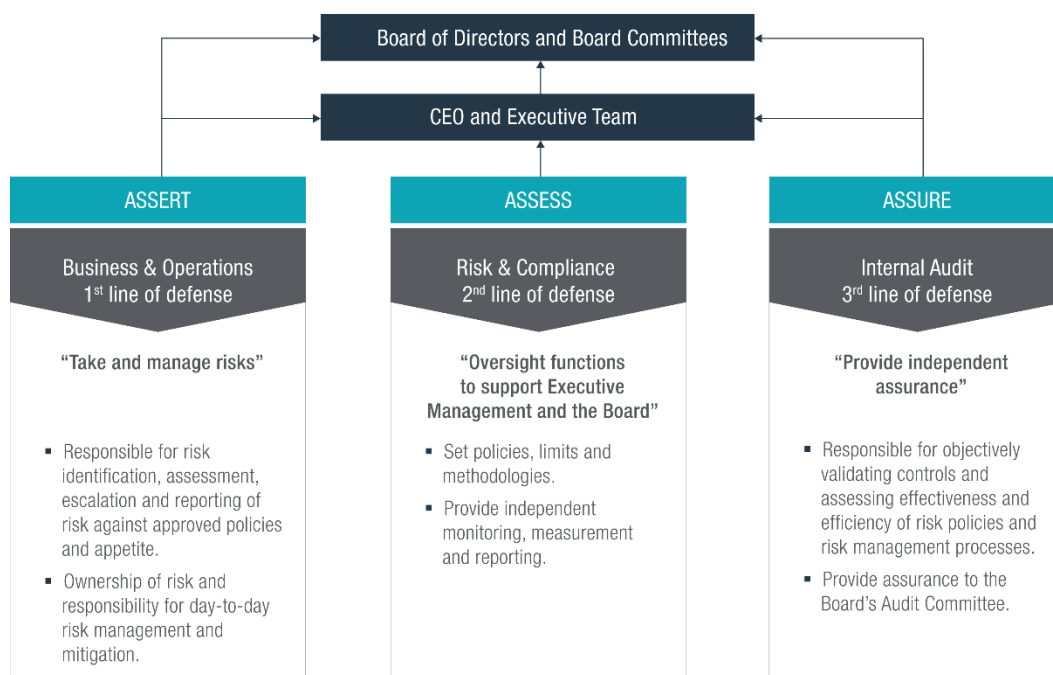
# Enterprise Risk Management Framework

IO has an Enterprise Risk Management (ERM) framework that helps guide the organization’s risk management activities. It establishes a governance structure that encourages a risk-aware culture where risk management is an integral part of IO’s strategic and operational decision-making processes. It helps ensure risks and opportunities facing IO are identified, and facilitates the understanding, discussion, evaluation, and management of risks at all levels of the organization.

IO continues to mature its ERM framework in line with leading practices and in compliance with the new government ERM Directive. The agency’s enterprise Risk Register is updated quarterly, with emphasis placed upon Top Risks, Emerging Risks, and improvements to risk management reporting. As part of IO’s ERM maturity plan, IO has developed formal risk appetite statements and risk tolerance levels to inform strategic decision-making and planning processes, and to further embed risk awareness and alignment across the organization.

IO utilizes a “three lines of defense” model to clarify and delineate roles and responsibilities across the different risk management activities, as outlined below:

Figure 5: Three Lines of Defense Model





## ERM Policy

The ERM policy outlines a framework for risk management, including an overall approach to identify, assess, and manage organizational risk. The policy describes the key elements of the ERM program including the governance structure, reporting, and monitoring requirements, and the roles and responsibilities of key stakeholders.

Risks are identified into the following categories:

- **Strategic risks** generally pertain to IO's mandate and business environment risks.
- **Reputational risks** pertain to risks that can impact the IO brand, image, or reputation as the result of the actions of the agency; indirectly due to the actions of an employee or employees; or tangentially through the actions of others, such as partners or suppliers.
- **Operational risks** include risks associated with people, process, technology, security, compliance, and mandate execution, which can affect IO's ability to achieve its corporate objectives.
- **Financial risks** pertain to risks that can impact IO's cash position and financial results and reporting.

