

**Ministry of
Finance**

**2013/14 – 2015/16
SERVICE PLAN**

February 2013



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Ministry of Finance,
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Message from the Minister and Accountability Statement



British Columbia has worked hard to exercise fiscal discipline, with a record to back it up. Eleven years of fiscal prudence have put us in a good position to manage the challenges of global economic uncertainty. Our triple-A credit rating and affordable debt-to-GDP ratio have strengthened our international reputation as a safe harbour, bringing new investment into all regions of the province—supporting job creation and revenues that sustain B.C. families.

The B.C. government is determined to protect and preserve our province's triple-A credit rating. B.C.'s triple-A credit rating saves taxpayers millions of dollars a year in the government's cost of borrowing. Every dollar we don't pay in interest is one we can invest in public services or reduce our borrowing. An ongoing commitment to balancing the budget by not spending more than taxpayers send us can help us preserve our triple-A status. This is essential to protect future generations from the high costs of government debt. B.C. remains one of only two provinces in Canada with a triple-A credit rating from both Standard and Poor's and Moody's—the highest rating possible.

We are required under current law to return to balanced budgets in 2013/14, and we will do so responsibly. This prudence helps us maintain a triple-A credit rating, and support priority programs ensuring British Columbians generally have one of the lowest overall tax burdens in Canada. The turbulent global economy and declining natural resource revenues are not something we can control, but we can control our spending. Continued spending discipline will be necessary as we maintain balanced budgets in the years to come.

As committed, the PST is being re-implemented April 1, 2013, with all permanent exemptions. For businesses, the new legislation will be clearer and easier to administer than the original legislation, helping simplify business compliance and reduce costs.

Significant progress is being made between government and unions under the Cooperative Gains Mandate. The mandate provides the opportunity for employers and unions to find creative solutions to negotiate modest wage increases funded from savings within existing budgets, not adding costs to taxpayers and ratepayers, and not sacrificing services. Currently, about two-thirds of the people working in the B.C. public sector now have tentative or ratified agreements settled under the 2012 Cooperative Gains Mandate.

I want to thank the incredibly dedicated and professional staff at the Ministry of Finance. I am proud to work with them every day and I appreciate their ongoing commitment to serving British Columbians.

The *Ministry of Finance 2013/14 – 2015/16 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which this plan has been prepared and for achieving specific objectives in this plan.

A handwritten signature in black ink, appearing to read 'M. de Jong', with a stylized, flowing script.

Honourable Michael de Jong
Minister of Finance
February 6, 2013

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Purpose of the Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies.



The Ministry is responsible for delivering fair, efficient and effective tax administration, and revenue and treasury management that fund government programs, services and infrastructure essential to citizens in British Columbia.

The Ministry is also responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Government's economic, fiscal and taxation policy;
- Tax and non-tax revenue administration and loan administration and collection;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the schools, universities, colleges and hospitals (SUCH) sector);
- Banking, accounting, and risk and debt management services for government;
- Policy development for the financial, corporate and real estate sectors in British Columbia;
- Regulation of the financial services and real estate sectors, and administration of the B.C. credit union deposit insurance fund.

Also, the Minister of Finance is accountable for the B.C. Public Service Agency (see pages 23-30), Public Sector Employers' Council (see pages 31-32), B.C. Securities Commission, Pacific Carbon Trust and Partnerships B.C.¹.

Ministry clients include the citizens of British Columbia, Treasury Board, Cabinet, ministries, Crown corporations, boards and commissions, agencies, businesses, investors and financial sector agencies.

The Ministry publishes several reports – please see page 19 for links to these publications.

¹ For more information refer to: www.bcpublicserviceagency.gov.bc.ca/ (Public Service Agency); <http://www.fin.gov.bc.ca/psec/> (Public Sector Employers' Council); www.bcsc.bc.ca/ (B.C. Securities Commission); www.pacificcarbontrust.com/ (Pacific Carbon Trust); www.partnershipsbcc.ca/index.php (Partnerships B.C.).

Strategic Context

The Economy

The Economic Forecast Council estimates that British Columbia's real GDP grew by 2.1 per cent in 2012 and projects that the rate of real GDP growth will remain at 2.1 per cent in 2013, before increasing to 2.5 per cent in 2014. Risks to British Columbia's economic outlook include a return to recession in the US; the European sovereign debt crisis threatening the stability of global financial markets; slower than anticipated economic growth in Asia dampening demand for BC exports; and a weakening of the US dollar disrupting the financial markets and raising the cost of BC exports abroad.

