

CAPITAL BACKGROUNDER

BUDGET 2012 – 13

Shared Ownership Model for Select New Health Facilities and Schools

In 2012-13, the government is implementing a new shared ownership model for select school capital projects and select health facilities. This change will affect the new Moose Jaw Union Hospital project, 6 new school projects (of the 21 school projects that are currently underway) and 7 new long-term care facilities (of the 13 long-term care projects that are currently in construction or recently completed).

This change will treat the capital costs for these projects in the same manner that other government-owned capital such as highways, government buildings, and SIAST is accounted for. The costs will be amortized over the useful life of the buildings rather than expensed upfront as construction costs are incurred as is the current treatment.

The new model is intended to fully comply with all requirements of the Public Sector Accounting Board (PSAB) accounting provisions.

Government has introduced this change recognizing that like highways, schools, hospitals and long-term care facilities are public assets and should be accounted for in the same manner as other public assets. The new model is consistent with the accounting treatment used in the Province's Summary Financial Statements for these buildings. The change will also allow the much needed capital projects to be started sooner than they otherwise would have and will smooth out government's costs over a longer time period. This is particularly important given the volatile nature of our resource-based economy.

Shared Ownership Agreements will be required with the School Divisions and Regional Health Authorities formalizing the new shared ownership partnership. Some changes will be required in maintenance and operating processes in order to comply with the PSAB accounting provisions.

At the current time, there is no plan to expand this new model to other capital projects. The Province intends to use the experience gained in these select projects to assess the benefits of the new approach.

The new model will be applied to \$38.6M in school construction costs in 2012-13 (\$83.3M over two years), \$42.7M in long-term care capital in 2012-13 (\$142.0M over three years) and \$79.6M for the Moose Jaw Hospital over three years starting in 2013-14 (the Moose Jaw project has sufficient funds for the 2012-13 year).

2012-13 Capital Budget Backgrounder

HIGHLIGHTS BY CATEGORY

- The 2012-13 Capital Budget is \$787.7M, an increase of \$192.9M or 32.4 per cent from the previous budget and includes the following highlights:

	2011-12 Budget (\$000's)	2011-12 Forecast (\$000's)	2012-13 Budget (\$000's)
Schools (K-12) and Education Capital			
Schools (Government-owned).....	-	-	38,613
Schools (Third Party).....	6,097	28,429	54,099
Sustaining Capital.....	5,000	7,996	15,857
Child Care.....	4,000	4,000	4,000
Other Education Capital.....	4,843	4,843	3,843
Post Secondary Education Capital			
Post-Secondary Projects.....	5,550	5,550	4,364
Sustaining Capital.....	-	-	7,876
Health Capital			
Long-term Care (Government-owned).....	-	-	42,697
Long-term Care (Third Party).....	-	-	7,195
Hospitals.....	-	-	5,000
Sustaining Capital and Equipment.....	1,244	1,244	16,733
Transportation Infrastructure			
Vote 17 Highways Capital.....	285,300	303,423	275,300
Vote 16 Capital.....	21,789	31,789	42,189
Municipal Infrastructure			
Municipal Programs.....	139,763	126,950	113,902
Capital to Support Government Programs			
IT Capital.....	35,519	34,819	41,704
Parks Capital.....	9,349	9,349	11,849
Courts and Corrections Capital.....	27,647	19,847	35,136
Equipment Capital.....	17,717	17,717	16,915
Government Buildings.....	28,919	27,931	44,539
Other.....	2,122	3,831	5,922
Total Capital.....	594,859	627,718	787,733
Third Party.....	179,204	201,719	265,286
Government-owned.....	415,655	425,999	522,447
Total Capital.....	594,859	627,718	787,733

- Government-owned capital is \$522.4M, an increase of \$106.8M or 25.7 per cent from the previous budget; and,
- Third party capital is \$265.3M, an increase of \$86.1M or 48.0 per cent from the previous budget.

Schools (K-12) and Education

- \$38.6M to begin construction of 6 new school projects in a new provincial government shared ownership model. These schools include Warman, Swift Current, Saskatoon, White City, and Lloydminster;
- \$50.1M in third party grants for 15 major school capital projects which are already under construction or are major renovations. The communities include Lloydminster, Lumsden, White City, Prince Albert, Regina, Humboldt, Saskatoon, Hillmond, and Weyburn.
- \$4.0M in planning for school projects in Hudson Bay, Leader, and Martensville.
- \$15.9M for block sustaining capital, an increase of \$10.9M from the 2011-12 Budget which will support up to 70 smaller maintenance projects;
- \$4.0M for child care capital to create 500 new child care spaces;
- \$1.0M in capital to create 15 new PreKindergarten (PreK) programs; and,
- \$2.8M for FAME facility asset software and non-school capital.

