Chapter 3
Section
3.07

Treasury Board Secretariat

Infrastructure Planning

Appendix F

1.0 Background

Ontario is served by a large and diverse portfolio of public infrastructure with a replacement value of close to $500 billion. The portfolio includes highways, bridges, transit systems, schools, universities, hospitals, drinking water and wastewater systems, parks, government buildings, and a wide variety of other assets.

The Ontario government oversees about 40% of these assets either directly or through broader-public-sector organizations such as hospitals, school boards and colleges. In the fiscal year ended March 31, 2015, the total net book value of infrastructure owned by the province and its consolidated broader-public-sector organizations was $97.1 billion (net book value is the original cost of the asset, less accumulated depreciation, as reported in the Public Accounts of the province) (See **Figure 1**). (Note that energy infrastructure assets, such as nuclear, gas, and hydro-electric power plants, are excluded from **Figure 1** because they are funded by Ontario ratepayers rather than the government or broader-public-sector organizations).

In addition to the assets it owns directly, the province provides infrastructure funding through transfer payments to municipalities, universities, social-service organizations and long-term-care

Figure 1: Portfolio of Public Infrastructure Owned by the Province as Reported in Public Accounts
Sources of data: Treasury Board Secretariat and Public Accounts 2014/15

Sector		Value ($ billion)
Transportation	• Metrolinx: GO Transit has 3,250 kilometres (km) of routes (450km train, 2,800km bus) serving 7 million passengers in an area of 11,000 square km • 17,000 kilometres of provincial highways and 2,900 bridges	32.5
Health	• 148 hospitals on 229 sites	25.0
Schools	• 5,000 schools with more than 26 million square metres of space and 1.96 million students	22.8
Colleges	• 24 colleges with 140 campuses and almost 200,000 full-time students	3.8
Other	• 980,000 acres of land • 5,700 buildings including offices, courthouses, correctional facilities and OPP detachments	13.0
Total		**97.1**

set date at the time of the audit), the Act would require that:

- the Minister of Economic Development, Employment and Infrastructure periodically develops a long-term plan that includes a description of the current state of assets wholly or partly owned by the government, a description of the government's anticipated infrastructure needs for at least the next 10 years, and a strategy to meet those needs;
- the first long-term plan be tabled within three years of the Act being proclaimed, and subsequent plans at least every five years thereafter;
- each long-term plan be made public;
- the government and broader-public-sector entities consider specific principles, including demographic and economic trends in Ontario, and take into account any applicable budgets or fiscal plans and clearly identified infrastructure priorities, in making infrastructure decisions; and
- broader-public-sector entities prepare infrastructure asset-management plans.

The Act also establishes criteria the Government must consider when prioritizing proposed new infrastructure projects. As the Act has not yet been proclaimed, there has not been an opportunity for its provisions to have an impact on infrastructure planning.

1.2.4 Infrastructure Delivery Options

In 2005, the province created Infrastructure Ontario as an agency of what is now the Ministry of Economic Development, Employment and Infrastructure. Infrastructure Ontario's mission is to deliver large public-sector projects through Alternative Financing and Procurement (AFP) arrangements, the form of public-private partnerships most frequently used in Ontario.

Under AFP, provincial ministries, agencies or broader-public-sector entities establish the scope and purpose of a project, and a private-sector contractor then finances and builds the project (and sometimes also operates and/or maintains it for up to 30 years after completion). The province pays for these projects over the term of the contracts.

The government has said AFPs are a more cost-effective way to deliver large complex infrastructure projects because they transfer the risks of cost overruns and project delays from the province to the private sector.

Infrastructure Ontario assesses the feasibility of using AFP for projects that have received planning approval from the Treasury Board and are valued at more than $100 million ($50 million prior to 2015). It then recommends whether to use an AFP based on an initial assessment of the value for money provided by this approach, taking into consideration such factors as the size and complexity of a project.

