Ontario
Infrastructure Ontario

Infrastructure Ontario's Alternative Financing and Procurement (AFP)

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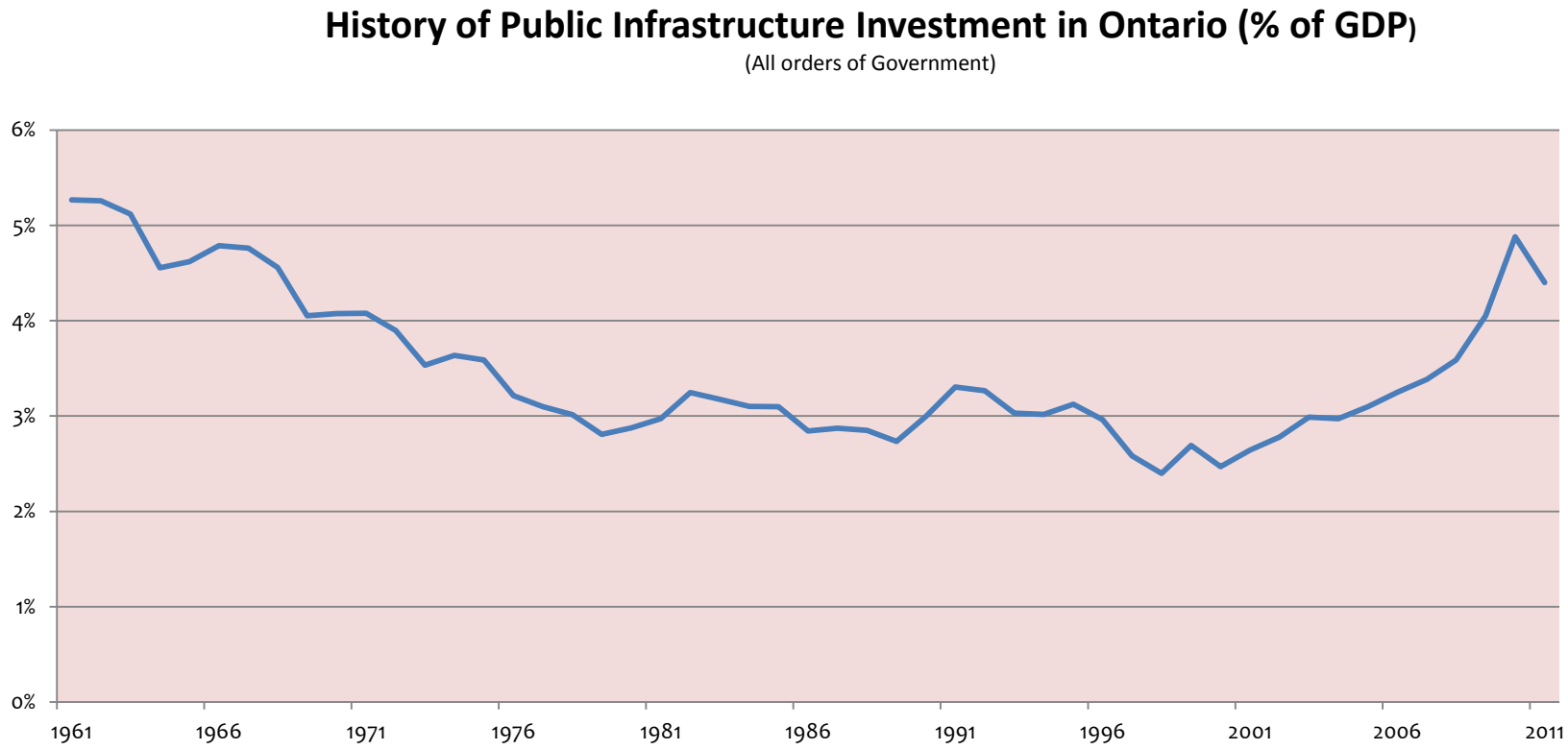
U.S. House of Representatives – Committee on Transportation and Infrastructure
Washington, DC
April 8, 2014