Fiscal Responsibility

B.C. has been more resilient than other jurisdictions in meeting the challenges of global economic uncertainty. While declining natural gas revenues have had a significant impact, measures have been implemented to mitigate these declining revenues in order to balance the 2013/14 budget. These include reductions in discretionary spending across government, including savings in operations such as travel and discretionary spending, freezing salaries for public sector management, continuing the public service hiring freeze, and the sale of surplus properties and assets. Surplus properties and assets are those no longer in use, not required for future use, and assets where there is no strategic benefit for the Province to own. These measures send a strong signal to international bond rating agencies which continue to reward the Province with a triple-A credit rating.

Government Priorities

The government has identified job creation, families, and a commitment to transparency and open government as major priorities over the next several years. The Ministry of Finance is committed to contributing to each of these priorities.

- The Ministry supports job creation by contribution to the *B.C. Jobs Plan*, through tax initiatives, fiscal responsibility, and deregulation to foster an environment that encourages business success.
- The Ministry supports B.C. families by overseeing prudent fiscal management of all government funds. These efforts aid in maintaining low tax rates for individuals and families living and working in British Columbia and contribute to decreasing the province's debt load to lessen the burden for future generations.
- The Ministry supports open government by driving greater transparency and fiscal accountability through proactively releasing data and information to the public.

Return to a Provincial Sales Tax

During the summer of 2011, British Columbians had the opportunity to participate in a province-wide referendum on the harmonized sales tax (HST). On August 26, 2011, Elections B.C. announced that British Columbians had voted in favour of eliminating the HST and returning to the provincial sales tax (PST) plus federal goods and services tax (GST) system.

Following the referendum results, government committed to make the transition back to the PST/GST system as quickly as responsibly possible. The *Provincial Sales Tax Act* received Royal Assent on May 31, 2012, and the PST will be re-implemented on April 1, 2013, with all permanent exemptions.

The government also introduced common-sense improvements that will make administration of the sales tax easier for businesses. The new PST is being implemented under a more modern and streamlined Act (the Provincial Sales Tax Act or PSTA) that is, for technical taxation legislation, clearer, easier to understand and comply with, easier to administer and which better reflects modern technology and business practices.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is important for attracting investment and creating jobs, and is supported by a sound and sustainable fiscal environment. Responsible fiscal policies ensure that the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations. Public confidence is further enhanced by open accountability that demonstrates the appropriate management of government finances.

Objective 1.1: Effective management of government's fiscal plan

The government's ability to achieve a sustainable fiscal environment relies on the development and maintenance of a prudent and resilient fiscal plan. The Ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, provincial ministries and other public sector partners to ensure that government's annual and three-year revenue, and operating and capital expenditure targets are met.

Strategies

- Continuously monitor revenues, spending and debt set out in the [fiscal plan](#)², and take corrective action as required to meet targets.
- Ensure effective cash management to minimize borrowing requirements and debt service costs.
- Manage government's capital plan, including strategic investments in infrastructure across the province.

Performance Measure 1: Provincial credit rating

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Provincial credit rating	Aaa	Aaa	Aaa	Aaa

Data Source: Moody's Investor Service (Credit Rating Agency).

² For more information refer to: <http://www.bcbudget.gov.bc.ca/>.

Discussion

This measure is the provincial credit rating determined by Moody’s Investors Service, a recognized and independent credit rating agency. This credit rating influences the interest rate that the Province is charged when it borrows in either the domestic and international capital markets. Credit ratings are provided in descending alphabetical order from A to C – highest to lowest. Triple-A (Aaa) is the highest possible rating and it is provided only to those public and private sector organizations that are assessed as borrowers with excellent financial security and pose low risk for investor loss. Organizations with a triple-A credit rating are generally offered the lowest interest rates when borrowing.

In determining the Province’s credit rating, rating agencies evaluate debt as a percentage of gross domestic product (GDP) and interest owing as a percentage of gross receipts. Agencies also consider the government’s track record in meeting its fiscal targets, its transparency in budgeting and reporting, the economic outlook, and business and consumer confidence in the economy. With government’s continued focus on prudent fiscal management, it anticipates maintaining its triple-A credit rating.

