

2022-2025

# Business Plan

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Ontario Infrastructure  
and Lands Corporation

A world class agency - creating  
a connected, modern, and  
competitive Ontario

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# Introduction

**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 partnerships 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 our partners 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, partners, 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, we continue to manage a number of key risks, primarily related to delivering on an expanded mandate, ensuring we have the talent and capabilities to deliver in a competitive market, and dealing with the cost and performance issues which have been caused by the COVID-19 pandemic.

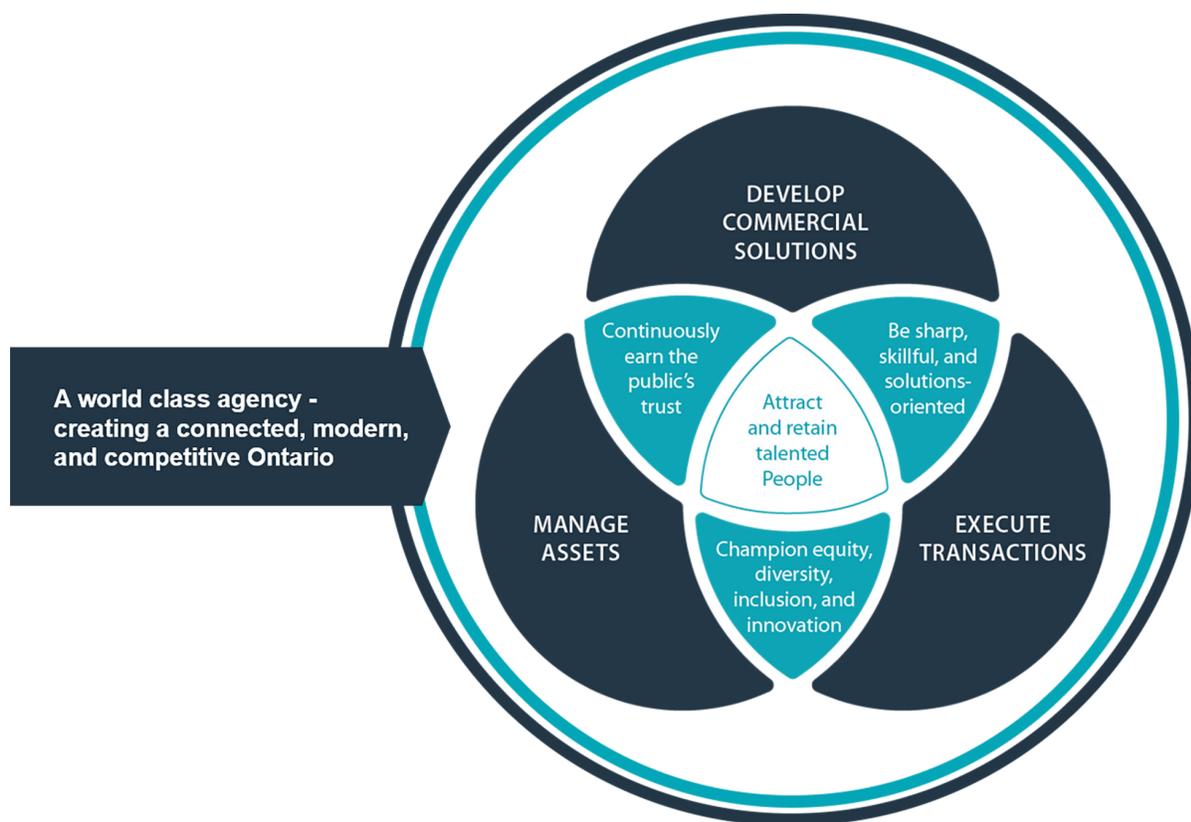
# Vision, Mission and Values

## 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 while supporting the planning and development of strategic government properties. There are three interconnected components to our 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 our 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 2021-22 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 2022-23 fiscal year.