Ontario's Investment in Infrastructure: A Top Priority Today

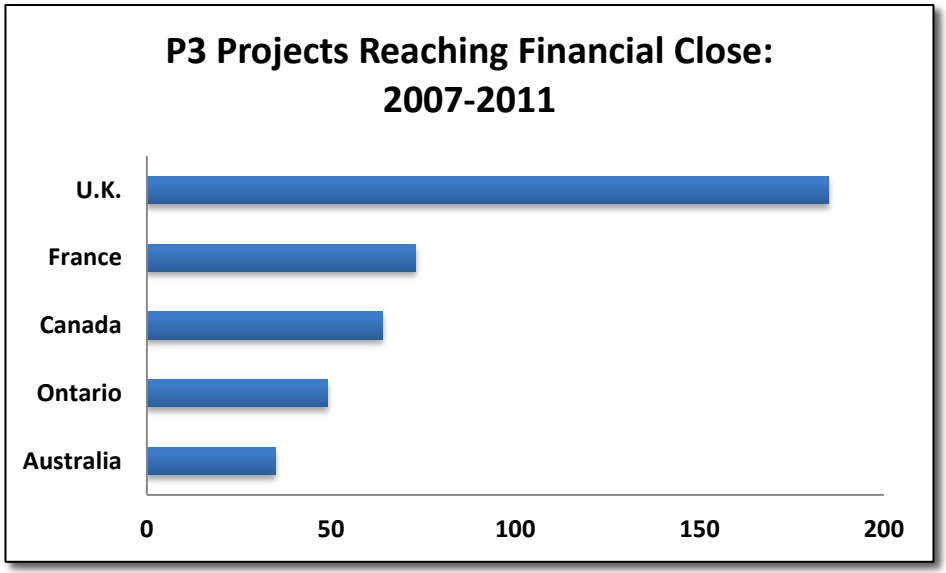


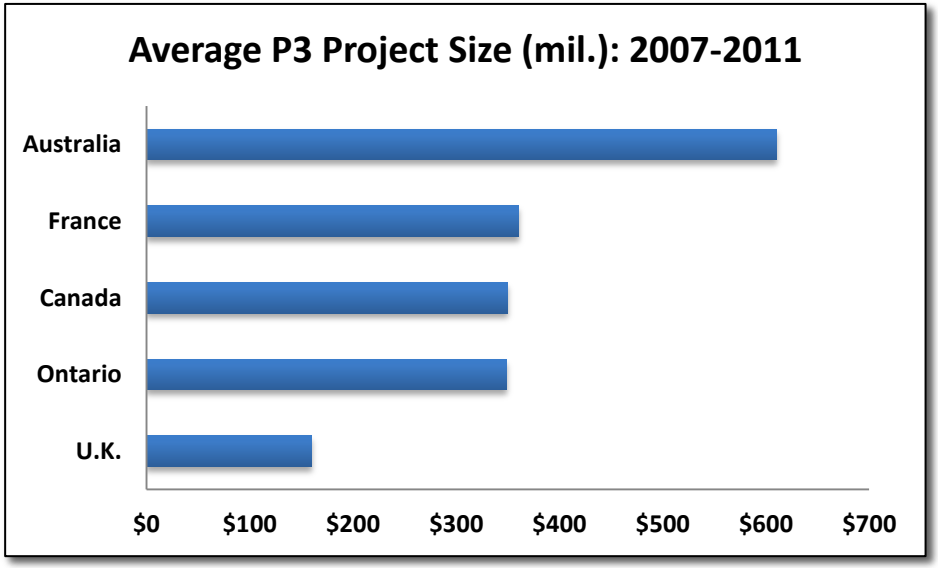
Sources: Ontario Ministry of Infrastructure, Statistics Canada

Notes: These data are modeled, based on data from Statistics Canada that are survey-based and self-reported. Therefore, the responses are given from the perspective of the asset owner and may not correspond to Provincially-reported investments. Further, the definition of public infrastructure may not correspond to individual Provinces' definitions.