As of September 2015, Infrastructure Ontario had been involved in the delivery of over 80 AFP infrastructure projects with about $35 billion in capital construction costs across various sectors, including health, justice and transportation.

In 2014, we issued a report on Infrastructure Ontario's delivery of major capital projects using the AFP approach. The report, titled Infrastructure Ontario – Alternative Financing and Procurement, is included in our *2014 Annual Report*.

2.0 Audit Objective and Scope

The objective of our audit was to assess and report on whether the province's infrastructure-planning process ensured that infrastructure projects are prioritized based on need, and whether existing assets are maintained and renewed in accordance with sound asset-management principles.

A significant portion of our work was conducted at the office of the Treasury Board Secretariat (Secretariat) in Toronto, where we reviewed the infrastructure plans and related documents submitted by ministries, and analyzed information prepared by the Secretariat.

We interviewed personnel responsible for submission or assessment of infrastructure plans at both the Secretariat and five ministries, including three with the largest infrastructure spending and highest-value assets – Health and Long-Term Care, Education, and Transportation.

In these three ministries, we also reviewed business cases submitted by broader-public-sector entities to the ministries that oversee them and examined their respective processes for assessing need and selecting projects, and for monitoring capital projects in development. We also reviewed provincial budgets and the government's significant infrastructure plans to identify major commitments made by the province and whether approved capital funding is in alignment with these commitments.

In addition, we met with industry associations and researched how other jurisdictions plan for infrastructure.

3.0 Summary

Proper infrastructure planning is necessary to ensure infrastructure needs are identified and existing infrastructure is adequately maintained and renewed for public use. Such planning must take into account the benefits of infrastructure investment, the risks to the public when needed facilities are not built or are allowed to deteriorate, and the resources required to meet future demand.

Ministries perform considerable work in establishing their own priorities and the government essentially allocates infrastructure funds to ministries based on a stand-alone historical basis. However, this may not result in the government allocating capital funding based on the current most urgent needs in the province. As such, ministries set priorities internally, rather than weighting overall priorities for the province as a whole.

Two-thirds of funding is planned to go toward expansion (building new assets) and one-third is planned to go toward repairs and renewals of existing facilities—even though analysis conducted by the Secretariat has determined that this allocation should be the reverse in order to adequately maintain and renew existing public infrastructure.

We noted that there are no guidelines for the desired condition at which facilities should be maintained in each sector, and there is no consistency among ministries on how to measure the condition of asset classes such as highways, bridges, schools, and hospitals. This includes the type of assessment, frequency of assessment, and definition of assessment results, such as what is considered poor, fair, or good condition.

Ontario does not have a reliable estimate of its infrastructure deficit—the investment needed to rehabilitate existing assets to an "acceptable" condition—to better inform where spending should be directed. In particular, we noted the following:

- **The Secretariat does not have access to a reliable estimate of the condition of all provincial assets:** This information is needed to determine funding priorities. Currently there is no consistency among ministries on how to measure the condition of various asset classes, such as highways, bridges, schools and hospitals. This includes the definition of assessment results, such as what is considered poor, fair, or good condition. As a result, ministry information on asset condition is not calculated consistently, which makes it difficult to enable comparisons when recommending where funding should be allocated.
- **Significant infrastructure investments needed to maintain Ontario's existing schools and hospitals, which current funding levels cannot meet, creating a backlog:** The Ministry of Education and the Ministry of Health and Long-term Care have each been conducting independent assessments over the last five years of their schools and hospitals. For schools, 80% of the assessments completed identified $14 billion of total renewal needs, requiring an investment of about $1.4 billion a year, based on an industry

average, to maintain the schools in a state of good repair. However, actual annual funding on a school year basis over the last five years has been $150 million a year, increasing to $250 million in 2014/15 and $500 million in 2015/16. Similarly, the assessments of hospital facilities identified $2.7 billion dollars of renewal needs, requiring annual funding of $392 million to bring assets to what is considered good condition. However, since 2014/15 actual annual provincial funding has been $125 million and prior to that, since 2010/11, only $56 million was provided.