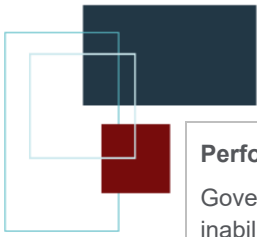
IO maintains a robust and integrated internal control framework and policy suite to mitigate risks. Controls are supported by an active management team ensuring IO's processes are efficient and effective. Mitigations are assessed as part of a cyclical process to determine whether the residual risk levels are tolerable, whether new mitigation/treatment plans are needed, and whether the existing plans are effective. IO's mitigation plans are subject to regular independent reviews by IO's Risk Management and Internal Audit teams, as well as the Ontario Internal Audit Division and the Office of the Auditor General of Ontario.

## Key Risks

As part of IO's risk management framework, key enterprise risks are monitored and reported on a quarterly basis to the Board of Directors and the Ministry of Infrastructure.

Figure 6: Key Risks

RISK	MITIGATING ACTIONS
<b>STRATEGIC</b>	
<p><b>Declining Market Participation</b></p> <p>Market participation has been affected by construction industry consolidation, growing project complexity, and an evolving tolerance for risk transfer; there exists a risk of higher bid prices, costs of services, and project cancellations or delays.</p>	<ul style="list-style-type: none"> <li>Scheduled communications of project pipeline information and facilitating market soundings with vendors and associations on upcoming projects.</li> <li>Perform ongoing reviews of risk transfer in IO contracts to ensure efficient risk allocation is achieved.</li> <li>Continue to assess procurement and contracting approaches to maximize competitiveness.</li> </ul>
<p><b>Decreased Market Capacity</b></p> <p>Decreased capacity within the marketplace to perform work resulting in inability to deliver projects and services due to increased cost of service, and project cancellations or delays.</p>	<ul style="list-style-type: none"> <li>IO works with client ministries to ensure that there is a feasible staggering of procurements and transaction, where possible, to minimize scenarios where the anticipated implementation of transactions do not overlap and cause pressures in supply of limited consultants or key sub-trades.</li> </ul>
<p><b>Alignment of Objectives, Roles, and Responsibilities</b></p> <p>Objectives, roles, and responsibilities related to project management and governance between IO and its key partners and stakeholders may be misaligned resulting in underperforming projects.</p>	<ul style="list-style-type: none"> <li>IO has in place robust governance documents and processes to maintain clarity on project mandates with partners.</li> <li>Continue to evolve delivery model decision making through an iterative process of interaction with government decision makers and seek clarity where potential objectives compete.</li> </ul>
<p><b>Business Transformation Changes</b></p> <p>The volume of simultaneous transformational changes may negatively impact IO's delivery results, culture, and people.</p>	<ul style="list-style-type: none"> <li>IO develops detailed implementation plans for all enterprise initiatives and oversees and leverages an integrated view of all initiatives to continuously monitor progress and risks.</li> <li>IO has in place a robust forecasting process, intended to identify resourcing requirements in an integrated manner.</li> </ul>
<b>REPUTATIONAL</b>	
<p><b>Claims and Litigation</b></p> <p>Increases in the frequency and magnitude of claims against IO and its projects may adversely impact the resources of both IO and the government and could impact IO's reputation.</p>	<ul style="list-style-type: none"> <li>A specialized claims department within IO's legal team has been developed to manage claims centrally, train project staff on claims management processes, and standardize processes for future claims.</li> </ul>