# 2021-22 Significant Achievements

## Operating Performance

In 2021-22, 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.
- Advanced on our COVID-19 response plan that outlined key areas of continued focus to support Ontario in managing the crisis, mitigating economic and societal impacts, stimulating recovery, and strengthening our resilience. For example, we worked with government partners to mitigate COVID-19 delay and disruption impacts by advancing a strategy to deal with legal claims, continued to deliver rapid build hospitals and support long-term care (LTC) by working within existing P3 contracts to create additional urgent care capacity, and using our lands and lending capabilities to support LTC development.
- Partnered with the Ministry of Long-Term Care to launch the province's Long-Term Care Development Program and a Not-for-Profit Loan Guarantee Program, to address capacity issues in Long-Term Care. This includes establishing a viable strategy to leverage provincial surplus land and provide financing solutions to support the development of long-term care beds.
- Continued to support municipal infrastructure investment through our lending program.
- Continued to advance development outcomes for key public projects such as Ontario Place, where world class partners have been secured with no continuing subsidy from government.
- Undertook a thoughtful approach to the development of Transit Oriented Communities, including a robust community engagement program to ensure broader public support for the program.



## Be trusted by governments and the market

- Partnered closely with the Ministry of Infrastructure, Ministry of Energy, a cross section of Municipalities, Internet Service Providers (ISP's) and Local Distribution Companies (electricity utilities) to design and execute the 'Accelerated High-Speed Internet Program', a first of its kind program to bring high-speed internet to all regions of the Province. IO's engagement spanned the full lifecycle of the program – from commercial and technical advice during the initial policy development and commercial strategy phase, through to the design and execution of an innovative procurement and transaction model to secure partnerships with ISPs to deliver on the most ambitious and far-reaching broadband program in the Country.
- The province is in the process of establishing a "Centre of Realty Excellence" (CORE), which will enable the Ministry of Government and Consumer Services (MGCS) to optimize government real estate and efficiently realize value from surplus real estate. CORE will leverage IO's sales process, data and analytics, and value enhancement model to apply consistent methods and tools to unlock opportunities.
- Continued to build engagement with government and the market, demonstrated by the recent announcement of 39 projects in pre-procurement and procurement reflecting an estimated \$60 billion pipeline.
- Entrusted to support the multi-year capital planning due diligence and approval process and provide risk reporting to the government on their capital plan and capital program.
- Completed the Alliance Development phase for the Union Station Enhancement Project, marking the first Alliance project to be jointly managed by IO and Metrolinx. In addition to the Alliance model, IO expanded its delivery models to include the use of construction management at risk and progressive delivery models to build and bring to market critical infrastructure in a compressed timeframe.



## Achieve operational excellence

- Operated within budget, achieved our surplus target and demonstrated efficient and effective operations as measured by operating expenses as a percentage of capital under management and delivery.
- Strengthened our business planning and risk management processes to enhance decision making.
- Advanced efforts to build organizational IT capability through a defined strategy and draft roadmap which focuses on the renewal of key and antiquated systems, and refined project governance and prioritization frameworks.



## Attract and retain talent

- Continued our focus on values around equity, diversity, and inclusion (EDI), including the onboarding of IO's Head of EDI, and the development and communication of IO's full EDI strategy.
- Annually IO measures the overall employee experience relative to the Employee Value Proposition (EVP). In 2021, ratings on 14 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.
- Conducted talent review assessments to ensure targeted development, knowledge management, and retention to support leadership succession.