Performance Measure 2: Budget deficit / surplus

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Budget deficit / surplus	\$1.228 B deficit	As set out in government fiscal plan	As set out in government fiscal plan	As set out in government fiscal plan

Data Source: British Columbia Budget and Fiscal Plan.

Discussion

This measure reflects the Ministry of Finance’s overall success in implementing the government’s fiscal plan. Specifically, the government will return to a balanced budget in 2013/14.

Objective 1.2: Accountable, efficient and transparent financial and program management across government

The Ministry supports accountability and transparency through the public release of financial and program information and a variety of governance frameworks that apply to ministries and the broader public sector. The successful implementation of effective governance frameworks supports increased value for use of public funds and contributes to public confidence in government. To facilitate the application of these frameworks, the Ministry supports government with tools and training to build necessary capacity.

Strategies

- Provide governance and oversight to:
 - Ensure all government entities (e.g. ministries, Crown agencies, etc.) are publicly accountable for their programs, services and fiscal management.
 - Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Use risk-based approaches to effectively manage government's resources.
- Undertake strategic reviews of government business processes to identify opportunities to maximize efficiency.
- Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP).³

Performance Measure 3, 4 and 5: Annual Release Dates for Budget and Public Accounts, and Audit Opinion

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Release date of the <i>Budget</i>	February 19, 2013	By legislated due date	By legislated due date	By legislated due date
Completion date of the <i>Public Accounts</i> ¹	On or Before June 30, 2013	On or before June 30, 2014	On or before June 30, 2015	On or before June 30, 2016
Audit opinion	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP

Data Source: Release of the *Public Accounts*.

¹ The legislated due date for the release of the *Public Accounts* is August 31st for the previous fiscal year.

³ The government of British Columbia adheres to generally accepted accounting principles for senior Canadian governments as identified by the Public Sector Accounting Board.

Discussion

The first two measures capture the timeliness of government budgeting and financial reporting. Timely release of financial information is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. The *Budget Transparency and Accountability Act* requires the release of the Province's budget by the third Tuesday of February in the immediately preceding fiscal year and the Province's financial statements (*Public Accounts*) by August 31 following each fiscal year end.

The third measure is an indication of government's transparency in accounting for its finances. In preparing the *Public Accounts*, the Ministry strives to provide an open, accurate and fair representation of the government's financial position in accordance with generally accepted accounting principles (GAAP). To validate this position, government seeks an independent audit opinion that offers an objective assessment of its financial reporting.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax and regulatory environment

A tax system that is perceived by British Columbians to be fair increases their confidence in government. Furthermore, the Province's ability to develop a strong and vibrant economy depends on a tax and regulatory environment that is both nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment. This success in turn enhances economic development and generates stable revenues to support critical government services such as health care and education.

Strategies

- Continue to improve the fairness, competitiveness and sustainability of the provincial tax system.
- Ensure financial and corporate regulatory frameworks are efficient and effective, and protect the public interest.
- Commit to net zero regulatory gain through 2015.
- Support the Ministry of Jobs, Tourism and Skills Training in implementing a *Regulatory Reporting Act* to mandate annual reporting on regulatory reform.
- Advance B.C.'s interests with the federal and other provincial governments on federal-provincial fiscal relations.

Performance Measure 6, 7 and 8: Provincial Income Tax Ranking

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Provincial ranking of corporate income tax rates	In the lowest four	Remain in the lowest four	Remain in the lowest four	Remain in the lowest four
Provincial ranking of personal income tax rates for the bottom tax bracket	In the lowest two	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	In the lowest two	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two

Data Source: Published legislation and budgets from all 10 provinces.

Discussion

The measure of the provincial ranking of corporate income tax rates compares the general corporate income tax rate in British Columbia, as of March 31 each year, to those of other provinces in Canada. The targets reflect government's commitment to maintaining a competitive tax environment that fosters economic growth by encouraging business investment and promoting a business-friendly environment.

The two measures of the provincial ranking of personal income tax rates provide a comparison of British Columbia's personal income tax rates for the bottom two tax brackets, as of March 31 each year, with those of the other nine provinces. These targets demonstrate government's commitment to maintaining low tax rates for individuals and families living and working in British Columbia.

Objective 2.2: Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services

The Ministry manages revenue in relation to statutes it directly administers, as well as statutes administered by other ministries.⁴ These revenues support the provision of important government programs and services such as health care, education, social services and transportation infrastructure for British Columbians.

The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

⁴ See Appendix C: Legislation Administered by the Ministry.

