

# 2021-2024 Business Plan

Ontario Infrastructure and  
Lands Corporation



**Infrastructure  
Ontario**

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# Introduction

**Infrastructure Ontario (IO/agency), 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. IO upholds the government's commitment to renew public infrastructure assets and modernize services and does so in partnership with the private sector. By acting as this bridge between public sector priorities and private sector execution, IO aims to achieve better outcomes for the Province, including lower costs, faster delivery of new assets and services, and higher quality / higher performing assets.

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 our partners and clients that are rooted in trust and reliability.

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

The nature of IO's work is evolving to deliver on an expanding mandate and to contend with a number of other market forces, including the ever increasing importance of technology in capital planning, the complexity of governance models associated with increasingly complex projects, and the lasting impact of the COVID-19 pandemic.

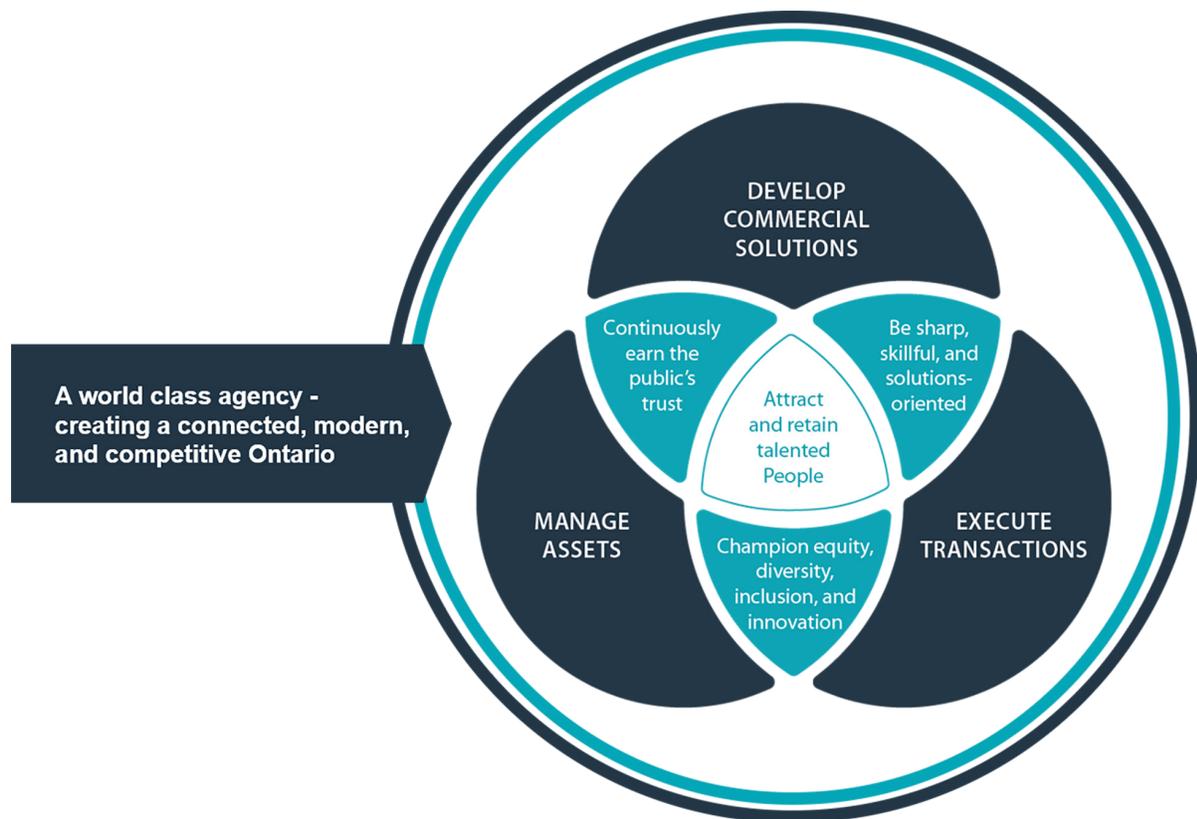
# Vision, Mission and Values

## 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 our 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 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, our mission outlines IO's value proposition to deliver and execute solutions in support of government's top priorities. There are three interconnected components to our mission:

**Develop commercial solutions:** Push IO's "upstream" involvement in solution design across an expanded client base and asset classes.

**Execute transactions:** Develop new and novel forms of public-private partnerships across new delivery classes and sectors.

**Manage assets:** Expand our role in the management of government assets to all Provincial ministries, agencies, and broader public sector entities to maximize opportunities for asset optimization and development.

## 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 2020-21 fiscal year and provide a summary of the strategic plan, 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 2021-22 fiscal year.

# 2020-21 Significant Achievements

## Operating Performance

In 2020-21, IO created significant value for the Province by executing on our mission of delivering commercial solutions, executing transactions, and managing assets for government while effectively navigating the impact of the COVID-19 pandemic.

Notable achievements included:



### Maximize our public impact

- Achieved key project and program milestones for a variety of client projects while proactively managing COVID-19's impact on current and future projects.
- Developed and advanced a COVID-19 response plan that outlined key areas of focus to support Ontario in managing the crisis, mitigating economic and societal impacts, stimulating recovery, and strengthening our resilience. For example, IO's responsiveness enabled the rapid re-opening of the Ministry of Attorney General courts in June 2020. Efforts included the installation of plexiglass barriers, new HVAC practices and social distancing methods that allowed the courts to begin re-opening on an extremely ambitious schedule.
- Continued to support municipal infrastructure investment through our lending program.
- Advanced opportunities to derive value from the real estate portfolio by clarifying accountabilities and government decision making.
- Developed and implemented the Gradual Reopening of the Workplace (GROW) advisory framework for the Ontario Public Service (OPS).