# 2022-2025 Strategy

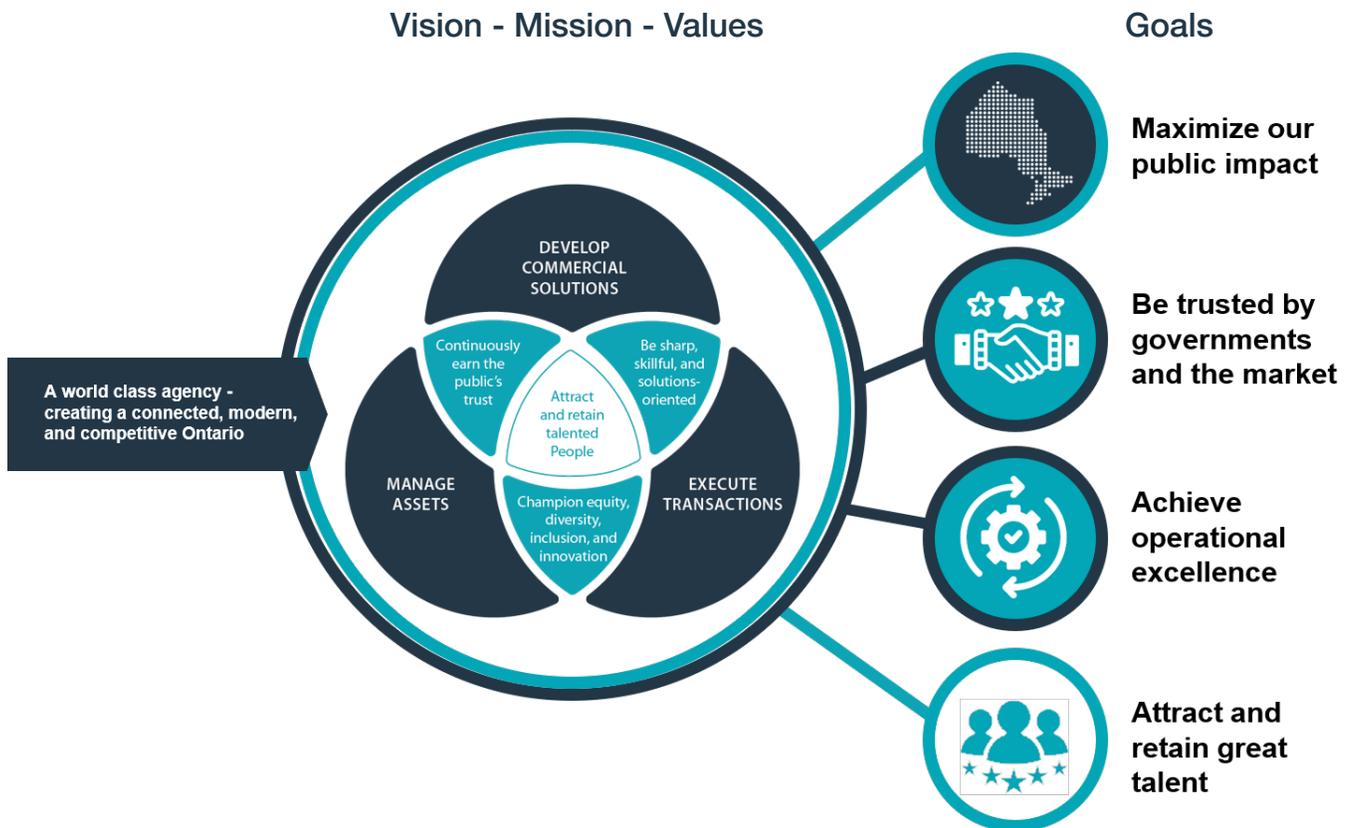
IO’s strategic evolution is grounded in our Board approved updated strategic planning framework. Central to the framework is IO’s vision, mission, and values, which provide the foundation upon which the strategy is developed.

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.

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- 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.

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- 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.

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**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 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 our 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 Initiatives	3-5 Year Outcome
<b>Maximize our public impact</b> 	1. Deploy a wider set of contracting approaches	<ul style="list-style-type: none"> <li>▶ IO continues to lead the evolution of procurement and contracting models in Canada, and is capable of effective delivery through a wide set of contract forms.</li> </ul>
	2. Scale IO’s Service Delivery Modernization practice to deliver on existing and expanded pan-ministerial opportunities	<ul style="list-style-type: none"> <li>▶ Active participation in identifying and solving the most critical pan-ministerial service modernization opportunities.</li> </ul>
	3. Develop provincial land holdings via new models and beyond the General Real Estate Portfolio (GREP)	<ul style="list-style-type: none"> <li>▶ IO is the primary entity for executing strategic land development opportunities across ministries and the broader public service.</li> </ul>