Strategies

- Administer the transition from HST to a PST and GST tax system.
- Simplify and streamline tax and other revenue legislation.
- Focus compliance activities on areas with the highest risk of non-compliance.
- Explore further opportunities for applying technological solutions to improve compliance and enforcement activities.
- Improve collaboration across jurisdictions to help ensure tax revenue owed to the Province is identified and received in a timely manner.
- Improve practices used to collect outstanding amounts owed to government.
- Continue to consolidate government revenue management.

Performance Measure 9: Per Cent of Amounts Owed to Government Paid or Collected

Performance Measure	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Per cent of amounts owed to government paid or collected ¹	94.45%	Maintain	Maintain	Maintain

Data Source: Ministry of Finance business information systems

¹ This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities. As a result of the transition to HST (July 1, 2010), which is administered by the Canada Revenue Agency, this measure currently does not include Provincial Sales Tax. As of April 1, 2013, with the reinstatement of the PST, the Ministry will include it in this measure. With the reinstatement of the PST, performance will be baselined in 2013/14 and future targets revised as appropriate.

Discussion

This measure reports on the success of the Ministry in collecting all amounts under its administration owed to government in a specific fiscal year. This measure includes amounts owed to government where the Ministry is responsible for both revenue and debt collection functions. It excludes revenue and debt collections for personal and corporate income tax, and HST currently collected by the Canada Revenue Agency on behalf of the Province. As a result, this measure reflects approximately 40 per cent of revenue overseen by the Ministry

Resource Summary

Core Business Area	2012/13 Restated Estimates ¹	2013/14 Estimates ²	2014/15 Plan	2015/16 Plan
Operating Expenses (\$000)				
Treasury Board Staff.....	6,738	6,709	6,709	6,709
Office of the Comptroller General.....	5,931	5,931	5,931	5,931
Treasury.....	1	1	1	1
Revenue Division				
Gross	154,899	205,762	204,622	193,514
Recoveries²	(87,558)	(139,696)	(140,056)	(128,948)
Net.....	67,341	66,066	64,566	64,566
Policy and Legislation.....	5,015	4,975	4,975	4,975
Public Sector Employers' Council Secretariat	16,640	16,640	16,640	16,640
Internal Audit and Advisory Services...	2,407	2,407	2,407	2,407
Executive and Support Services.....	13,136	11,942	11,942	11,942
Insurance and Risk Management Account				
Gross	53,622	53,622	53,622	53,622
Recoveries³	(49,431)	(49,431)	(49,431)	(49,431)

Core Business Area	2012/13 Restated Estimates ¹	2013/14 Estimates ²	2014/15 Plan	2015/16 Plan
Net.....	4,191	4,191	4,191	4,191
Provincial Home Acquisition Wind Up Special Account ⁴	10	10	10	10
Total	121,410	118,872	117,372	117,372
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Executive and Support Services.....	9,655	7,995	564	64
Total	9,655	7,995	564	64
Other Financing Transactions (\$000)				
Reconstruction Loan Portfolio				
Receipts.....	(16,500)	(17,000)	(16,000)	(15,000)
Disbursements.....	500	400	400	400
Net Cash (Requirements).....	(16,000)	(16,600)	(15,600)	(14,600)
Student Aid BC Program				
Receipts.....	(90,000)	(90,000)	(90,000)	(90,000)
Disbursements.....	247,000	247,000	247,000	247,000
Net Cash (Requirements).....	157,000	157,000	157,000	157,000
International Fuel Tax Agreement Motor Fuel Tax Act				
Receipts.....	(12,171)	(12,043)	(12,043)	(12,043)
Disbursements.....	2,866	2,643	2,643	2,643

Core Business Area	2012/13 Restated Estimates ¹	2013/14 Estimates ²	2014/15 Plan	2015/16 Plan
Net Cash (Requirements).....	(9,305)	(9,400)	(9,400)	(9,400)
Land Tax Deferment Act.....				
Receipts.....	(47,000)	(52,000)	(58,000)	(63,000)
Disbursements.....	113,000	110,000	115,000	125,000
Net Cash (Requirements).....	66,000	58,000	57,000	62,000
Provincial Home Acquisition Wind Up Special Account				
Receipts.....	(20)	(12)	(12)	(10)
Net Cash (Requirements).....	(20)	(12)	(12)	(10)

¹ For comparative purposes, amounts shown for 2012/13 have been restated to be consistent with the presentation of the 2013/14 Estimates.

² Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates. (<http://www.bcbudget.gov.bc.ca/>)

³ These recoveries represent amounts paid into the Insurance and Risk Management special account in respect of agreements or arrangements with participants, and amounts required to be paid into the account under regulations.

⁴ This account is established under the *Special Appropriation and Control Act* effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the *Home Conversion and Leasehold Loan Act*, *Home Mortgage Assistance Act*, *Home Purchase Assistance Act*, *Homeowner Interest Assistance Act* and Provincial Home accounts and guarantee claims paid under the mortgage assistance programs.

Appendices

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Hyperlinks to Additional Information

Reports and Publications

- Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, and Financial and Economic Review: www.fin.gov.bc.ca/pubs.htm
- For more information and other Ministry Service Plans and Annual Service Plan Reports, please visit: <http://www.bcbudget.gov.bc.ca/default.htm>
- For other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

The Minister of Finance is also the Minister responsible for the following Crown corporations, Boards, Commissions and Advisory Committees:

Crown Corporations:

- Partnerships B.C.: www.partnershipsbc.ca/
- Pacific Carbon Trust Inc: www.pacificcarbontrust.com/
- B.C. Securities Commission: www.bcsc.bc.ca/

Boards and Commissions

- Financial Institutions Commission: www.fic.gov.bc.ca/
- Financial Services Tribunal: www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/Home.html
- Public Sector Employers' Council: <http://www.fin.gov.bc.ca/psec/>
- Real Estate Council of British Columbia: www.recbc.ca/

Advisory Committees:

- Accounting Policy Advisory Committee:
www.fin.gov.bc.ca/brdo/boardView.asp?boardNum=191095

Legislation Administered by the Ministry

The Minister of Finance is charged with the administration of the following enactments, presented alphabetically.

Auditor General Act

Balanced Budget and Ministerial Accountability Act

Bonding Act

British Columbia Railway Finance Act

Budget Transparency and Accountability Act

Business Corporations Act

Carbon Tax Act

Constitution Act ss. 25-27

Consumption Tax Rebate and Transition Act

Cooperative Association Act

Credit Union Incorporation Act

Creditor Assistance Act

Esquimalt and Nanaimo Railway Belt Tax Act

Finance Statutes Amendment Act, 2011 s.142

Financial Administration Act

Financial Information Act

Financial Institutions Act (except as it relates to the establishment and incorporation of the Corporate Registry)

Home Owner Grant Act

Hotel Room Tax Act

Income Tax Act

Income Trust Liability Act

Indian Self Government Enabling Act

Insurance (Captive Company) Act (except as it relates to the establishment and incorporation of the Corporate Registry)

Insurance Act

Insurance Premium Tax Act

International Business Activity Act

International Interests in Mobile Equipment (Aircraft equipment) Act

Land Tax Deferment Act

Logging Tax Act

Manufactured Home Act

Ministry of Consumer and Corporate Affairs Act ss. 3 and 4(a)

Miscellaneous Registrations Act, 1992

Mortgage Brokers Act

Motor Fuel Tax Act

Mutual Fire Insurance Companies Act (except as it relates to the establishment and incorporation of the Corporate Registry)

New Housing Transition Tax and Rebate Act

Partnership Act (except as it relates to the establishment and incorporation of the Corporate Registry)
Pension Agreement Act
Pension Benefits Standards Act
Pension Fund Societies Act (except as it relates to the establishment and incorporation of the Corporate Registry)
Personal Property Security Act (except as it relates to the establishment and operation of the Personal Property Registry)
Petroleum and Natural Gas Act ss. 74-77
Ports Property Tax
Probate Fee Act
Property Transfer Tax Act
Provincial Sales Tax Act
Public Service Act
Public Sector Employers Act
Public Sector Pension Plans Act
Public Service Benefit Plans Act
Public Service Labour Relations Act
Real Estate Development Marketing Act
Real Estate Services Act
Repairers Lien Act
Sechelt Indian Government District Home Owner Grant Act
Securities (Forged Transfer) Act
Securities Act
Securities Transfer Act
Social Service Tax Act
Society Act (except as it relates to the establishment and incorporation of the Corporate Registry)
South Coast British Columbia Transportation Authority Act Part 7.1
Special Accounts Appropriation and Control except ss. 4, 5, 7-9, 9.2-9.6 and 10(2)(a) and (b)
Taxation (Rural Area) Act
Tobacco Tax Act
Unclaimed Property Act
Warehouse Lien Act
Warehouse Receipt Act

The Minister of Finance is charged with the administration of the following enactments in areas related to revenue management processes only.