- **Ministries do not always have information on the entire inventory of assets that they fund:** For example, while the Ministry of Health and Long-Term Care has good information about its hospitals, it lacks data about the condition of other health infrastructure it funds either directly or through transfer payments, including long-term-care homes, community health agencies and public-health labs.

  Similarly, the Ministry of Transportation in its 2015/16 infrastructure plan noted that while its focus has been on maintaining roads and bridges, it also is responsible for maintaining other assets valued at close to $2.5 billion, including median and noise barriers, traffic signals, overhead signs and lighting, which also are in need of renewal funding. However, the Ministry has not yet determined the rehabilitation need and the funding required to maintain these assets.

- **Existing funding does not address significant pressures faced by ministries for new projects:** Just as investment is needed to maintain and improve the condition of existing assets, investment is also needed to expand the existing portfolio of assets, replace aged assets, and support ministry strategies and programs. At present, there are over 100,000 students in temporary accommodations (portables), and about 10% of schools are operating at over 120% capacity in the province. Although portables are needed to provide some flexibility to address changes in school capacity, existing funding is not sufficient to rehabilitate the existing portfolio and to replace these structures with more permanent accommodation, in some cases. About $2.6 billion worth of projects are submitted to the Ministry of Education by school boards for funding consideration every year. However, over the last five years, the Ministry has approved only about a third of the projects every year, since its annual funding envelope under the program has averaged only about $500 million on a school year basis. Similarly, the Ministry of Health and Long-Term Care has received submissions for 37 major hospital projects totalling $11.9 billion dating back to 2005/06. These submissions were endorsed by Local Health Integration Networks as needed projects requiring funding. However, the Ministry did not put forward these projects for approval to Treasury Board as these initiatives could not be managed from within their existing budget allocation.

- **Funding allocations favour new projects over renewal of existing assets:** The province's guidelines say there should be an appropriate allocation of funds for asset renewal and construction of new projects to maintain existing service levels. An internal analysis conducted by the Secretariat noted that although two-thirds of the province's capital investments should go towards renewing existing assets, the current 10-year capital plan allocates only about one-third to renewal.

We also had the following concerns with respect to the Treasury Board Secretariat's (Secretariat) review of ministry submissions:

- **Prioritization of infrastructure needs across various sectors not done:** We noted the Secretariat generally evaluated each ministry on a stand-alone basis, and no new Directive for Major Public Infrastructure Projects to clearly articulate the approval process for large infrastructure projects and require ministries to report quarterly on the status of major projects.

Additionally, upon proclamation, the Infrastructure for Jobs and Prosperity Act will require the government to table a long-term infrastructure plan that at a minimum will describe the current condition of all provincially-owned assets, the anticipated needs of these assets over the next ten years, and strategies to meet these needs.

The Secretariat appreciates the efforts of the Office of the Auditor General and will continue to work with its partners to invest more than $130 billion over 10 years to renew and expand Ontario's public infrastructure.

4.0 Detailed Audit Observations

4.1 Complete, Reliable Information Needed for Effective Capital Planning

As discussed in more detail in the following subsections, the government has been unable to accurately determine its current or projected infrastructure deficit—the investment needed to rehabilitate existing infrastructure assets to an "acceptable" level—within its entire portfolio of assets. It needs to do this in order to direct funding to areas of greatest need when existing capital funding levels cannot meet all needs. As well, this becomes more difficult because there are no provincial guidelines or benchmarks on the desired condition at which assets within various sectors should be maintained.

In two of the three Ministries that we examined in detail—the Ministry of Education and the Ministry of Health and Long-Term Care—a significant backlog of renewal needs has been identified for Ontario schools and hospitals. However, existing capital funding levels cannot keep up with this backlog. This makes the need for effective planning and prioritizing to allocate limited funding that much more important.