Corporate Goal	Strategic Initiatives	3-5 Year Outcome
<p><b>Be trusted by governments and the market</b></p> 	<p>4. Entrench and mature our partnerships model</p> <p>5. Consolidate IO's approach and centralize IO's role in capital planning and asset management</p>	<ul style="list-style-type: none"> <li>▶ Ability to deeply understand client needs and deliver a fully integrated services leveraging the breadth of IO's capabilities, resources, and insights.</li> <li>▶ Formal involvement for IO in reviewing capital plans, ensuring standard approaches to budgeting and risk assessment, and managing non-GREP assets through the maintenance and operations phase.</li> </ul>
<p><b>Achieve operational excellence</b></p> 	<p>6. Institutionalize knowledge management</p> <p>7. Evolve enterprise risk management framework</p> <p>8. Execute on technology roadmap (including data strategy)</p>	<ul style="list-style-type: none"> <li>▶ IO routinely captures, consolidates, and curates knowledge and content (distinct from data) created by its operations to improve IO staff efficiency, effectiveness, consistency, and government decision-making.</li> <li>▶ Integrated view of business line and enterprise risk management activities across IO, underpinned by consistent approaches to risk management.</li> <li>▶ Stable and integrated systems and data infrastructure that enables IO to meet client and business needs efficiently and effectively and explore opportunities to generate incremental value from our data.</li> </ul>
<p><b>Attract and retain great talent</b></p> 	<p>9. Develop and grow our people.</p> <p>10. Prioritize equity of access, experience, and outcomes for all IO staff.</p>	<ul style="list-style-type: none"> <li>▶ IO remains an employer of choice – attracting/retaining employees through a culture of performance and impact, while offering meaningful development through the coaching and mentorship of talented people leaders.</li> <li>▶ IO has a workforce and management team that reflects the diversity of the Province, a strong culture of inclusion, and a workplace that is increasingly free of bias.</li> </ul>

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

▼ Figure 4: Balanced Scorecard Framework

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

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.