### Be trusted by governments and the market

- Received new, emerging, and expanding mandates to support government, for example, the Ministry of Health and Long-Term Care rapid builds modernization, and land development.
- Continued pursuit of capital delivery model selection and budgeting reforms, positioning IO to shape the role of capital delivery across the province.
- Led an initiative with the Ministry of Infrastructure to assess the feasibility of electric utility-enabled broadband models to lower the cost of bringing broadband service to rural and remote communities.
- Adapted approaches to contracting on the subways program that have resulted in a more robust competitive market response.
- Successfully managed acceleration of the Transit Oriented Communities (TOC) program.



## Achieve operational excellence

- Operated within budget despite an expanded volume of work.
- Refined our business planning and risk management processes to enhance decision making.
- Transitioned the entire workforce to a virtual environment with no impact to business continuity, indicative of IO's ability to adapt during the COVID-19 pandemic.
- Advanced efforts to build organizational IT capability through a defined strategy and draft roadmap, and refined project governance and prioritization frameworks.



## Attract and retain talent

- Renewed our focus on values around equity, diversity, and inclusion.
- Received positive employee feedback with 100% of new hires indicating they would recommend IO as a place to work.
- Completed a seamless transition to virtual recruitment and onboarding.

## COVID-19 Response

In March 2020, IO quickly mobilized resources to respond to the COVID-19 pandemic. While the pandemic has had a long-lasting impact on employees, operations, government, and the public-at-large, IO's response to the crisis highlighted the work of IO's people, diverse capabilities, and value to government through our ability to be agile and innovative.

**The response plan included three areas of support** to help manage during and ultimately recover from the COVID-19 crisis:

### 1. Manage during the crisis

- Supported government in the rapid shutdown of non-essential locations while ensuring that critical spaces were adapted and remained open and safe (e.g., Service Ontario, courts, correctional facilities) and worked with private sector tenants on addressing rent relief measures.
- Accelerated go-live dates for hospital projects scheduled for completion in 2020, built COVID-19 health facilities to create surge capacity, and developed and launched innovative transaction models to accelerate the build of Long-Term Care (LTC) supply.

### 2. Mitigate immediate economic and societal impacts

- Proactively managed the impact of COVID-19 on projects in construction, while complying with Ontario's COVID-19 health guidelines and implementing protocols on new project agreements.

- The organization communicated a comprehensive capital projects pipeline including 41 public-private-partnerships (P3) projects valued at more than \$60 billion, which is an important affirmation of the Government of Ontario's historic commitment to P3s and public infrastructure, particularly amid managing the unprecedented challenge posed by the pandemic.
- Leveraged the lending program to offer flexible repayment options to entities faced with liquidity issues and to stimulate spending during recovery, supporting municipalities as they offered local tax relief, affordable and social housing corporations that offered relief to renters impacted by layoffs, and health organizations impacted by the pandemic.

### 3. Stimulate recovery and strengthen our resiliency

- Engaged in major cross-cutting business transformations with ministry partners to modernize how critical government services are delivered:
  - Established a digital identity program in partnership with the Ontario Digital Service at the Treasury Board Secretariat.
  - Undertook health insurance modernization, and contract renewal strategies in partnership with the Ministry of Health and Long-Term Care.

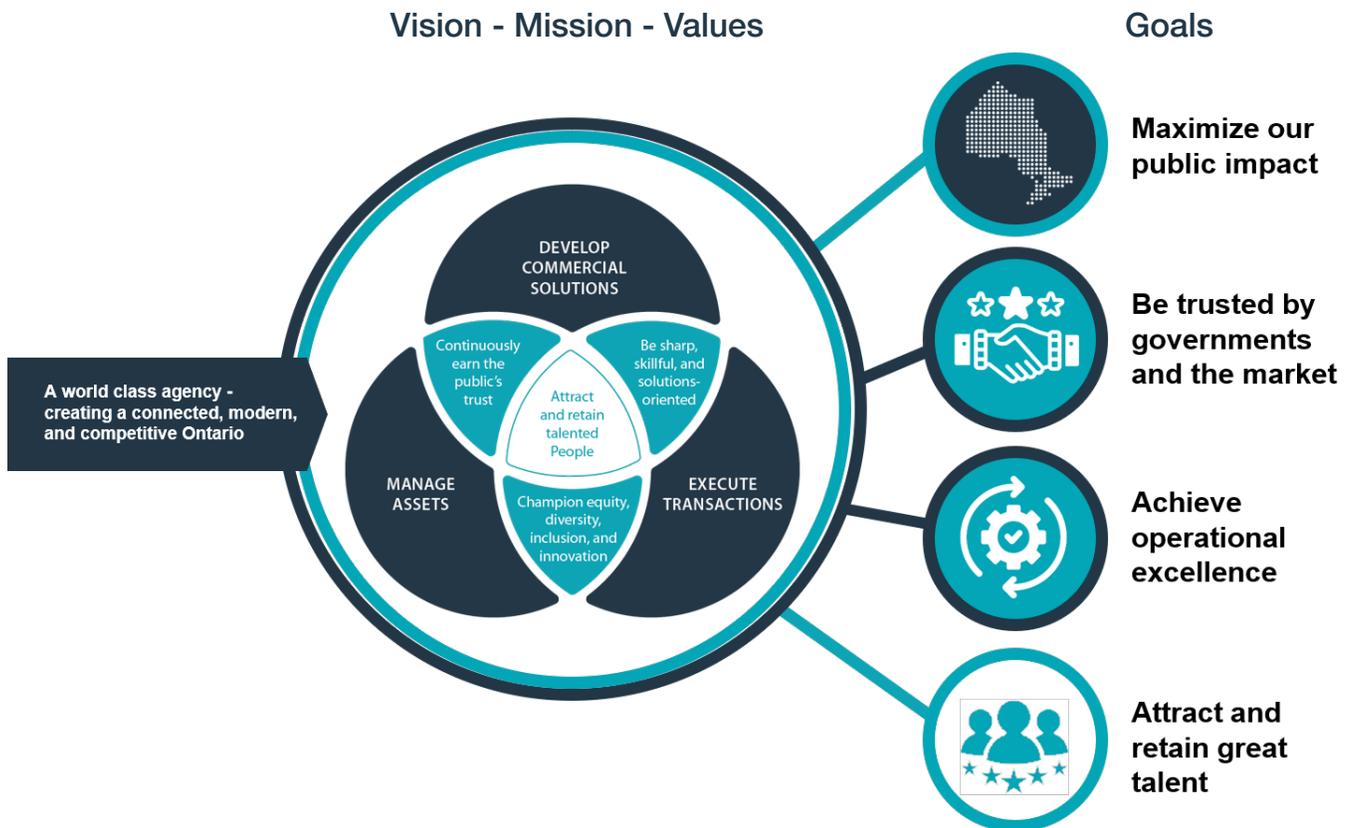
IO’s strategic evolution is grounded in our Board approved updated strategic planning framework. Central to the framework is IO’s vision, mission, and values, which provide the foundation upon which the strategy is developed.