Forest Act

Forest and Range Practices Act

Forest Practices Code of British Columbia Act

Forest Stand Management Fund Act

Homeowner Protection Act

Medicare Protection Act

Mineral Land Tax Act

Mineral Tax Act

Mines Act

Ministry of Forests and Range Act

Oil and Gas Activities Act

Oil and Gas Commission Act

Petroleum and Natural Gas Act

Range Act

School Act

Wildfire Act

BC Public Service Agency

Purpose of the Agency

The BC Public Service Agency provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

Strategic Context

The BC Public Service is the largest corporate workforce in the province, serving over 280 communities across British Columbia. From frontline workers to accountants and architects, researchers and analysts, information technology professionals and others, there is virtually no area of expertise unrepresented. Public servants provide a wide range of services to British Columbians such as health care, public safety, education, and environmental management, to name a few.

The BC Public Service Agency supports the work that these public servants do by providing human resources services (such as hiring, payroll, labour relations and learning) to the BC Public Service. In doing so, it helps ensure that the BC Public Service continues to have the right people to do that work. Some internal and external factors impacting the BC Public Service Agency's work toward this goal are:

External Factors

- Canada is currently in a period of fiscal restraint where public sector spending is being reduced as federal and provincial governments work to bring deficits under control. The reduction in public sector spending makes finding ways to deliver the services in a more effective manner even more of a priority. In response, the BC Public Service has adopted Lean, a proven process improvement methodology, to guide us in reviewing our business processes in order to eliminate steps that don't benefit our customers.
- Changing demographics, such as an aging and increasingly diverse population, continue to influence employers in many ways. One such example is the financial pressure an aging workforce is putting on benefit plans. Conference Board of Canada research has shown that benefits costs are increasing 10% each year, and make up an increasing percentage of the total cost of employment.
- While the current global economic influences are easing the demand for labour in the short term, the labour market is expected to remain tight in the long term. Skilled employees expect an engaging work environment, good career growth, learning and development opportunities and competitive salaries and benefits. So for employers to retain and attract the skilled labour they require it remains important to continue refining human resource strategies to ensure they can offer employees an appealing work environment.

Internal Factors

- The [2012 Corporate Human Resource Plan](#),⁵ *Being the Best*, lays out a plan for building a better BC Public Service and transforming our organizational culture to create an employment experience that is not only engaging, but enables us to offer the citizen's of British Columbia our very best. The three areas of focus within the plan are:
 - Lean Thinking - applying a proven business improvement approach in the BC Public Service that will help us find new efficiencies, put employee ideas and leadership into action and broaden our repertoire of solutions.
 - Diversity Strategy - embracing the diversity of our organization enables us to better meet citizens' expectations of accessing government services in diverse ways. A corporate diversity strategy, [Reflecting Our Communities](#)⁶, expands upon what diversity is, why it is a priority, what the B.C. Public Service has accomplished to date, and the plan for ensuring all our policies and procedures reflect the diverse communities we serve.
 - Health and Workplace Safety Strategy - providing education, activities and programs to reduce health risk factors and keep employees healthy, safe and productive at work.
- The B.C. Public Service Agency has recently completed a significant transformation of its service delivery model for how human resource services are delivered across the B.C. Public Service. This transformation included implementation of new technologies as well as changes to the B.C. Public Service Agency's organizational structure. The purpose of the transformation was to improve effectiveness and reduce the overall costs of Human Resource services while supporting the goals of *Being the Best*. Now that this transformation is complete, the focus has shifted to continuous improvement of the Human Resource service delivery model.
- To ensure the most efficient use of our valuable human resources, the BC Public Service is implementing ways of sharing these resources across ministries in order to reduce costs and maintain critical services for the citizens of British Columbia.

⁵ For more information, refer to: <http://www.bcpublicserviceagency.gov.bc.ca/down/BeingtheBest.pdf>

⁶ For more information, refer to: http://www.bcpublicserviceagency.gov.bc.ca/down/Diversity_Strategy.pdf

Goals, Objectives, Strategies and Performance Measures

Goal 1: Provide high quality and innovative workforce solutions that enable the BC Public Service to deliver services expected and needed by British Columbians.