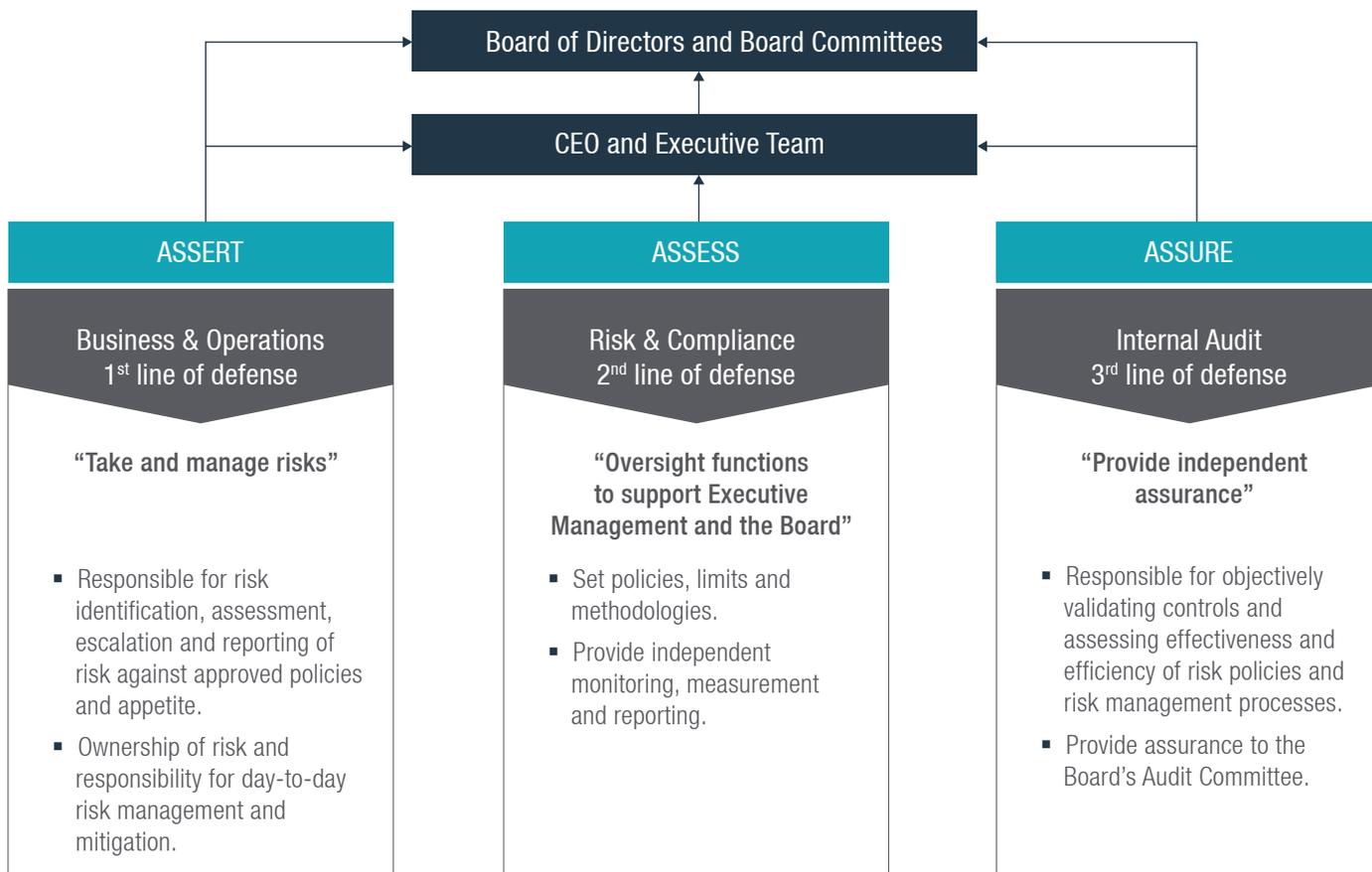
# Enterprise Risk Management Framework

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 quarterly, with emphasis placed upon Top Risks, 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 5: 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 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
<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>	<p style="text-align: center;"><b>Strategic</b></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>

Risk	Mitigating Actions
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Strategic	
<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 the scenarios where the anticipated implementation of transactions do not overlap in a way that causes 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 incorporates an integrated view of all initiatives, to continuously monitor progress and risks.</li> </ul>

Reputational	
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<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>
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Risk	Mitigating Actions
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**Performance**

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.

- ▶ 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.
- ▶ Ongoing monitoring assessment of cost escalation trends in the market and early involvement in budget planning to ensure trends are reflected in project budgets.
- ▶ Continue to evolve procedures in delivery model selection and the project approval process to require:
  - ▼ certain quality standards of third-party cost estimation due diligence for core scope of each project;
  - ▼ budget development commensurate with actual retained risk, based on rigorous quantitative risk analysis.

Operational	
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**Attract and Retain Talent**

IO may experience challenges attracting and retaining high performing, experienced staff which may occur because of ongoing fiscal restraint and market competition.

- ▶ 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 we deliver our work. IO’s intention is also to ensure competitive compensation.
- ▶ IO has developed succession plans for all critical roles. The plans are intended to provide continuity in operations.

**Cyber Security and Privacy**

Increases in the frequency and evolving nature of cyber-attacks may result in inappropriate access to confidential and commercially sensitive information.

- ▶ IO continues to strengthen and evolve its cyber defense framework and cyber risk awareness and training.
- ▶ In addition, IO has implemented tools to monitor cyber activity through email security filtering, identification, and removal of known and targeted threats.

**Manage Business Disruption**

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.

- ▶ 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.
- ▶ IO also ensures that its service providers have in place a BCP in respect of its management of public assets.

Risk	Mitigating Actions
<p data-bbox="147 279 573 352"><b>Interest Rate and Loan Portfolio Management</b></p> <p data-bbox="147 386 620 663">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 data-bbox="147 695 613 852">Decreased revenue among IO's lending clients due to the pandemic may adversely affect the performance of IO's loan portfolio.</p>	<p data-bbox="769 233 886 264"><b>Financial</b></p> <ul data-bbox="690 279 1479 533" style="list-style-type: none"> <li data-bbox="690 279 1479 380">▶ IO measures its interest rate risk regularly and closely monitors the results of interest rate change scenarios against prescribed limits.</li> <li data-bbox="690 394 1479 533">▶ 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 2022-25

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 2022-23 and includes preliminary estimates for 2023-24 and 2024-25 as a reference point for medium-term planning.

## Statement of Operations

▼ Figure 7: Statement of Operations

(\$Millions)	2022-23 Budget	2023-24 Estimate	2024-25 Estimate
<b>Revenues</b>			
Interest Revenue	223	221	220
Project Delivery Fees	99	105	109
Management Fees	64	66	69
Project Transaction & Recoverable Costs	101	100	100
	<b>487</b>	<b>492</b>	<b>498</b>
<b>Expenses</b>			
Salaries & Benefits	120	126	131
General & Administration	41	43	45
Interest Expense	198	196	195
Project Transaction & Recoverable Costs	101	100	100
Sub-contracting Fees	10	10	10
	<b>470</b>	<b>475</b>	<b>481</b>
<b>Surplus/(Deficit)</b>	<b>17</b>	<b>17</b>	<b>17</b>