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 renewed vision, mission, and values, IO’s goals articulate our organization’s ambition, and guide our 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 our vision, mission, and values.

▼ 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

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 our 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 our enterprise-wide initiatives.



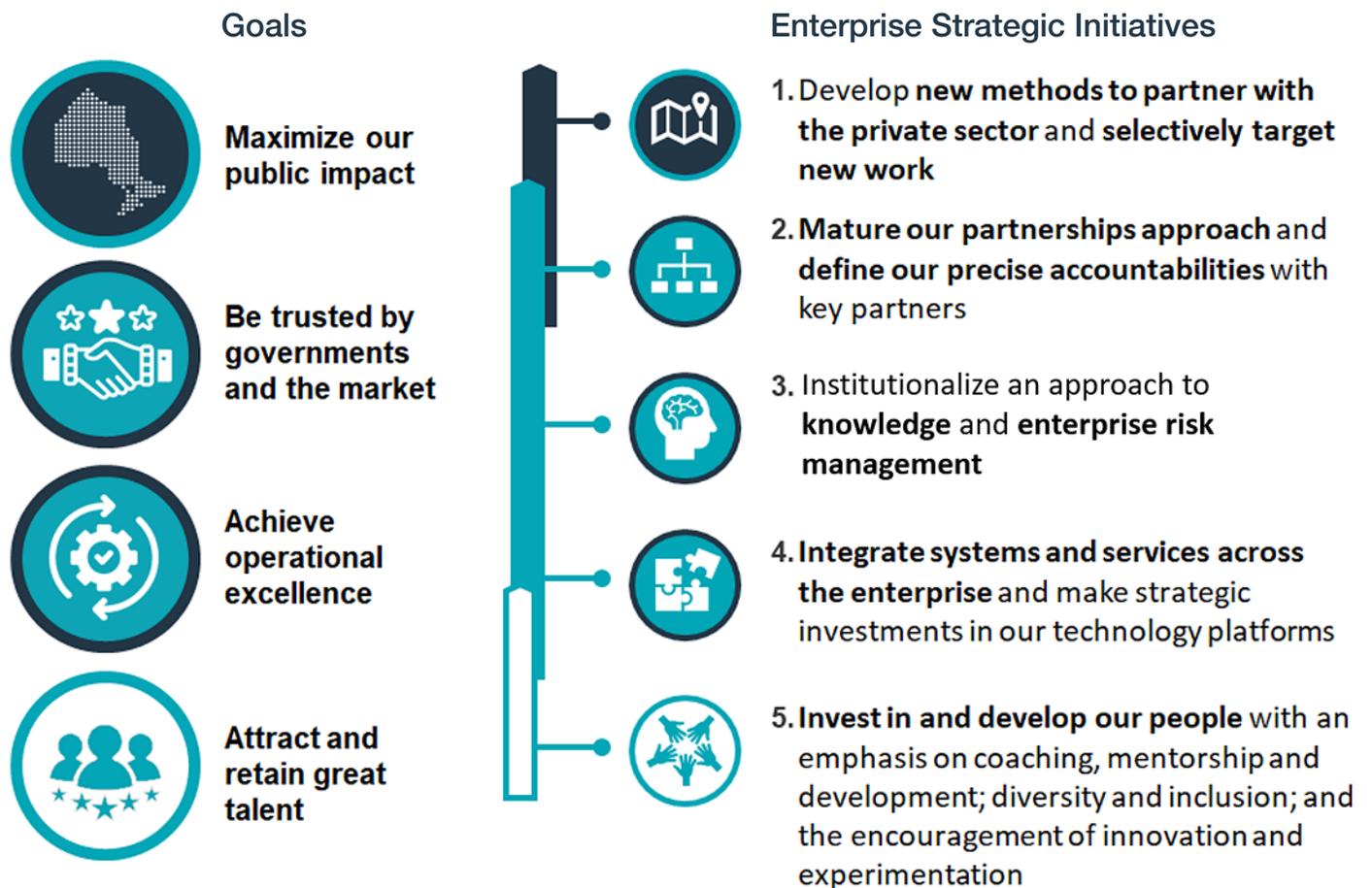
**4. Attract and retain great talent** through the articulation and delivery of an employee value proposition grounded in empowerment, development, teamwork, diversity, inclusion and impact.