<p><b>Performance</b></p> <p>Government expectations are not met due to the inability to appropriately manage performance as a result of project delays, cost overruns, service delivery lapses or loan-related issues.</p>	<ul style="list-style-type: none"> <li>▪ IO continues to monitor key stages of transactions with communication to government stakeholders through regular senior management and executive committees to oversee transactions from procurement to implementation.</li> <li>▪ Ongoing monitoring assessment of cost escalation trends in the market and early involvement in budget planning to ensure trends are reflected in project budgets.</li> <li>▪ Continue to evolve procedures in delivery model selection and the project approval process to require:             <ul style="list-style-type: none"> <li>○ certain quality standards of third-party cost estimation due diligence for core scope of each project.</li> <li>○ budget development commensurate with actual retained risk, based on rigorous quantitative risk analysis.</li> </ul> </li> </ul>
<b>OPERATIONAL</b>	
<p><b>Attract and Retain Talent</b></p> <p>IO may experience challenges attracting and retaining high performing, experienced staff which may occur because of ongoing fiscal restraint and market competition.</p>	<ul style="list-style-type: none"> <li>▪ IO has created the Employee Value Proposition to articulate what brings and keeps employees at IO. The key elements include work that has real impact, opportunities to grow and develop, working together as one team and flexibility in how work is delivered. IO's intention is also to ensure competitive compensation.</li> <li>▪ IO has developed succession plans for all critical roles. The plans are intended to provide continuity in operations.</li> </ul>
<p><b>Cyber Security and Privacy</b></p> <p>Increases in the frequency and evolving nature of cyber-attacks may result in inappropriate access to confidential and commercially sensitive information.</p>	<ul style="list-style-type: none"> <li>▪ IO continues to strengthen and evolve its cyber defense framework and cyber risk awareness and training.</li> <li>▪ In addition, IO has implemented tools to monitor cyber activity through email security filtering, identification, and removal of known and targeted threats.</li> </ul>
<p><b>Manage Business Disruption</b></p> <p>The magnitude of changes in the external environment or reliance on partners (e.g., public health crises) may adversely impact operations and thereby its ability to execute and deliver client services due to ineffective preparedness.</p>	<ul style="list-style-type: none"> <li>▪ IO has in place a Business Continuity Plan (BCP) and emergency response measure protocols which are periodically reviewed and updated to ensure they meet the needs of possible future events.</li> <li>▪ IO also ensures that its service providers have in place a BCP in respect of its management of public assets.</li> </ul>
<b>FINANCIAL</b>	
<p><b>Interest Rate and Loan Portfolio Management</b></p> <p>Changes in interest rates have an impact on surplus targets and valuation of swap agreements associated with unhedged loans and previously issued debt, which are intended to reduce exposure to interest rate fluctuations and market volatility.</p>	<ul style="list-style-type: none"> <li>▪ IO measures its interest rate risk regularly and closely monitors the results of interest rate change scenarios against prescribed limits.</li> <li>▪ Ongoing monitoring, individual loan reviews at regular intervals, and frequent communication with borrower's help ensure IO's lending program continues to support infrastructure growth across the province.</li> </ul>

## Financial Profile 2023-26

IO is focused on achieving operational excellence. IO does this by prudently managing its budget, staff, and financial risk to deliver on government priorities and scale impact while ensuring financial resiliency.

IO is self-funded as an independent agency. The **budget reflects projects assigned to IO by the Minister of Infrastructure** in Letters of Direction.

In delivering services, **IO operates on a cost recovery basis**. Project fees are agreed to at the beginning of a project and are charged to the client as work progresses and expenses are incurred, with no planned margin, ensuring the prudent use of public funds.

To facilitate effective delivery and create accountability, **IO leverages a forecasting and resource planning process** to manage its operations and ensure that future projects and works are appropriately planned and resourced. This approach enables IO to efficiently allocate resources and adapt to changes in client demand.

IO develops a budget for fiscal year 2023-24 and includes preliminary estimates for 2024-25 and 2025-26 as a reference point for medium-term planning.

### Statement of Operations

Figure 7: Statement of Operations

(\$Millions)	2023-24 Budget	2024-25 Estimate	2025-26 Estimate
<b>Revenues</b>			
Project Delivery and Management Fees	176	186	198
Interest Revenue	256	259	264
Project Transaction & Recoverable Costs	172	172	172
	<b>604</b>	<b>617</b>	<b>634</b>
<b>Expenses</b>			
Operating Expenses	185	195	207
Interest expense	227	228	230
Project Transaction & Recoverable Costs	172	172	172
	<b>584</b>	<b>595</b>	<b>609</b>
<b>Surplus/(Deficit)</b>	<b>20</b>	<b>22</b>	<b>25</b>



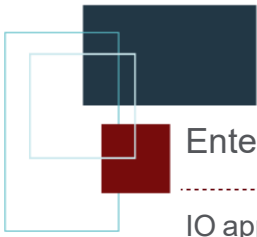
## Appendix

### Legislative Mandate

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Infrastructure Ontario is a Province of Ontario Crown agency, classified as a board-governed agency. Its authority is derived from the *Ontario Infrastructure and Lands Corporation Act 2011* (OILC Act). The legislative authority of IO, and the agency's mandate, as defined in the OILC Act is to:

- provide advice and services on financial, strategic, or other matters involving the government.
- implement or assist in the implementation of transactions involving the government.
- provide advice and services, including project management and contract management, related to infrastructure projects in Ontario that are not government property.
- provide advice and services related to government property, including project management, contract management and development.
- provide financial management for government property; provide advice and services related to real estate property to prescribed public sector organizations.
- provide advice and services to non-Ontario entities related to development of public infrastructure loan programs; real property; financial strategic or other matters; and the implementation of transactions.
- provide financing for infrastructure purposes to municipalities and to other eligible public organizations.
- carry out the powers, duties and functions delegated by the Minister of Infrastructure to the Corporation under the *Ministry of Infrastructure Act, 2011* or the *Building Broadband Faster Act, 2021*.