4.1.1 Ministries Not Measuring the Condition of Assets in a Consistent Manner

At present, there is no reliable estimate of the overall infrastructure deficit within the government's portfolio of assets. The main reason is that there is no agreement, and therefore guidelines among ministries on how to consistently measure and compare the conditions of various asset classes, such as highways, bridges, schools and hospitals. As a result, the ministry information on asset condition that is provided each year to the Secretariat through infrastructure plans is inconsistent between ministries. This includes the type of assessment, frequency of assessment, and definition of assessment results, such as what is considered poor, fair, or good condition. This inconsistency makes it more difficult to determine which assets are in most need of funding in order to be maintained at defined acceptable conditions.

In addition, as noted in **Section 1.2.3**, the government released an Infrastructure Asset Management Framework (Framework) in 2008 to guide the management of all infrastructure assets owned, managed or funded by the province. Although following the Framework is not mandatory, it provides specific guidance on asset condition assessments and valuation. However, the Secretariat does not monitor whether ministries use the Framework.

Assumptions Vary in Calculating Asset Condition

Ministries generally use the Facility Condition Index (FCI), an industry-standard measure of a building's condition at a given time, to determine if their assets are in good, fair or poor condition. The FCI is calculated by combining the total cost of any needed or outstanding repairs with the renewal or upgrade requirements of the building, divided by the current replacement value. In essence, it is the ratio of "repair needs" to "replacement value," expressed as a percentage. The higher the FCI, the greater the renewal need.

However, ministries make different assumptions in estimating their repair needs. In its 2015/16 submission to the Secretariat, for example, the Ministry of Education identified an FCI of about 36% for its schools overall by including its current repair backlog and five years of future repair needs in its calculation. In contrast, the Ministry of Health and Long-Term Care included its current repair backlog and only two years of repair needs in its calculation, and arrived at an average FCI of 23% for its facilities. Because these two ministries assessed the conditions of their respective assets differently, it is difficult to determine which of them has a higher-priority need overall.

For highways and bridges, the Ministry of Transportation takes a different approach in assessing their condition. It classifies its highway pavements and bridges as being in good, fair, and poor condition. Pavements and bridges are considered in good condition if they will not require any rehabilitation work for six or more years. Based on this assessment, the Ministry has classified 77% of the pavements and 83% of bridges that they are responsible for to be in good condition.

In comparison, Alberta uses a government-wide standardized FCI as a common measure to enable ministries to compare condition ratings across facility types (schools, post-secondary institutions, government-owned buildings and health-care facilities). It calculates its FCI using current backlogs and five years of future repair needs.

Alberta has targets for the percentage of facilities to be in good, fair and poor condition for the different sectors, and it reports the actual percentage in each category publicly each year, along with the progress made towards achieving each sector's targets. It uses the following definitions:

- Good—the facility's FCI is less than 15%, is adequate for intended use and expected to provide continued service life with average maintenance.
- Fair—facilities with an FCI between 15% and 40%, inclusive, have aging components nearing the end of their lifecycle and require additional expenditures for renewal or refurbishing.
- Poor—facilities with an FCI greater than 40% require upgrading to comply with minimum codes or standards, and deterioration has reached the point where major repairs or replacement are necessary.

4.1.2 Some Ministries Lack Necessary Resources to Identify Needs

The infrastructure planning process and information-submission requirements are the same for all ministries, regardless of the size of their infrastructure portfolios and projects. This can make it difficult for some smaller ministries to meet the requirements.

In 2014/15, for example, the Ministry of Tourism, Culture and Sport (Ministry) requested $14.6 million to address imminent health and safety issues including failures in roofing, fire alarm systems, and emergency power and lighting systems that it identified as the most pressing in its asset portfolio. However, the Secretariat recommended deferring the request until the Ministry could supply more detailed information, including a long-term strategy for repairs and rehabilitation.