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

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

▼ Figure 3: Linkage between Goals and Enterprise Strategic Initiatives



Below is a description of the five enterprise-level strategic initiatives.



1. IO will **develop new methods to partner with the private sector and selectively target new work.** This focuses our investments upon building new capabilities, contracting methodologies, and service offerings to meet the needs of existing and emerging government priorities to ensure we are delivering outcomes that meet the changing needs of Ontarians.

Supporting this first enterprise-level initiative, the next three initiatives focus on IO's internal capabilities:



2. IO is striving to **mature our partnerships approach and define our precise accountabilities with key partners.** Accordingly, IO has made it a priority to evolve our partnerships model and more effectively triage new work.



3. IO will **institutionalize its approach to knowledge and enterprise risk management** and continue to evolve its enterprise risk management framework.



4. IO plans to **integrate services and systems across the enterprise and make strategic investments in our technology platforms.** This involves upgrading foundational systems, including our financial ledgers and project management systems, and modernizing our infrastructure through the development of sustainable operating platforms and an integrated data architecture, and the implementation of solutions that improve IO's efficiency and effectiveness.

Foundational to the other four initiatives, and everything IO does, is its fifth enterprise initiative:



5. **Invest in and develop our people with an emphasis on coaching, mentorship, and development, diversity and inclusion, and the encouragement of innovation and experimentation.** While there are many actions to be taken against this initiative, IO is prioritizing efforts to address racism and bias in the workplace through the enhancement of diversity, equity, and inclusion efforts to ensure a more effective and equitable environment for our employees.

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

Each of the five enterprise initiatives above are supported by strategic sub-initiatives that have clearly articulated three to five-year outcomes.

## Strategic Initiatives

▼ Figure 4: Strategic Initiatives

Strategic Initiatives	3-5 Year Outcome
<p><b>1. Develop new methods to partner with the private sector and selectively target new work</b></p> <ul style="list-style-type: none"> <li>■ Deploy a wider set of contracting approaches</li> <li>■ Play a greater role in shaping the character of capital projects</li> <li>■ Invest in service modernization opportunities</li> <li>■ Develop provincial land holdings via new models and beyond GREP</li> <li>■ Play an expanded role in respect of municipal infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of delivery models and packaging strategies in line with and leading the evolution of the market, across all service offerings</li> <li>▶ Formal involvement with capital strategies, including approach to building and maintaining assets, at key ministries, leveraging a holistic view of the infrastructure portfolio</li> <li>▶ Active participation in identifying and solving the most critical pan-ministerial service modernization opportunities</li> <li>▶ Active involvement in the development of provincial lands for key government priorities, through central government, Ministry, and broader public sector partnerships</li> <li>▶ Formal involvement in the delivery of municipal infrastructure projects aligned to provincial government priorities, where IO can provide unique value to enhance resilience</li> </ul>
<p><b>2. Mature our partnerships approach and define our precise accountabilities with key partners</b></p> <ul style="list-style-type: none"> <li>■ Evolve our partnerships model</li> <li>■ Ensure effective intake / triage of new work</li> <li>■ Define our precise accountabilities with key partners</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ability to deeply understand client needs and deliver whole-of-IO solutions at scale through effective entity-to-entity relationships</li> <li>▶ Structured intake and triage (based on alignment to priorities, resource availability, and capability) that defines how IO delivers</li> <li>▶ Clarity on behalf of the government and market as to the role that IO plays, its accountabilities, and governance structure</li> </ul>
<p><b>3. Institutionalize its approach to knowledge and enterprise risk management</b></p> <ul style="list-style-type: none"> <li>■ Institutionalize knowledge management</li> <li>■ Evolve enterprise risk management framework</li> </ul>	<ul style="list-style-type: none"> <li>▶ Culture of bringing collective knowledge to client interactions by leveraging integrated knowledge management tools</li> <li>▶ Integrated view of business line and enterprise risk management activities across IO, underpinned by consistent approaches to risk management</li> </ul>
<p><b>4. Integrate services and systems across the enterprise</b></p> <ul style="list-style-type: none"> <li>■ Develop a technology roadmap and strategy</li> <li>■ Integrate services to be more client-centric</li> </ul>	<ul style="list-style-type: none"> <li>▶ Stable and integrated systems and data infrastructure that enables IO to meet client and business needs efficiently and effectively</li> <li>▶ Delivery of fully integrated services leveraging the breadth of IO's capabilities, resources, and insights</li> </ul>

Strategic Initiatives	3-5 Year Outcome
<p>5. Invest in and develop our people</p> <ul style="list-style-type: none"> <li>Focus on leadership development and accountabilities</li> <li>Relentlessly pursue a renewed diversity and inclusion strategy</li> </ul>	<ul style="list-style-type: none"> <li>Strong leadership values / people management competencies across levels and functions, culture of performance and client centricity, and delivery of employee value proposition</li> <li>Leadership in the EDI space, with employee population at all levels representing the diversity of the GTA and a strong culture of inclusion and psychological safety</li> </ul>

### Balanced Scorecard

In order 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 behaviours that IO believes will support the achievement of its goals.