## Enterprise Governance

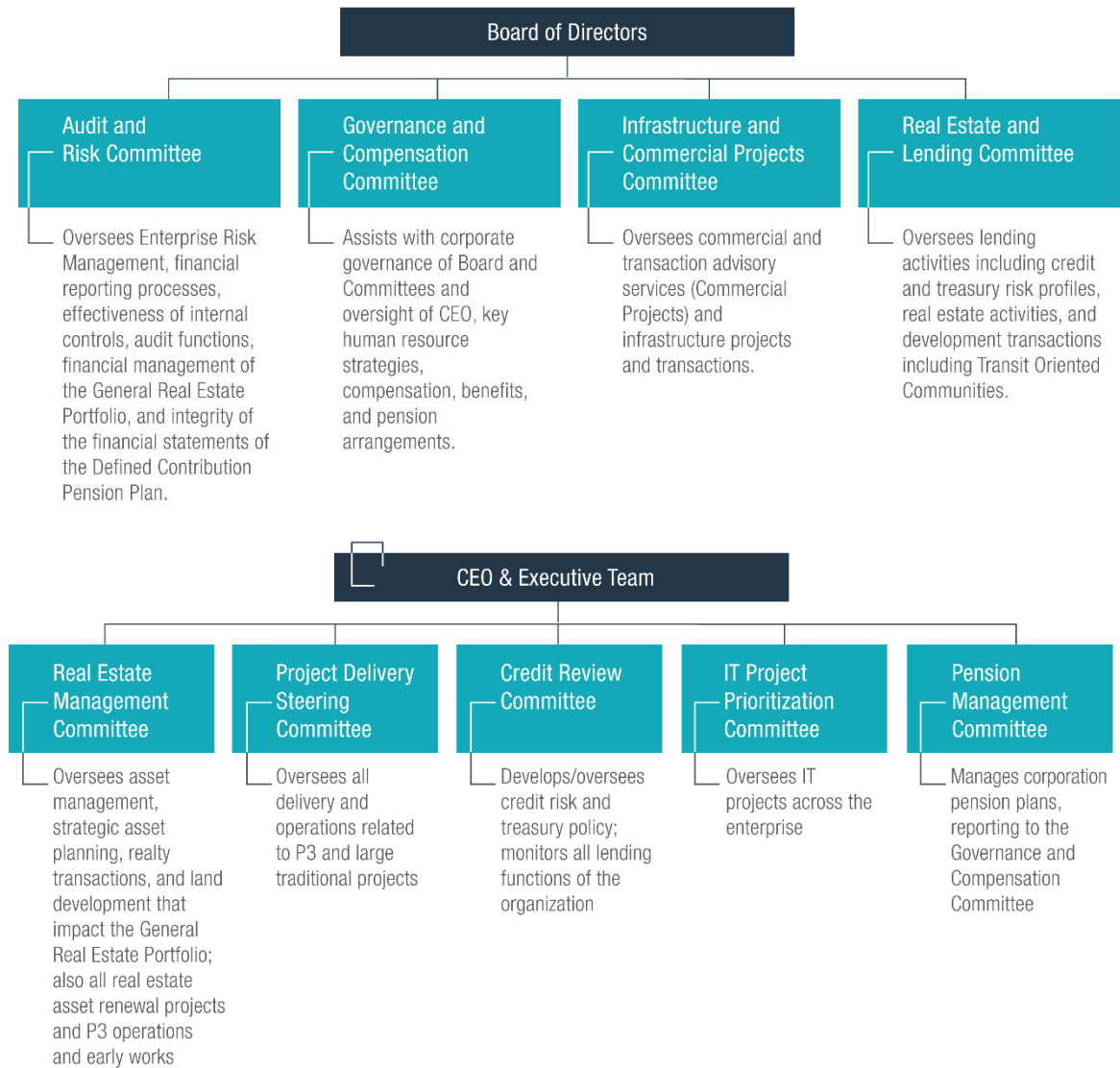
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IO applies a high standard of corporate governance to ensure accountability and operational efficiency. IO is governed by a Board of Directors and Chief Executive Officer appointed by the Lieutenant Governor in Council.