In its submission the following year, the Ministry provided some additional information, but was unable to meet all of the Secretariat's information requirements. As a result, it was once again deferred, which meant that critical needs identified by the Ministry two years ago are still unfunded.

Similarly, the estimated ministry-wide renewal costs provided by the Ministry of the Attorney General (MAG) in its 2014/15 infrastructure plan were simply extrapolations from a pilot study done at the

Newmarket courthouse, because actual condition information for individual courthouses had not been obtained.

MAG has said that, since many of its courthouses are older and in worse condition than Newmarket, the costs may well be higher. It needs to conduct a thorough assessment of its entire portfolio to gather comprehensive and accurate information about its renewal needs. The Ministry has since expanded on the pilot project to complete additional assessments of facilities in collaboration with Infrastructure Ontario.

As the central agency responsible for co-ordinating planning and analyzing the province's infrastructure, the Secretariat can provide tools which some ministries can use to identify their infrastructure needs, specifically those ministries that currently lack the capacity to do so.

Specific examples include:

- The Ministry of Education noted it had to develop a costing adjustment to capture the differences in expenses associated with construction costs in various locations within the province. It noted that the Secretariat could have helped develop this tool, which many other ministries could use to better estimate project costs.
- Four ministries examined during the audit separately retained the same company to perform an assessment of the condition of their facilities. The company is not a vendor of record for the Ontario Public Service, which means the four ministries each had to enter into separate contracts and arrangements with this company. The province could have potentially saved money and facilitated a standard condition assessment process across ministries by coordinating a single contract to cover services for several ministries.

4.1.3 Significant Infrastructure Investments Needed to Maintain Ontario's Existing Schools and Hospitals

About half of Ontario's public infrastructure is managed by broader public-sector-entities such as hospitals, schools and colleges. The ministries responsible for these entities do not directly monitor the use of these assets and are not involved in their management. Instead, they rely on the entities to self-identify their infrastructure needs and manage their portfolios to meet the province's public service mandate.

The Ministry of Education, for example, relies on 72 different school boards, which operate almost 5,000 elementary and secondary schools, while the Ministry of Health and Long-Term Care relies on 14 Local Health Integrated Networks to oversee broader system planning for hospitals and other health-care facilities.

The detailed planning and identification of need rests with these entities, and the ministries depend on them to evaluate their infrastructure needs and to submit funding requests accordingly.

In 2011, to quantify the current backlog of renewal needs for all Ontario schools, the Ministry of Education hired a company specializing in asset management to conduct condition assessments on all schools five years and older. The assessments are being done over a five year period covering about 20% of the schools per year. The assessors visit each school and conduct a non-invasive inspection of all major building components and systems (for example, basement, foundation, and HVAC systems). School portables, third-party leased facilities, equipment and furnishings, maintenance shops and additional administrative buildings are not assessed as part of this exercise. Currently, with 80% of the schools assessed, the Ministry is reporting a total renewal need of $14 billion, $1.7 billion deemed as critical and urgent (i.e., renewal work that should not be postponed due to risk of imminent failure). An investment of about $1.4 billion per year based on an industry average of 2.5% of the $55 billion replacement value is estimated to be required to maintain the schools in a state of good repair. But actual annual funding in the last five years had been $150 million a year, increasing to $250 million in 2014/15 and $500 million in 2015/16. The Ministry allocates this funding to school boards based on a percentage calculated by dividing the school boards' individual needs by the total renewal need of $14 billion. Distributing the funding in proportion to individual school boards' critical needs should be considered to at least ensure that the critical needs are met.

The assessments made during the first year of the condition assessment exercise are now five years old. Therefore, any further deterioration or repairs that might have been undertaken on those schools over this period have not been captured.