▼ Figure 5: Balanced Scorecard Framework

Goal	How we measure performance against the goal
 <b>Maximize our public impact</b>	<b>1</b> The <b>timely delivery</b> of projects <b>within expected budgets</b>
	<b>2</b> The <b>value we identify and generate</b> for our clients
 <b>Be trusted by governments and the market</b>	<b>3</b> <b>Support of government priorities</b>
	<b>4</b> <b>Satisfaction</b> of our clients
	<b>5</b> <b>Confidence</b> from the market
 <b>Achieve operational excellence</b>	<b>6</b> <b>Financial performance</b> and <b>resiliency</b>
	<b>7</b> Progress against <b>enterprise initiatives</b>
 <b>Attract and retain great talent</b>	<b>8</b> Effectiveness of our <b>coaching and development</b> programs
	<b>9</b> Level of <b>diversity, inclusion and safety</b> in our work
	<b>10</b> Degree to which we are <b>encouraging and rewarding innovation</b>

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

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 our board 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.

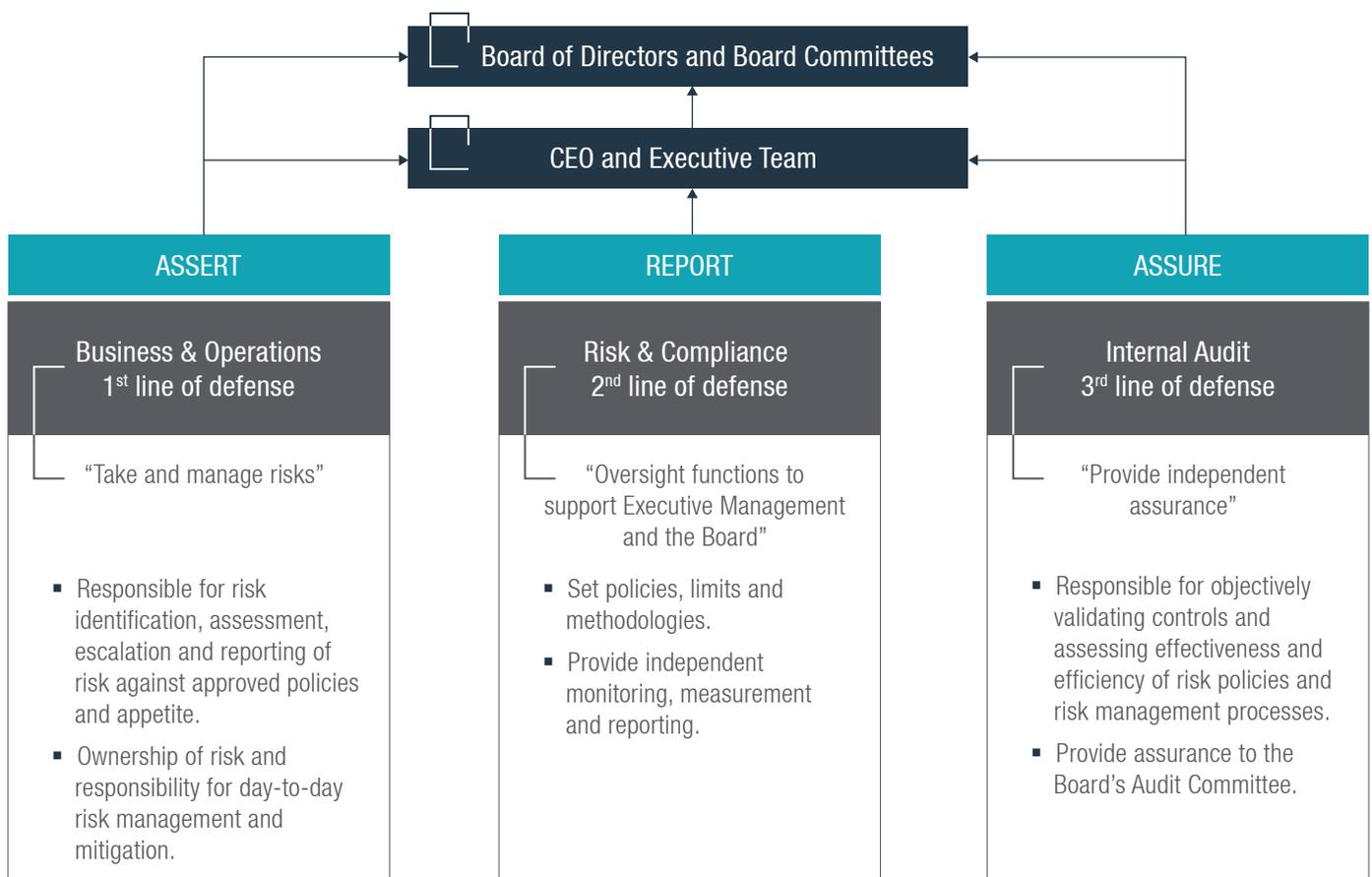
# Enterprise Risk Management Framework

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 annually, with emphasis placed upon emerging risks and improvements to risk management reporting. As part of IO’s ERM maturity plan, IO is developing 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 6: Three Lines of Defense Model



## ERM Policy

The ERM policy outlines a framework for risk management, including an overall approach to identifying, assessing, and managing 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 and audits 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 an ongoing basis to the Board of Directors and the Ministry of Infrastructure.