The agency is accountable to the Ontario Legislature through the Minister of Infrastructure (Minister) and reports to the Minister through the Chair of the Board. A Memorandum of Understanding (MOU) between the Minister and the Chair clarifies and delineates IO's roles and responsibilities, as well as the accountability framework between the ministry and the agency.

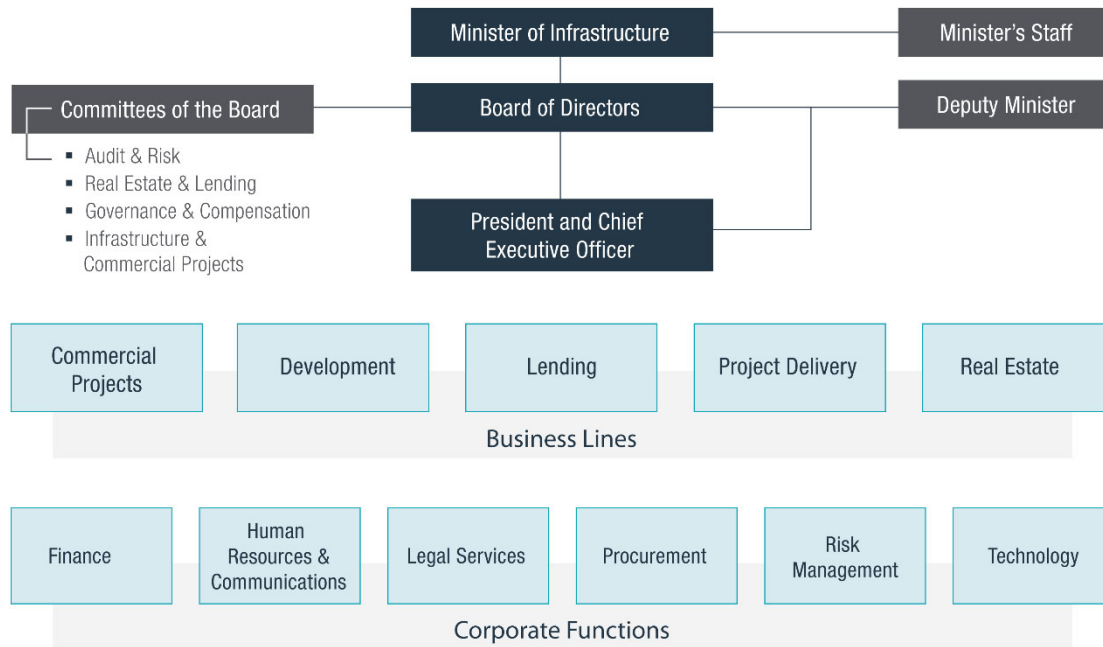
The business plan and annual report submitted to the Minister are prepared in accordance with applicable legislation and the government's Agencies and Appointments Directive. Decision-making thresholds of IO's management committees and individual staff members are governed by a Delegation of Authority, which is approved by the Board of Directors.

Figure 8: IO's Board and Management Committee Structure



# Corporate Structure

Figure 9: IO's Corporate Structure

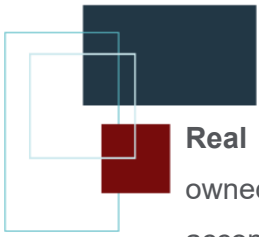


IO has five lines of business delivering results to public sector clients.

**Commercial Projects** leverages private sector relationships and investments for revenue generation, liability/cost reduction and efficiency in government services and investments. The business line provides advice and negotiation support to the government and public sector partners regarding commercial transactions.

**Lending** administers IO's infrastructure loan program, with \$6 billion in current loans outstanding. This program provides Ontario municipalities and eligible public sector and not-for-profit organizations with access to affordable loans to build and renew public infrastructure.