School boards can raise additional funds to address deferred maintenance backlog by selling schools with low enrolment. The Ministry of Education recently declared (June 2015) to school boards that 80% of the proceeds from the sale of schools must be put toward the renewal and maintenance of assets. However, competing interests between trustees to keep schools open in their own wards sometimes preclude boards from effectively utilizing this strategy. This was cited as a concern in a January 2015 report commissioned by the Minister of Education. The report, an independent review of the performance of the province's largest school board, conducted by the former registrar of the Ontario College of Teachers, noted that 76 elementary schools and 55 secondary schools within the board were operating under 60% capacity. However, because trustees were unwilling to sell schools with low enrolment in their wards, the board continued to operate these schools at a huge expense.

The Ministry of Health and Long-Term Care hired the same company as the Ministry of Education to complete assessments of all hospitals. The first cycle of assessments was completed in 2011, and included an evaluation of all public hospitals including over 820 buildings in 242 hospital sites for each hospital's major building components. The hospital assessments will be done on a four-year rolling basis (25% of hospitals per year). These technical assessments of hospital facilities helped identify $2.7 billion dollars of renewal needs considered eligible for ministry funding, requiring annual funding of $392 million to maintain assets in a state of what the Ministry considers good condition. Actual annual funding, however, has been $125 million since 2014/15 and prior to this it was $56 million.

Over the last number of years school boards and hospitals have had to use operating funds to fund capital. Since 2010/11, school boards have used $243.4 million of accumulated surpluses for capital purposes, or an average of $60.8 million a year. Similarly, in the last five years, hospitals spent on average $45 million a year of operating funds on capital and other funding needs.

4.1.4 Some Ministries Lack Information on Their Full Inventory of Assets

Although ministries have undertaken assessments on their major assets, the ministries do not always have information on the entire inventory of assets that they fund. For example, while the Ministry of Health and Long-Term Care has good information about its hospitals, it lacks data about the asset stock and condition of other health infrastructure it funds either directly or through transfer payments, including long-term-care homes, community health agencies and public-health labs. This makes it difficult to determine the sector's total renewal funding needs in the future.

This Ministry also has limited information on the facility-renewal needs of community and Aboriginal health centres, or community-based mental health and addictions programs. Information on facility renewal needs of community service providers is only available to the Ministry when project proposals are received. Based on these proposals, in 2014/15 it requested an increase of $444 million over 10 years to establish a new program to fund capital renewal projects for these community health-service providers. The Secretariat recommended to the Treasury Board that the Ministry not receive the full amount, but rather get $90 million to begin renewal and provide the Ministry with additional funding in the future once it has better assessed its renewal needs in the sector.

Similarly, the Ministry of Transportation in its 2015/16 infrastructure plan noted that while its focus has been on maintaining roads and bridges, it also maintains other assets valued at close to $2.5 billion, including median and noise barriers, traffic signals, overhead signs and lighting, which also are in need of renewal funding. However, the Ministry has not yet determined the rehabilitation need and the funding required to maintain these assets.

RECOMMENDATION 1

To better identify, measure and quantify the province's infrastructure investment needs, the Treasury Board Secretariat, working with ministries, should:

- define how ministries should identify and measure the condition of all asset classes and determine how to assist those ministries that currently lack the capacity to do so;
- provide guidance to ministries on the desired condition at which to maintain infrastructure assets; and
- publicly report on the progress made in achieving targets set for the desired condition for the province's infrastructure.

SECRETARIAT RESPONSE

The Treasury Board Secretariat agrees that effective asset management practices are an essential part of long-term infrastructure planning in Ontario.

As noted in the report, upon proclamation, the Infrastructure for Jobs and Prosperity Act, 2015 would require the government to make public a long-term infrastructure plan within three years, and subsequent plans at least every five years thereafter. These plans would be required to include, at minimum, a description of provincial infrastructure assets (as described in the Act) that includes an assessment of age, value and condition, an estimate of the government's anticipated infrastructure needs for at least the next ten years and a strategy to meet those needs. The Ministry of Economic Development, Employment and Infrastructure will work with the Secretariat and ministries to develop this long-term infrastructure plan and leverage the information provided by ministries as part of their Infrastructure Plans.