▼ Figure 7: Key Risks

Risk	Mitigating Actions
<p><b>Rapid Mandate Expansion</b></p> <p>Potential increases to IO’s mandate and scope of operations, resulting in a rapid expansion of the portfolio, resource base and operations.</p>	<p style="text-align: center;"><b>Strategic</b></p> <ul style="list-style-type: none"> <li>▶ IO has a rigorous framework for hiring staff and developing resources to match any changes in mandate/scope of work.</li> <li>▶ IO is governed and supported by Letters of Direction from the Ministry of Infrastructure and Ministry of Government and Consumer Services.</li> <li>▶ IO has strong relationships across government, providing line of sight to possible mandate changes.</li> <li>▶ IO employs a six-quarter rolling forecast process to provide visibility on project volumes and resource requirements.</li> </ul>

Risk	Mitigating Actions
<b>Strategic</b>	
<p><b>Declining Market Participation and Decreased Capacity</b></p> <p>Market participation has been affected by construction industry consolidation, growing project complexity, and an evolving tolerance for risk transfer; combined with a decreased capacity on the part of market participants, there exists a risk of higher bid prices, costs of services, and schedule 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, with support from a third-party jurisdictional review.</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 incorporates an integrated view of all initiatives, to continuously monitor progress and risks.</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>

Risk	Mitigating Actions
<b>Reputational</b>	
<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>Manage Business Disruption</b></p> <p>The magnitude of changes in the external environment or reliance on partners (e.g., public health crises and economic slowdown) may adversely impact IO's 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 Impacts and Loan Portfolio Management</b></p> <p>Declining interest rates may offset the benefits of interest rate swap agreements associated with unhedged loans and previously issued debt, which are intended to reduce exposure to interest rate fluctuations and market volatility.</p> <p>Decreased revenue among IO's lending clients due to the recent pandemic may adversely affect the performance of IO's loan portfolio.</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 2021-24

IO is focused on achieving operational excellence. We do so by prudently managing our budget, staff, and financial risk in order 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 and the Minister of Government and Consumer Services** 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 rolling quarterly 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 2021-22 and includes preliminary estimates for 2022-23 and 2023-24 as a reference point for medium-term planning.

## Statement of Operations

▼ Figure 8: Statement of Operations

(\$Millions)	2021-22 Budget	2022-23 Estimate	2023-24 Estimate
<b>Revenues</b>			
Interest revenue	222	215	209
Project delivery fees	78	85	92
Management fees	55	58	60
Project Transaction & Recoverable costs	98	98	99
	<b>453</b>	<b>456</b>	<b>460</b>
<b>Expenses</b>			
Salaries and Benefits	100	108	114
General and Administration	31	32	36
Interest Expense	199	191	183
Sub-contracting Fees	9	10	10
Project Transaction & Recoverable costs	98	98	99
	<b>437</b>	<b>439</b>	<b>442</b>
<b>Surplus/(Deficit)</b>	<b>16</b>	<b>17</b>	<b>18</b>

## Legislative Mandate

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 held by the Ministry of Government and Consumer Services (MGCS) or by a Crown agency for which the Minister of Government and Consumer Services is responsible;
- provide advice and services related to real 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.