**Project Delivery** manages large, complex public infrastructure projects using a variety of contracting models, including and most notably the public-private partnership (P3) approach to procurement and delivery, which leverages private sector financing and expertise to improve the quality in building public infrastructure with the objective of delivering on schedule and on budget. The value of the current project pipeline is valued at more than \$35 billion.



**Real Estate** provides comprehensive property management services for government owned and leased properties, which includes providing end to end real estate accommodation options to client ministries to ensure safe and secure operations through asset management, capital planning and project management solutions. It also provides strategic asset planning services to MOI, to maximize the value of government assets through portfolio planning and rationalization. IO currently manages more than 40 million square feet of space on behalf of the Province.

**Development** is responsible for Transit Oriented Communities (TOC) which delivers higher density, mixed-use development that is connected, next to, or within a short walk of transit stations, and will catalyze new transit-centric communities. The TOC program is charged with the redevelopment of transit station and construction lands across all four of the priority subway transit projects with the aim of creating value for the Province that can be redeployed to offset transit infrastructure costs or fund other government priorities. The business line provides advice and negotiation support to the government and public sector partners regarding major land developments.

IO's business lines are supported by professional staff in finance, treasury, human resources, communications, legal services, procurement, transaction finance, risk management, and information technology.

# Business Line Statement of Operations

Figure 10: Business Line Statement of Operations

2023-24 Budget						
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	Total
<b>Revenues</b>						
Project Delivery and Management Fees	78	66	2	16	14	176
Interest Revenue	-	-	256	-	-	256
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>155</b>	<b>94</b>	<b>258</b>	<b>53</b>	<b>44</b>	<b>604</b>
<b>Expenses</b>						
Operating Expenses	78	66	11	16	14	185
Interest Expense	-	-	227	-	-	227
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>155</b>	<b>94</b>	<b>238</b>	<b>53</b>	<b>44</b>	<b>584</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>2024-25 Estimate</b>						
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	Total
<b>Revenues</b>						
Project Delivery and Management Fees	83	70	2	17	14	186
Interest Revenue	-	-	259	-	-	259
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>160</b>	<b>98</b>	<b>261</b>	<b>54</b>	<b>44</b>	<b>617</b>
<b>Expenses</b>						
Operating Expenses	83	70	11	17	14	195
Interest Expense	-	-	228	-	-	228
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>160</b>	<b>98</b>	<b>239</b>	<b>54</b>	<b>44</b>	<b>595</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>
<b>2025-26 Estimate</b>						
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	Total
<b>Revenues</b>						
Project Delivery and Management Fees	88	74	2	19	15	198
Interest Revenue	-	-	264	-	-	264
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>165</b>	<b>102</b>	<b>266</b>	<b>56</b>	<b>45</b>	<b>634</b>
<b>Expenses</b>						
Operating Expenses	88	74	11	19	15	207
Interest Expense	-	-	230	-	-	230
Project Transaction & Recoverable Costs	77	28	-	37	30	172
	<b>165</b>	<b>102</b>	<b>241</b>	<b>56</b>	<b>45</b>	<b>609</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>



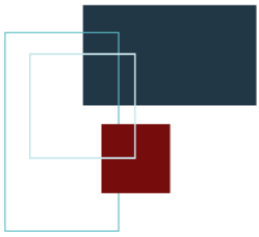
## Environmental Scan

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IO conducts an external scan of environmental factors that may influence its strategic and business plans. The assessment is summarized below.

### GOVERNMENT PRIORITIES:

- Execute transactions that achieve the best value for government assets and effectively deliver major capital projects, and continue to deliver priority infrastructure projects - transit, highway, and healthcare projects - on the Province's public-private partnership (P3) pipeline.
- Continue to develop innovative commercial solutions for government priorities. Continue to provide commercial advice and services related to ministries, agencies, and broader public sector entities on financial, strategic, or other matters including developing, evaluating, structuring, and negotiating commercial transactions.
- Continue to develop provincial land holdings. Continue to identify and pursue revenue-generating opportunities and innovative practices supporting the government's plan to build new, sustainable transit through the implementation of the TOC program.
- Support the government response to the COVID-19 pandemic. Continue to support the government's response to COVID-19, including working with MOI, the Ministry of Transportation, Metrolinx and other capital ministries to assess and manage financial and scheduling risks to ongoing major projects resulting from COVID-19.
- Continue to deliver the IO Loan Program according to the Province's policy goals. Continue to engage with current and potential lending partners, advise the ministry on the Loan Program's potential expansion, and work with partners like MLTC to deliver innovative solutions that enable the delivery of key government priorities.
- Provide administrative services on other programs as directed by the Minister of Infrastructure. Support MOI in: the delivery of the government's Unsolicited Proposals Program; expansion of broadband infrastructure to improve connectivity in communities across the province; administration of the Clean Water and Wastewater Fund and Natural Gas Grant program until completion of the programs; provide advice and services related to realty projects to the broader public sector;