Ontario's Alternative Financing and Procurement: Global View

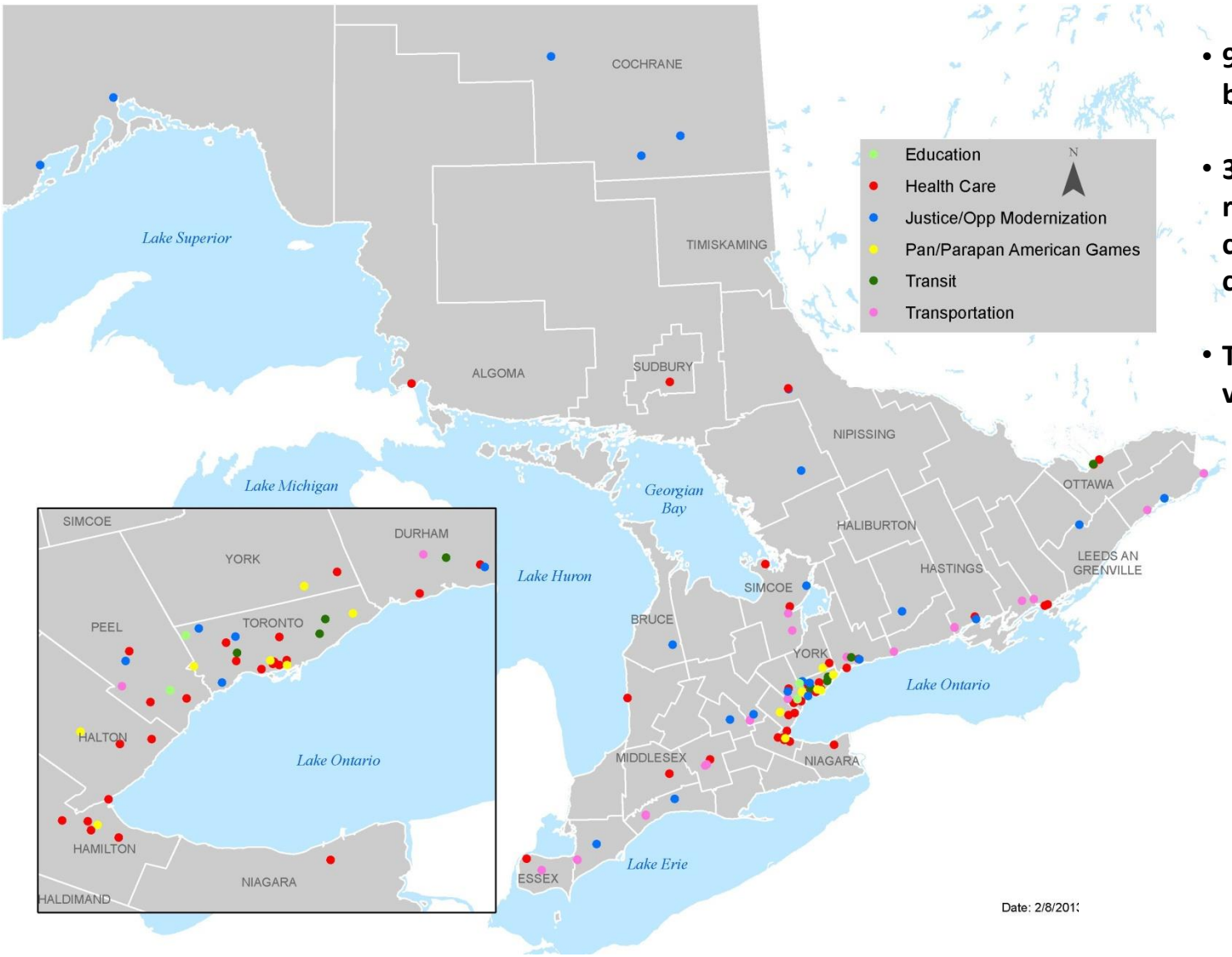
- The Conference Board of Canada's August 2013 report notes that Canada is one of the most stable and mature P3 markets globally
- Infrastructure Ontario is as a global leader in delivering public investment with the private sector, using the AFP model.
- The Ontario government, through IO, is delivering over 80 projects using the AFP model, valued at about $35 billion. This includes over 50 projects completed or under construction with an estimated $3 billion in value-for-money savings.