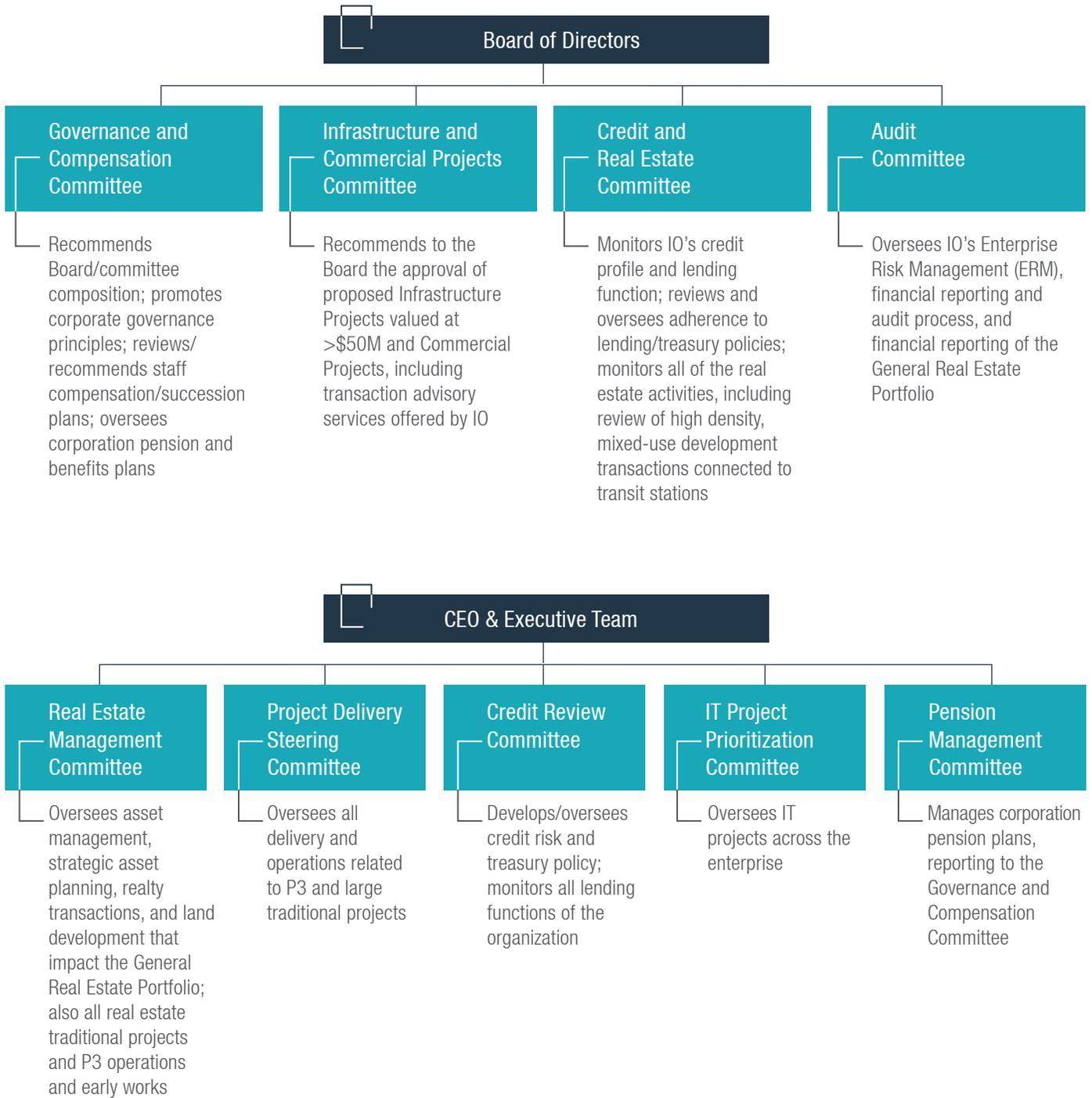
## Enterprise Governance

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.

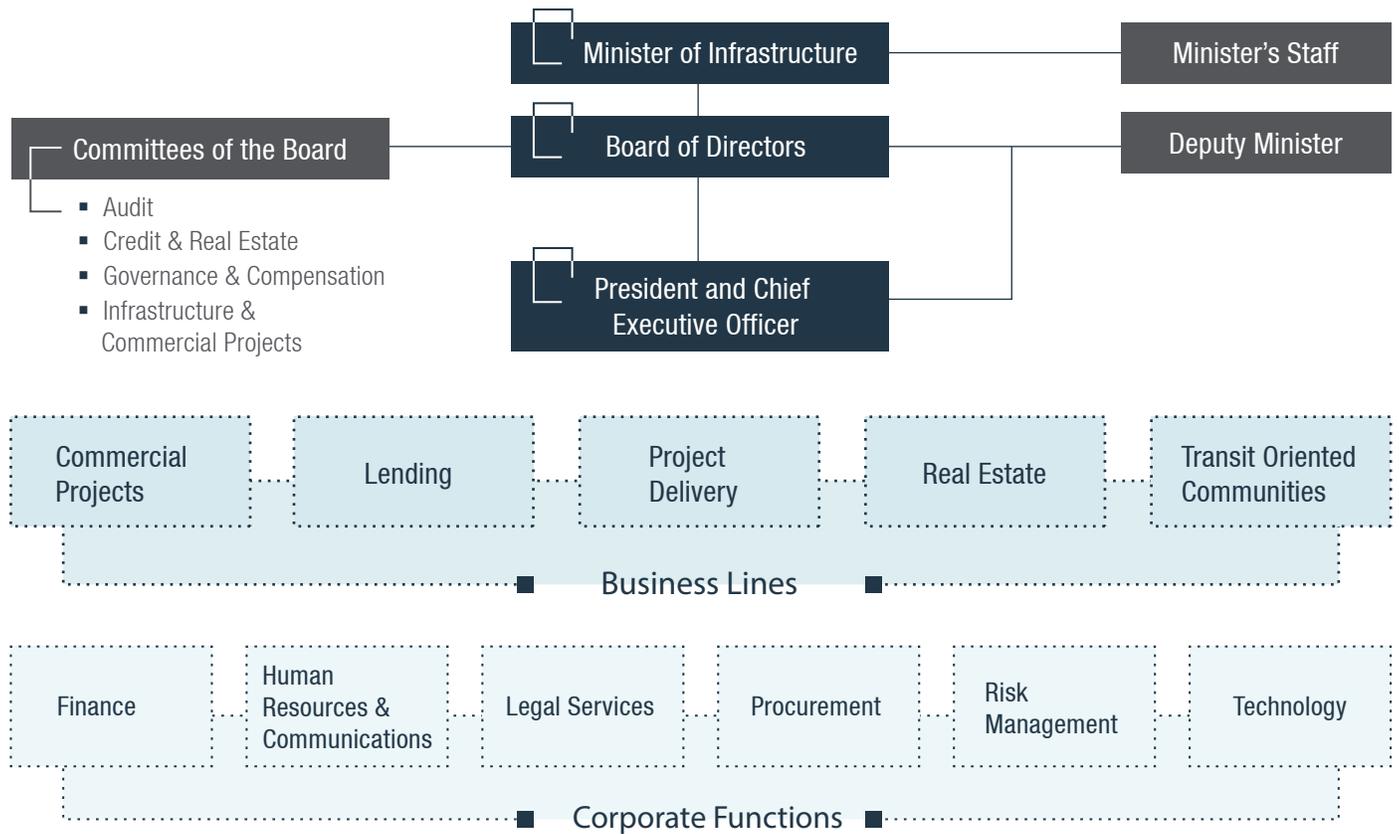
The business plan and annual report submitted to the Minister are prepared in accordance with applicable legislation and the government's Agencies and Appointments Directive. Decision-making thresholds of IO's management committees and individual staff members are governed by a Delegation of Authority,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

▼ Figure 9: IO's Board and Management Committee Structure



# Corporate Structure

▼ Figure 10: IO's Corporate Structure



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

**Commercial Projects** leverages private sector partnerships 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, including major land developments.

**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 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 P3 Project pipeline, is valued at more than \$60 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 the Ministry of Government and Consumer Services (MGCS), to maximize the value of government assets through portfolio planning and rationalization. We currently manage in excess of 42 million square feet of space on behalf of the Province.

**Transit Oriented Communities (TOC)** 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, through IO's existing mandate, is charged with the redevelopment of transit station and construction lands across all four of the priority subway projects with the aim of creating value for the Province that can be redeployed to offset transit infrastructure costs or fund other government priorities.