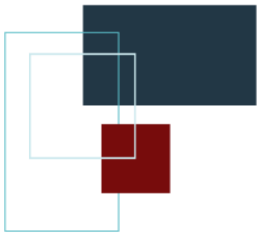


and improve public sector infrastructure, project procurement outcomes, and ongoing asset inventory enhancements related to government infrastructure.

- Engage in continuous refinement of delivering services most effectively and efficiently. Work with MOI to implement the recommendations of the ministry review of IO to ensure the most effective and efficient delivery of services that meet government objectives and improve the accountability and transparency of IO's activities; work with government partners to seek full cost recovery on all projects, programs and initiatives going forward as IO moves away from fixed cost engagements.

#### Industry Landscape and Market Conditions:

- The COVID-19 pandemic has created a highly uncertain fiscal and societal landscape. Innovative thinking around assets will be necessary. Government partners will be challenged to find smart ways to invest in current assets while also building for the future. Industry partners will face new forms of constraints, and local supply chains will be more important than ever. IO's expertise and industry insights are valuable assets for government as it considers near and long-term strategies to respond to the pandemic.
- Market Capacity and Participation: IO's ability to generate a competitive bidding environment for its projects is critical to maximizing value to the taxpayer. Ensuring rigorous market participation across IO's evolving and expanding portfolio of projects will be an ongoing challenge. With a significant pipeline of projects on the horizon, IO must ensure that the market has the capacity to bid upon its projects – in terms of being able to respond to the process requirements (when there may be competing projects in the marketplace), as well as the capacity to deliver projects based on the availability of sufficient financing, and labour resources. For example, historic levels of government investment in infrastructure projects such as the Ontario Line are creating larger, more complex procurements and projects.
- Increasing Complexity of Projects: Infrastructure projects are becoming increasingly complex with technology playing a more dominant role in the delivery of bricks and mortar projects. New asset classes and projects in more remote areas of the province are presenting new forms of risk that are difficult to identify, assess and transfer. At the same time, the construction industry has become more conservative



in its own risk thresholds. IO needs to ensure that a “template” approach is not applied to what could be a unique project.

- Rising construction costs and interest rates are making construction projects more expensive, impacting the delivery of capital projects and lending activities. Capital projects will require more financing with project consortiums and lending clients, potential having difficulties securing funding.

Other:

- Leading organizations are gaining competitive advantages by leveraging artificial intelligence (AI) and other technologies to improve business operations that meet changing consumer behaviors and drive efficiencies. In an environment where IO’s mandate continues to expand, the agency must seek to identify opportunities to leverage technology and AI capabilities.

The sustainability of the assets IO builds, their resiliency to climate change, and the way they use energy is becoming ever more important and something that needs to be priced into projects.



## Human Resources

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Attracting and retaining great talent is one of IO's four goals. IO is focused on creating a workplace that encourages coaching, mentoring, and development, celebrates diversity and inclusion, and encourages employees to innovate. IO is fortunate in its ability to attract individuals who are passionate about serving their fellow citizens, and who are motivated by playing a direct role in contributing to the economic and social well-being of Ontarians.

IO's employee value proposition is composed of four pillars, underlying its ambition "we take it ON":

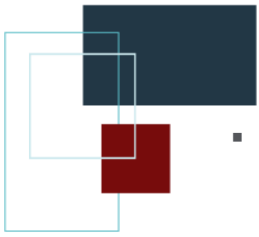
- See your contributions come alive
- You belong with the best
- A Career that works with your life and
- More ways for you to grow

Employees have identified these elements as the reasons for joining and staying with IO. On a regular basis IO reviews its Employee Value Proposition (EVP) to ensure it continues to resonate with employees. IO's EVP was reviewed, refreshed, and updated in fall 2022.