# Appendix

## 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 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.

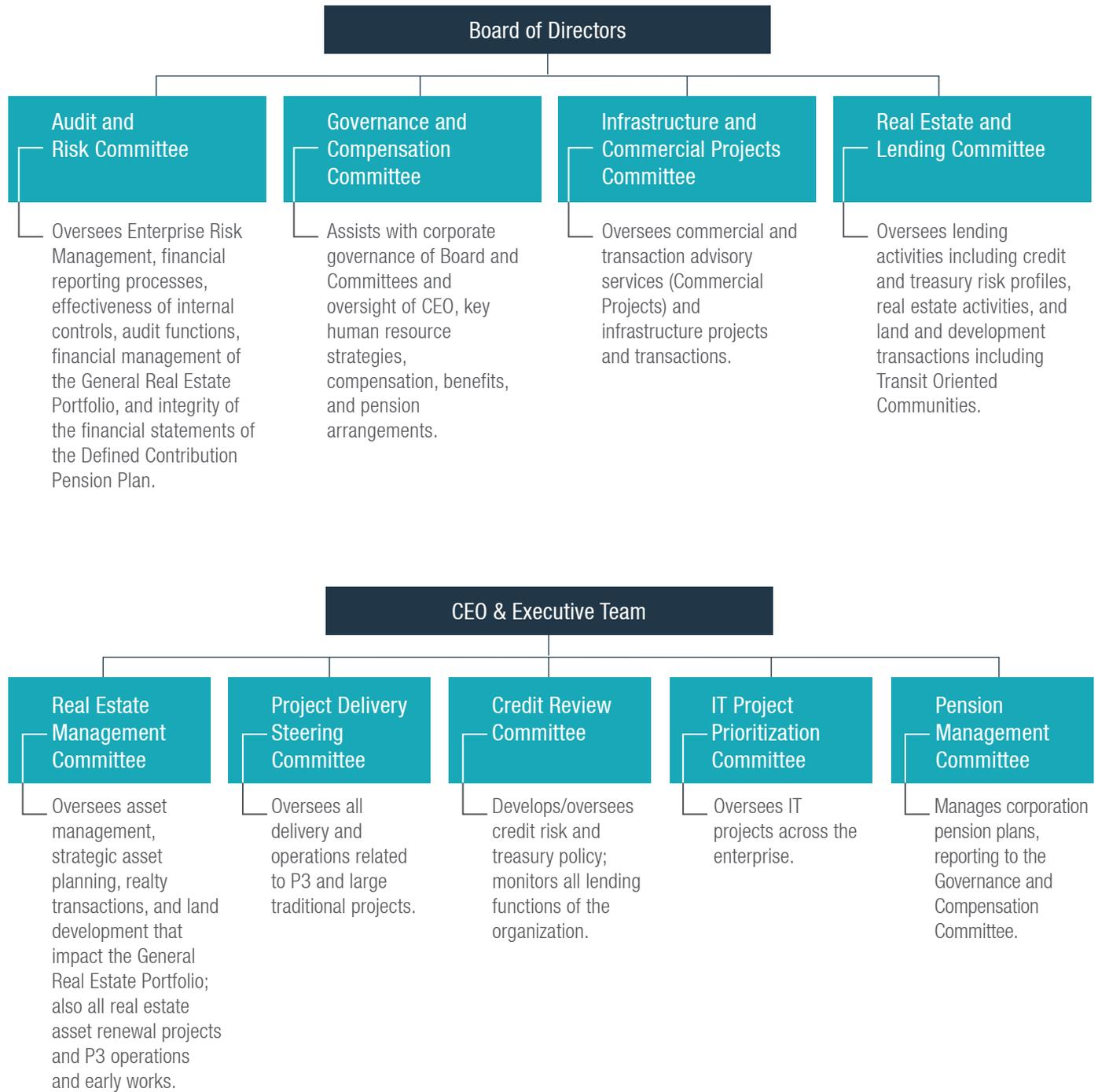
## Enterprise Governance

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.