Post-Secondary

- \$2.4M for principal and interest for the U of S's financing of \$71.7M for the Academic Health Sciences Centre (AHSC) Project, annualizing to \$6.4M in 2013-14;
- \$1.0M for the Southeast Regional College (\$17.2M total cost, year two of five);
- \$1.0M to support planning of a new on-campus student residence at the University of Regina (U of R) with child care facilities and a parkade; and,
- \$7.0M to support the principal and interest on previous (\$48M balance) and new (\$21M) sustaining capital loans financed by the universities and Saskatchewan Institute of Applied Science and Technology (SIAST) and \$879K capital grant for sustaining capital for regional colleges and federated colleges.

Health

- \$42.7M to begin construction of seven previously announced Long-term Care (LTC) facilities in a new provincial government shared ownership model in Biggar, Kelvington, Kerrobert, Kipling, Maple Creek, Meadow Lake, and Prince Albert;
- Additional third party grants to continue with six LTC facilities currently under way in Radville, Redvers, Rosetown, Shellbrook, Tisdale, and Watrous;
- \$5.0M in planning and redesign of Saskatchewan Hospital North Battleford;
- Planning and design work will continue in 2012-13 to replace the Moose Jaw Union Hospital in a new shared ownership model; and,
- \$16.7M for regional health authority (RHA) life safety repairs and equipment capital (third party capital).

Transportation Infrastructure

- \$275.3M in government-owned highways capital including the following:
 - \$91.7M for Infrastructure Rehabilitation projects involving heavy preservation work on existing highways and the replacement of bridges using both in-house and contracted resources; and,
 - \$183.6M for Infrastructure Enhancement for the construction of new bridges and significant upgrading work on existing highways and bridges, including completion of the Highway 11 twinning project, completion of the Yorkton truck route, continued work on the St. Louis bridge, continued work on the West Regina Bypass to support infrastructural development at the Global Transportation Hub, beginning work on the Estevan bypass, and, design and aggregate work related to the new Twinning and Passing Lane Strategy.
- \$10.0M in equipment, storage buildings and ferry capital;
- \$32.2M in third party highways capital funding:
 - \$23.5M for Municipal Roads for the Economy;
 - \$5.1M for Urban Highway Connector Program;
 - \$3.0M in funding for the Canada Pacific (CP) Rail agreement; and,
 - \$0.7M for the Community Airport Partnership Program.

Municipal Infrastructure

- \$55.5M for federal flow-through municipal infrastructure funding provided by the Gas Tax Program;
- \$48.4M total funding for various federal-provincial infrastructure programs;
- \$6.1M for the Saskatchewan Infrastructure Growth Initiative (four-year loan total is \$214.3M; based on original design of the Program being four years, no new intakes will be accepted in 2012-13);
- \$2.8M for Building Communities recreational infrastructure; and,
- \$0.7M provided under Rural Revenue Sharing for the Communities-in-transition Program and \$0.3M for Transit for the Disabled.

Capital to Support Government Programs

- \$41.7M in Information Technology programs including the Linkin Case Management system, the Process Renewal and Infrastructure Management Enhancements project, the Criminal Justice Information Management System project and Data Centre, Network upgrades;
- \$11.8M to meet the commitment for parks infrastructure;
- \$9.6M to complete the two-year \$12.0M 30 cell expansion at the Pine Grove Women's Provincial Correctional Centre;
- \$6.9M for code upgrades at the Regina Provincial Correctional Centre;
- \$3.0M for the first year of a 3 year \$24.0M 72 cell expansion at the Prince Albert Provincial Correctional Centre;
- \$11.4M for year two of the four-year construction of an addition to the Court of Queen's Bench in Saskatoon to better accommodate Family Law Division (total cost: \$34.3M);
- \$16.9M in equipment capital in various ministries; and,
- \$44.5M in government buildings including the capital lease of Hill Tower III, Regina Provincial Courthouse envelope, the Royal Saskatchewan Museum, and the Queen Elizabeth Gardens.