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 11: Business Line Statement of Operations

(\$ Millions)	2021-22 Budget					Total
	Project Delivery	Real Estate	Lending	Transit Oriented Communities	Commercial Projects	
<b>Revenues</b>						
Interest Revenue	-	-	222	-	-	222
Project Delivery Fees	62	-	-	5	11	78
Management Fees	-	55	-	-	-	55
Project Transaction & Recoverable costs	61	6	-	8	23	98
	<b>123</b>	<b>61</b>	<b>222</b>	<b>13</b>	<b>34</b>	<b>453</b>
<b>Expenses</b>						
Salaries and Benefits	45	37	5	4	9	100
General and Administration	17	9	2	1	2	31
Interest Expense	-	-	199	-	-	199
Sub-contracting Fees	-	9	-	-	-	9
Project Transaction & Recoverable costs	61	6	-	8	23	98
	<b>123</b>	<b>61</b>	<b>206</b>	<b>13</b>	<b>34</b>	<b>437</b>
Surplus/(Deficit)	-	-	<b>16</b>	-	-	<b>16</b>

(\$ Millions)	2022-23 Estimate					
	Project Delivery	Real Estate	Lending	Transit Oriented Communities	Commercial Projects	Total
<b>Revenues</b>						
Interest Revenue	-	-	215	-	-	215
Project Delivery Fees	67	-	-	6	12	85
Management Fees	-	58	-	-	-	58
Project Transaction & Recoverable costs	63	6	-	8	21	98
	<b>130</b>	<b>64</b>	<b>215</b>	<b>14</b>	<b>33</b>	<b>456</b>
<b>Expenses</b>						
Salaries and Benefits	50	38	5	5	10	108
General and Administration	17	10	2	1	2	32
Interest Expense	-	-	191	-	-	191
Sub-contracting Fees	-	10	-	-	-	10
Project Transaction & Recoverable costs	63	6	-	8	21	98
	<b>130</b>	<b>64</b>	<b>198</b>	<b>14</b>	<b>33</b>	<b>439</b>
Surplus/(Deficit)	-	-	17	-	-	17

(\$ Millions)	2023-24 Estimate					
	Project Delivery	Real Estate	Lending	Transit Oriented Communities	Commercial Projects	Total
<b>Revenues</b>						
Interest Revenue	-	-	209	-	-	209
Project Delivery Fees	74	-	-	6	12	92
Management Fees	-	60	-	-	-	60
Project Transaction & Recoverable costs	65	6	-	8	20	99
	<b>139</b>	<b>66</b>	<b>209</b>	<b>14</b>	<b>32</b>	<b>460</b>
<b>Expenses</b>						
Salaries and Benefits	55	39	5	5	10	114
General and Administration	19	11	3	1	2	36
Interest Expense	-	-	183	-	-	183
Sub-contracting Fees	-	10	-	-	-	10
Project Transaction & Recoverable costs	65	6	-	8	20	99
	<b>139</b>	<b>66</b>	<b>191</b>	<b>14</b>	<b>32</b>	<b>442</b>
Surplus/(Deficit)	-	-	18	-	-	18

## Environmental Scan

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 other organizations like the Canada Infrastructure Bank to explore options to expand loans to current ineligible sectors.
- 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; providing advice and services related to realty projects to the broader public sector; and improving 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 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.

Other:

- Leading organizations are gaining competitive advantages by leveraging artificial intelligence (AI) and other technologies to improve business operations that meet changing consumer behaviours 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

Attracting and retaining great talent is one of our four goals. We are 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 key elements:

- Having real impact
- Feeling empowered to succeed
- Working together and
- Growing our people

This will be fundamental to how the organization will attract and retain the talent essential to meeting IO’s current and expanding mandate.

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 succession plans in place.
- Identifying approaches to filling vacancies through a variety of channels – looking internally to resource first.
- Growing and developing talent internally through enriched on the job training, extensive leadership, and development mentoring, coaching and formal course offerings.
- Discussing appropriate transition plans and knowledge transfers within the organization for long-service employees.

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 our 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 we recruit and is consistent with relevant legislation.

IO's total staff complement was 645 (as of March 31, 2021), with the demographic composition of our staff as follows:

- 48% females and 52% males
- average employee age of 41 years
- average employee tenure of 5.3 years

IO is working to ensure that our talent is reflective of Ontario's diversity. Findings from a recent voluntary, self-identification survey have helped us better understand the diversity of our workforce.

Being a champion of equity, diversity, inclusion, and innovation is the cornerstone of commitments that we make to our people, our relationships, and our work. It speaks to the quality of our work. It speaks to the relationships we build and the tone we promote in those relationships, with government, ministry clients, our partners, and our contractors.

We continue to drive toward even greater equity, diversity, and inclusion to build the most innovative team possible. Within the context of our broad approach to diversity and inclusion, we are also committed to the increased representation of women across all levels of IO. By enhancing our team's diversity and fostering an inclusive workspace, we expect to bring even more innovation to the globally recognized work we do 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 equity-deserving groups. 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

IO continues to modernize its approach to communication with the government, partners, and members of the community to support transparency and awareness of IO's mandate, objectives, and results.

IO is committed to building relationships with media, industry stakeholders and the public using a variety of traditional and social/digital media engagement approaches. IO collaborates with the Ministry of Infrastructure, Cabinet Office and other government clients and private-sector partners in order to demonstrate the value and impact of IO's traditional lines of business and its support in finding innovative partnered solutions for various government priorities.

IO's communication strategy also supports the corporate priority to attract and retain talented people, reflecting the values that underlie everything that IO does.

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