Sources: Conference Board of Canada, European PPP Expertise Centre, PFI Data, PPP in France, PricewaterhouseCoopers, KPMG, CCPPP database

Ontario's AFP Projects: Better Public Infrastructure



- **93 AFP projects have been assigned to IO**
- **36 AFP projects have reached substantial completion of construction**
- **Total construction cost value: $6.5 billion**

Ontario's AFP Projects: Better Public Services

- ✓ **10.5** million square feet of new/renovated of space in hospitals
- ✓ **81** new operating rooms
- ✓ **Nine** new emergency rooms

HEALTH

- ✓ **Eight** new cancer treatment centres
- ✓ New **cardiac** and **dialysis** treatment centres

JUSTICE

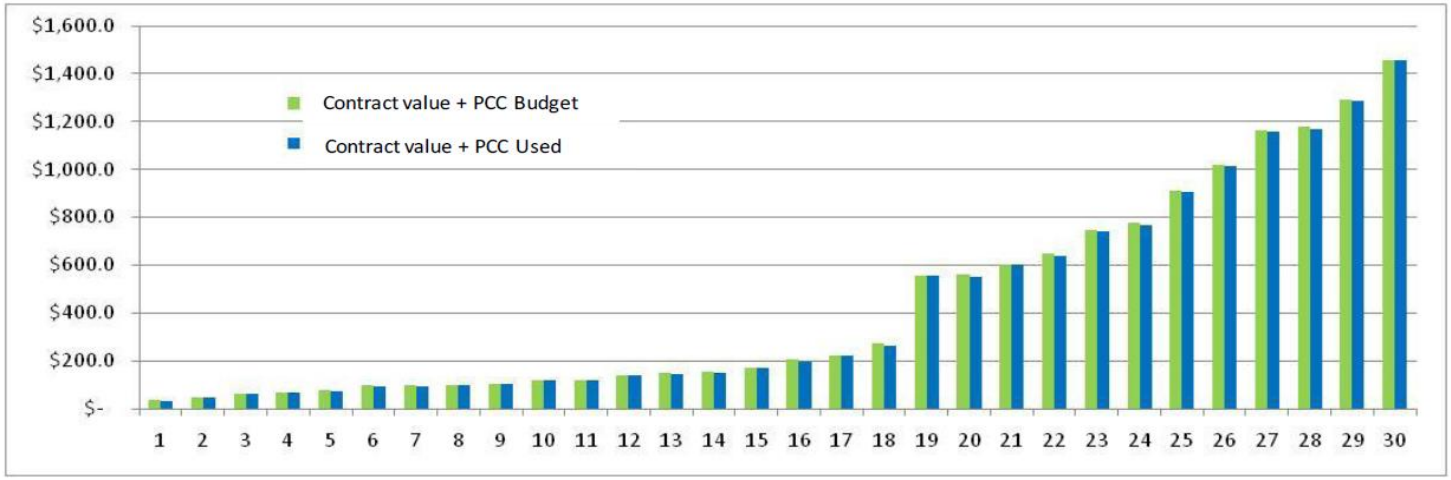
- ✓ **96** new courtrooms in consolidated courthouses (at full capacity)
- ✓ **18** new provincial police detachments

- ✓ New Athletes' Village
- ✓ New stadiums and recreational facilities
- ✓ New transit link to the international airport