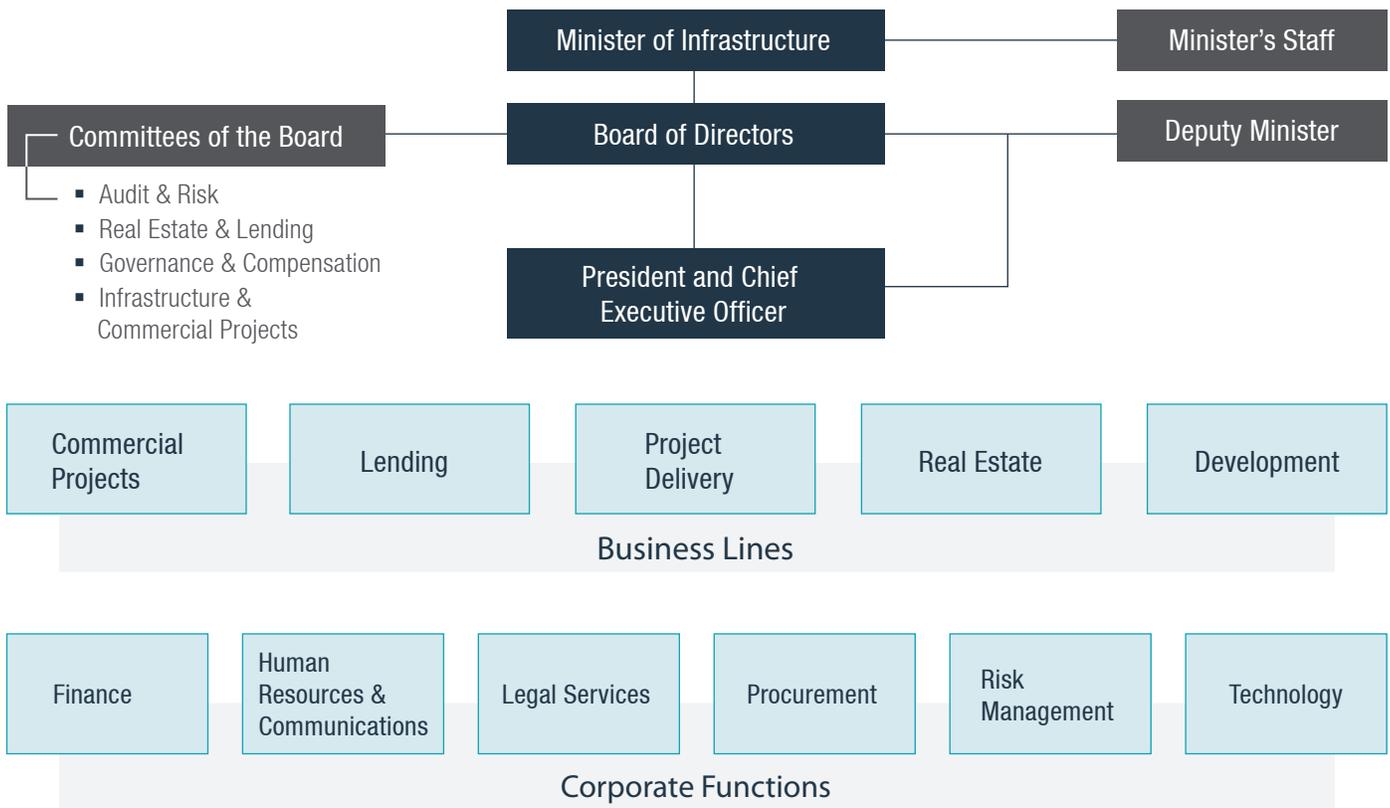
The business plan and annual report submitted to the Minister are prepared in accordance with applicable legislation and the government's Agencies and Appointments Directive. Decision-making thresholds of IO's management committees and individual staff members are governed by a Delegation of Authority,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

Figure 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 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.

**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 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 MGCS, to maximize the value of government assets through portfolio planning and rationalization. We currently manage more than 42 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 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

(\$ Millions)	2022-23 Budget					Total
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	
<b>Revenues</b>						
Interest Revenue	-	-	223	-	-	223
Project Delivery Fees	75	-	-	12	12	99
Management Fees	-	63	1	-	-	64
Project Transaction & Recoverable Costs	79	6	-	9	7	101
	<b>154</b>	<b>69</b>	<b>224</b>	<b>21</b>	<b>19</b>	<b>487</b>
<b>Expenses</b>						
Salaries & Benefits	54	40	6	10	10	120
General & Administration	21	13	3	2	2	41
Interest Expense	-	-	198	-	-	198
Project Transaction & Recoverable Costs	79	6	-	9	7	101
Sub-contracting Fees	-	10	-	-	-	10
	<b>154</b>	<b>69</b>	<b>207</b>	<b>21</b>	<b>19</b>	<b>470</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>17</b>