The complexity of IO's work is high. It requires specialized skills in a wide range of areas such as law, accounting, architecture, engineering, construction, finance, facilities management, asset management and information technology. Over 80% of IO's workforce is comprised of professionals. Increasingly, IO is competing for these professionals in a market of limited skilled resources. Sourcing and retaining the right people for the right positions is essential in an environment where market competition for talent is high.

IO takes a proactive and comprehensive approach to workforce planning that includes:

- Appropriate resourcing to deliver on government priorities.
- Assessing talent to ensure opportunities for employees are identified and the organization has solid development plans in place for all.
- Identifying approaches to filling vacancies through a variety of channels – looking internally to resource first.



- Growing and developing talent through enriched on the job training, extensive leadership, and development mentoring, coaching and formal course offerings.
- Knowledge management and knowledge transfer within the organization.

In addition to workforce planning, IO regularly reviews market data to assess its ability to attract, recruit and retain talent. IO is also striving to maintain a responsible and balanced approach to compensation, recognizing the need as a government agency to maintain strict fiscal responsibility within the competitive labour market in which IO competes. IO's compensation philosophy drives its objective to attract and retain talent with the skills and experience required to effectively deliver on IO's mandate and priorities. IO's approach includes benchmarking cash compensation and benefits against the public sector organizations from which it recruits and is consistent with relevant legislation.

IO's total staff complement was 764 (as of December 31, 2022), with the demographic composition of its staff as follows:

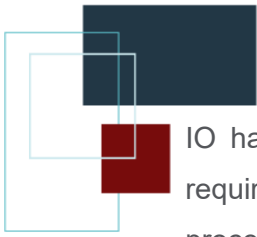
- 50% females and 50% males
- average employee age of 41 years
- average employee tenure of 4.9 years

IO is working to ensure that its talent is reflective of Ontario's diversity. IO continues to build a more diverse workforce representative of the communities in which IO works.

Being a champion of equity, diversity, inclusion, and innovation is the cornerstone of commitments that IO makes to its people, its relationships, and its work. It speaks to the quality of that work. It speaks to the relationships that are built and the tone IO promotes in those relationships, with government, ministry clients, its partners, and its contractors.

IO continues to drive toward even greater equity, diversity, and inclusion to build the most innovative team possible. Within the context of its broad approach to diversity and inclusion, IO also committed to the increased representation of women across all levels of the agency.

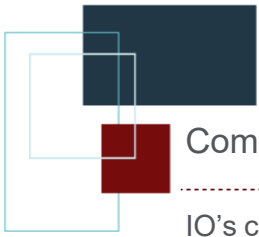
IO developed and introduced its first Equity, Diversity and Inclusion (EDI) Strategy, launched a comprehensive demographic survey to fully understand the barriers and successes of belonging, and introduced nine (9) employee resources groups intended to support the EDI strategy, create a sense of belonging and establish safe spaces for employees. IO also reviewed its Talent Acquisition process to ensure alignment with the EDI strategy and increase the attraction and retention of diverse talent.



IO has updated its Code of Conduct to better reflect the EDI behaviors and attitudes required for each employee to be successful within IO. In addition, IO's procurement process was updated to ensure its partners EDI strategies align to those of IO and the province of Ontario.

By enhancing its team's diversity and fostering an inclusive workspace, IO expects to bring even more innovation to the globally recognized work it does on behalf of Ontarians.

IO recognizes the inherent dignity and equality of all persons and is committed to conducting procurements in a manner which provides recognition, opportunity, and safety for all. IO will not tolerate any form of systemic or other racism or discrimination in its procurement practices or those of its bidding vendors. IO's ongoing commitment to anti-racism and discrimination-free practices shall be codified in each phase of IO procurements and in each contract issued by IO.



## Communications Plan

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IO's communications are focused on ensuring transparency and awareness of IO's priorities and the progress achieved against those organizational goals.

IO is committed to building relationships with its clients and partners, media, industry stakeholders and the public using traditional approaches and adopting appropriate social media engagement including LinkedIn, Twitter, and Instagram.

IO is committed to strengthening relationships with industry and association leaders by providing clarity on its priorities and promoting collaboration to identify and address shared issues and opportunities. IO works collaboratively with its partners and client ministries to ensure residents and businesses can participate in developments impacting their communities.

IO's communications strategy also supports the corporate priority to attract and retain talented people, and to promote an innovative and inclusive work environment within the agency.