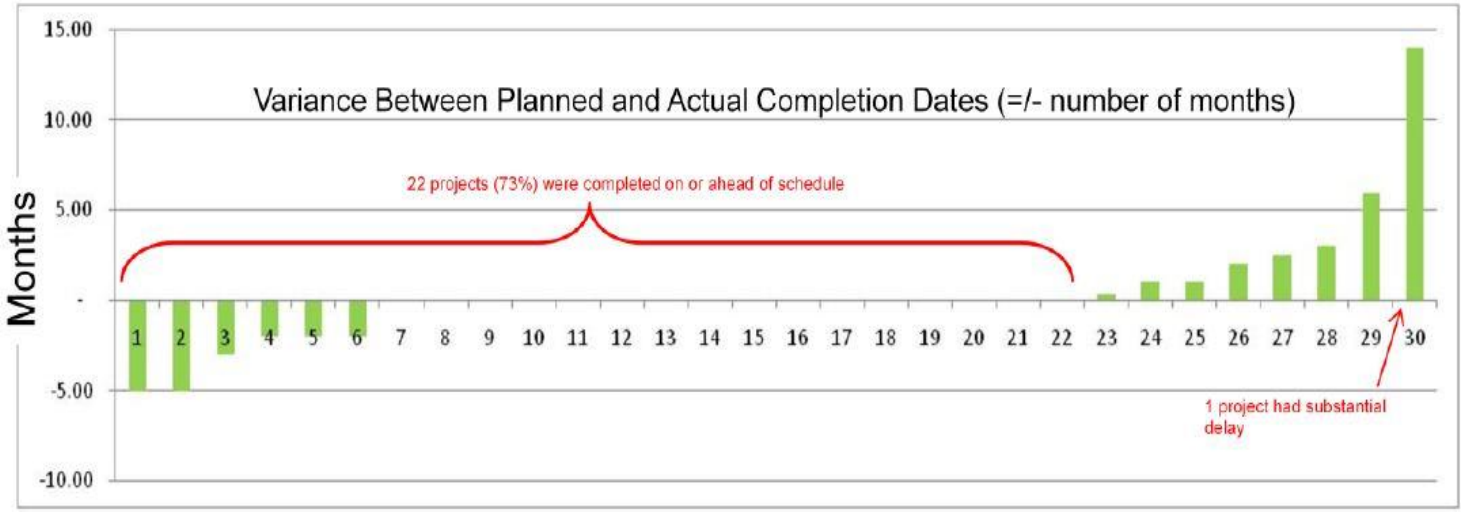
PAN AM GAMES

Ontario's AFP Track Record: On-Time and On-Budget

On-Budget Analysis – 29 of 30 projects completed below the contract and contingency budgets



On-Time Analysis – 28 of 30 projects complete on time or within three months of target date



AFP Success Factor: Risk Transfer

Traditional: Design-Bid-Build (DBB)	
Owner's Risks	**Bidder's Risks**
Design	Construction
Financing	
Facility Maintenance	
Lifecycle	
Facility Availability, Performance & Asset Value	

AFP: Design-Build-Finance-Maintain (DBFM)	
Owner's Risks	**Bidder's Risks**
Output Specifications	Design
	Financing
	Construction
	Lifecycle
	Facility Availability, Maintenance Performance & Asset Value

AFP Success Factor: Standard Processes and Documents

- RFQ Released
- RFP Released
- RFP Closed
- Evaluation & Selection
- Commercial and Financial Close

Pre-transaction Phase
Approx
6 months

5-7 months

6 -7 months

3-4 months

1-2 months

Construction Phase

Approximately 15-21 months

Public-Private Partnerships in Canada: Economic Benefits

Total Economic Impacts of the Total P3 Project Value of Infrastructure P3 Projects in Canada, All Sectors, 2003-2012

(Intervistas for the Canadian Council for Public Private Partnerships)

Type of Impact	Employment (Full-Time Equivalent Jobs)	Income/ Wages & Benefits ($ Millions)	GDP ($ Millions)	Economic Output ($ Millions)
Direct	290,680	$19,010	$25,140	$51,170
Indirect	133,690	$8,440	$12,610	$23,860
Induced	93,060	$4,760	$10,410	$17,050
Total Canada	***517,430***	***$32,210***	***$48,160***	***$92,080***

Notes:

* Results are based on total P3 project value of projects and are presented in 2013 dollars.

** Applies to 121 projects with financial close dates between 2003 and 2012. Results reflect data available as of August 2013.

Positive Third-Party Statements

InfraAmericas US P3 INFRASTRUCTURE FORUM 2013

Infrastructure Ontario turns to large LRT projects to keep P3 pipeline moving

"Ontario successfully addressed the need for new hospitals with P3s. Now it is addressing the need for urban transit lines." (InfraAmericas February 8, 2013)

THE JOURNAL OF COMMERCE

Public-private partnerships working as intended, new report finds

(Journal of Commerce, February 3 2010)

PUBLIC WORKS FINANCING

Infrastructure Ontario is the deal flow leader

"Infrastructure Ontario managed to close seven projects during the worst of the financial crisis last year." (Public Works Financing, December 2009)