(\$ Millions)	2023-24 Estimate					
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	Total
<b>Revenues</b>						
Interest Revenue	-	-	221	-	-	221
Project Delivery Fees	79	-	-	13	13	105
Management Fees	-	65	1	-	-	66
Project Transaction & Recoverable costs	78	6	-	9	7	100
	<b>157</b>	<b>71</b>	<b>222</b>	<b>22</b>	<b>20</b>	<b>492</b>
<b>Expenses</b>						
Salaries and Benefits	57	42	6	11	10	126
General and Administration	22	13	3	2	3	43
Interest Expense	-	-	196	-	-	196
Project Transaction & Recoverable costs	78	6	-	9	7	100
Sub-contracting Fees	-	10	-	-	-	10
	<b>157</b>	<b>71</b>	<b>205</b>	<b>22</b>	<b>20</b>	<b>475</b>
Surplus/(Deficit)	-	-	17	-	-	17

(\$ Millions)	2024-25 Estimate					
	Project Delivery	Real Estate	Lending	Development	Commercial Projects	Total
<b>Revenues</b>						
Interest Revenue	-	-	220	-	-	220
Project Delivery Fees	82	-	-	14	13	109
Management Fees	-	68	1	-	-	69
Project Transaction & Recoverable costs	78	6	-	9	7	100
	<b>160</b>	<b>74</b>	<b>221</b>	<b>23</b>	<b>20</b>	<b>498</b>
<b>Expenses</b>						
Salaries and Benefits	60	44	6	11	10	131
General and Administration	22	14	3	3	3	45
Interest Expense	-	-	195	-	-	195
Project Transaction & Recoverable costs	78	6	-	9	7	100
Sub-contracting Fees	-	10	-	-	-	10
	<b>160</b>	<b>74</b>	<b>204</b>	<b>23</b>	<b>20</b>	<b>481</b>
Surplus/(Deficit)	-	-	17	-	-	17

## 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 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 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 and develop provincial land holdings (i.e., leverage surplus lands for government priorities such as long-term care, and the redevelopment of Ontario Place).
- Support the government response to the COVID-19 pandemic. Continue to support the government's response to COVID-19, including working with MOI, MGCS, 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 support the recently approved LTC loan guarantee program, IO and the Ministry of Long-Term Care are collectively assessing opportunities to provide loans to not-for-profit LTC operators that will support the development of new LTC beds.
- 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. IO continues to explore and implement innovative approaches to ensure the safe, ongoing use of government assets. Government partners are being challenged to find smart ways to invest in current assets while also building for the future. Industry partners are contending with new forms of constraints and the continued viability of local supply chains will prove more important than ever. IO's expertise and industry insights remain valuable assets to the 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:

- The increasing size and complexity of infrastructure projects, particularly those in urban areas, is being met with a corresponding increase in public advocacy and scrutiny regarding project costs and societal and environmental impacts.
- The sustainability of the assets IO builds, their resiliency to climate change, and the way they use energy are fundamental imperatives that must be priced into projects.
- 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 portfolio continues to expand, the agency must seek to identify opportunities to leverage technology and AI capabilities.

## 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:

- Work that has real impact
- Work flexibility
- Working together and
- Growing our people

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. In the upcoming year, IO plans to review, refresh and update its EVP.

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.
- 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 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 677 (as of December 31, 2021), with the demographic composition of our staff as follows:

- 49% females and 51% males
- average employee age of 41 years
- average employee tenure of 5.2 years

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

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.

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.

We have updated the Code of Conduct to better reflect the EDI behaviours and attitudes required for each employee to be successful within IO. In addition, we updated our procurement process to ensure our partners EDI strategies align to those of IO and the province of Ontario.

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 evolve its approach to communication with the government, partners, and public 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, the Ministry of Government and Consumer Services, Cabinet Office and other government clients and private-sector partners to demonstrate the value and impact of IO's traditional lines of business and innovative partnered solutions that support government priorities.

A concerted strategy of stakeholder engagement strengthens relationships with industry and association leaders, provides clarity regarding IO's priorities, and promotes collaboration to address shared issues and concerns. As IO's work continues to evolve, our direct engagement with communities increases for programs such as TOC and other development supporting government priorities. IO is committed to working with its partners and client ministries to ensure residents and businesses can participate in developments impacting their communities through consistent, accessible, and open engagement.

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



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