When developing Infrastructure Plans, the Secretariat will remind ministries to adhere to the Infrastructure Asset Management Framework, released in 2008, that provides standardized definitions and methodologies to measure the condition of provincial assets across different classes and categories.

4.2 Existing Funding does not Address Significant Pressures Faced by Ministries for New Projects

In addition to the need to maintain the condition of existing assets, there is also a need to invest in new assets to meet growing program demands, replace aged assets that no longer meet safety standards or are at over-capacity, and to support new strategies and programs.

In the following sub-sections we discuss some significant needs highlighted by the Ministry of Education and the Ministry of Health and Long-term Care to expand their existing schools and hospitals and the impact of existing funding levels that are unable to meet these needs. This highlights the importance of prioritization of infrastructure needs not only at the individual Ministry level, but also on the provincial level overall.

4.2.1 Need to Increase Student Accommodation Exceeds Available Funding

At present there are over 100,000 students in temporary accommodations (e.g., portables) and about 10% of schools are operating at over 120% capacity. Although portables are needed to provide some flexibility to address changes in school capacity, existing funding is not sufficient to rehabilitate the existing portfolio and to replace these structures with permanent accommodation, in some cases. The Ministry of Education's Capital Priorities Program (Program) funds new permanent student accommodations for areas with existing overcrowding in schools or projected overcrowding due to residential growth. Specifically, the program supports the building of new schools, building additions or undertaking major renovations of existing schools where projects are needed within three years.

In an effort to reduce the number of students currently housed in temporary accommodations and ease the overcrowding in schools, under this Program school boards identify their highest and most urgent capital priorities and submit the associated business cases to the Ministry for consideration for funding approval. The Ministry has limited the maximum number of projects that each school board can submit to eight projects.

In evaluating the business cases submitted by school boards, the Ministry of Education focuses on a number of criteria including:

- the number of students without suitable accommodations;
- the number of students housed in portables or holding schools;
- joint school opportunities; and
- appropriateness, cost and viability of the proposed project.

Annually about $2.6 billion worth of projects are submitted to the ministry by school boards for funding consideration. However, over the last five years the Ministry annually has approved about a third of these projects, since its annual funding envelop under the Program has averaged only about $500 million on a school year basis. Requests are usually re-submitted in future years for projects that are not approved.

4.2.2 Need for Major Hospital Projects

The Ministry of Health and Long-term Care did not put forward a number of new projects endorsed by Local Health Integration Networks (LHINs) totalling $11.9 billion dating back to 2005/06, as these initiatives could not be managed from within their existing budget allocation. Some of these projects addressed potential health and safety needs at hospitals. In addition, in their 2015/16 instructions to Ministries, the Treasury Board Secretariat instructed ministries not to request additional funding for new infrastructure initiatives.

Planning for expansion projects at the Ministry of Health and Long-Term Care begins with the submission of project proposals by a hospital or other health service provider to its Local Health Integration Network (LHIN) for endorsement. The Ministry will not consider funding or putting projects forward for approval by Treasury Board without the endorsement of the LHIN. In order to receive the endorsement, a proposed project must demonstrate that it addresses a current need, aligns with local and provincial health system priorities as determined by current programs or health plans and agreements, identifies options for program or service delivery, and addresses projected demographic and utilization needs over a twenty year period. Once endorsed by a LHIN, a proposed project is prioritized among other projects and initiatives for potential funding approval.

As of the 2015/16 fiscal year, the Ministry of Health and Long-Term Care received funding requests for 37 major hospital projects totalling $11.9 billion endorsed by LHINs. For example:

- In order to improve patient access and care, a hospital put forward an urgent need to redevelop ambulatory, clinical, diagnostic and therapeutic services and support services due