Objective 1.1: Modernized, responsive and flexible management of human resources.

Objective 1.2: Strategically aligned resources, investments and data in the delivery of human resource services.

Objective 1.3: Focused and purposeful investment in human resources.

Objective 1.4: The goals of the Corporate Human Resource Plan for the BC Public Service, *Being the Best*, are realized.

Strategies

- Continue refining the delivery of human resource services to align with leading practices, reduce HR transactional costs, improve service quality and redirect funding to specialized services.
- Lead the implementation of Lean, a process improvement methodology, across the BC Public Service through the Lean Program Management office.
- Continue supporting implementation of the corporate diversity strategy, *Reflecting our Communities*, through further integration of diversity into BC Public Service Human Resource practices, to ensure the BC Public Service better reflects and is more responsive to the needs of citizens and communities.
- Invest in technologies to automate the capture and transfer of critical employee data to improve the efficiency and integrity of data management.
- Support the open government initiative by exploring opportunities to improve access to reliable and consistent Human Resource information, to meet the needs of the BC Public Service, and to respond to the needs of citizens.
- Continue implementing a Health and Productivity Strategy that takes a proactive and preventative approach in supporting a healthy and productive workforce and avoiding Public Service benefit cost increases due to illness and disability.
- Continue developing *Being the Best*, the Corporate Human Resource Plan for the BC Public Service, based on feedback and results.

Performance Measure 1: Absences related to illness and injury days per Full Time Equivalent (FTE⁷)

Performance Measure	2011/12 Baseline	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Absences related to illness and injury per FTE	8.7 days	8.65 days	8.6 days	8.4 days	8.3 days

Data Source: BC Public Service Agency

Discussion

Aging workforces, changes in demographics, and the rising prevalence of chronic disease in the population are challenges faced by all employers in BC. The BC Public Service recognizes that employees who optimize their health are more productive and engaged, and therefore better equipped to provide the best possible customer service to the public.

This measure identifies the number of days lost due to illness or injury. At 8.7 days, the BC Public Service compares favourably against the Canadian provincial public sector average of 10.2 days and the federal public sector at 12.5 days⁸. The lower rate for the BC Public Service reflects our focus on health promotion and prevention services, at-work supports for employees with illnesses or injuries, and timely rehabilitation and return to work for employees who are off work due to an illness or injury.

This measure is long term in nature as it takes time to see meaningful results from programs such as health promotion and prevention services. The BC Public Service is committed to a continued emphasis on earlier interventions and services, which is expected to have a long term positive impact on employee health outcomes.

Performance Measure 2 and 3: Workforce utilization

Performance Measure	2011/12 Baseline	2012/13 Forecast	2013/14 Target	2014/15 Target	2015/16 Target
Reduction in FTE utilization	27,228	27,169	26,066	25,805	25,805
Auxiliaries as a percentage of the workforce	7.6%	5%	5%	5%	5%

Data Source: BC Public Service Agency

⁷ One FTE is defined as an employee who works 1820 hours a year. This could be one full time employee, or more than one part-time employee who collectively work 1820 hours. One employee who works overtime would proportionately increase the FTE calculation.

⁸Source of comparative information is "[Work absences in 2011](#)." *Perspectives on Labour and Income*. Statistics Canada, April 20, 2012. page 8. (www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.pdf)

Discussion

The targeted decline in FTE utilization reflects the continued budgetary requirement for government to prioritize key government services and programs and achieve savings and improved effectiveness in their delivery. It is expected that the projected decrease for the next three years will be achieved through normal annual voluntary exits, including retirements, which are expected to continue at consistent rates over the next few years.

The hiring of auxiliaries is intended to fill short-term business needs, either for an interim, cyclical or seasonal basis. Monitoring the proportion of auxiliaries in the workforce helps to ensure hiring levels support BC Public Service FTE utilization targets.

Resource Summary Table

Core Business Area	2012/13 ⁹ Estimates ¹	2013/14 Estimates ²	2014/15 Plan	2015/16 Plan
Operating Expenses (\$000)				
Public Service Agency¹⁰	51,163	50,807	50,807	50,807
Benefits	1	1	1	1
TOTAL	51,164	50,808	50,808	50,808
Capital Plan (\$000)				
Public Service Agency	0,000	0,000	0,000	0,000
Total	0,000	0,000	0,000	0,000

¹ For comparative purposes, amounts shown for the 2012/13 have been restated to be consistent with the presentation of the 2013/14 Estimates.

² Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

⁹ For comparative purposes, amounts shown for 2012/13 have been restated to be consistent with the presentation of the 2013/14 Estimates.

¹⁰ Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).
(<http://www.bcbudget.gov.bc.ca/>)

Appendices

B.C. Public Service Agency Contact Information

Public Service Agency

810 Blanshard Street
V8W 2H2
PO BOX 9404 Stn Prov Gov't
V8W 9V1
Victoria BC

Phone: 250 952-6296

For more information on the B.C. Public Service Agency, please visit our website at:
<http://www.bcpublicserviceagency.gov.bc.ca/>

Legislation Administered by the Agency

Public Service Act

Public Service Benefit Plan Act

Public Service Labour Relations Act

The Public Sector Employers' Council and Employer Associations

Public Sector Employers' Council

The Public Sector Employers' Council (PSEC) supports government in setting and coordinating strategic directions in labour relations for the broad public sector and is the government partner in the four British Columbia public sector pension plans¹¹. PSEC is also active in the area of public sector pension plan management.

PSEC's authority related to labour relations is contained in the [Public Sector Employers Act¹²](#). This authority includes administering and managing the development and implementation of labour relations policies and practices in the British Columbia public sector. In addition, PSEC supports the Minister of Finance – the Minister responsible for PSEC – in directing employers to create compensation plans for both excluded and executive employees that include compensation, wages, benefits and perquisites.

PSEC's authority related to pension plans is based on the [Public Sector Pension Plans Act¹³](#) and joint trust agreements. It includes representing government in its role as a partner in the plans, working with other partners involved in the plans to ensure the sustainability of the plans, monitoring government's risk exposure and providing policy advice to both government and public sector employers.

Current PSEC strategies to support government's management of public sector labour relations and fulfill its role with respect to the four public sector pension plans include:

- Developing and maintaining negotiating and executive compensation frameworks that incorporate government's fiscal, policy and program directions.
- Working with other plan partners and plan boards to accomplish the objectives of the Public Sector Pensions Framework.
- Continuing to improve the quality and reliability of data that support negotiations, and excluded and executive compensation.
- Continuing to expand strategic labour relations and pension capacity in the provincial government.

¹¹ The four pension plans contained in the act are: [College Pension Plan](#), [Municipal Pension Plan](#), [Public Service Pension Plan](#), [Teachers' Pension Plan](#). For more information see [PensionsBC.ca](#).

¹² For more information refer to: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96384_01.

¹³ For more information refer to: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_99044_01.

Employer Associations

The employer associations funded by the Public Sector Employers' Council include: the British Columbia Public School Employers' Association (BCPSEA)¹⁴, the Community Social Services Employers' Association (CSSEA)¹⁵, the Health Employers' Association of British Columbia (HEABC)¹⁶, and the Post Secondary Employers' Association (PSEA)¹⁷. The Crown Corporation Employers' Association (CCEA)¹⁸ is funded by contributions from its members.

The mandates and purposes of these associations are found in sections 6 and 7 of the *Public Sector Employers Act*.

Their governance structures are as follows:

- BCPSEA has a board of up to 15 members. Nine of these members are school trustees who are elected to the board annually; up to four are appointed by the provincial government; and two non-voting members are appointed, one each, by the British Columbia Association of School Business Officials and the British Columbia School Superintendents Association.
- CCEA has a board of up to 11 directors. Eight of its members are elected or appointed from among member employers; two are appointed by the provincial government; and the Chair is elected from Chief Executive Officers of member employers.
- CSSEA has a board of up to 11 directors. Up to seven of these directors are appointed by representatives of social service agencies; one is appointed by Community Living British Columbia; and up to three are appointed by the provincial government.
- HEABC has an 11-person board. Six of its members are appointed from the health authorities; two by the provincial government; and one each from proprietary care providers, affiliated care providers and denominational care providers.
- PSEA has a 10-person board. Six of its members are elected annually from member employers; two are appointed by the provincial government; and two non-voting members are the Chair and Vice-chair of the PSEA's Standing Committee on Human Resource Practices.

Forecast Employer Association Expenditures¹⁹

Forecast Expenditures (\$000)			
2012/13	2013/14	2014/15	2015/16
25,390	24,758	25,270	25,130

¹⁴ www.bcpsea.bc.ca

¹⁵ www.cssea.bc.ca

¹⁶ www.heabc.bc.ca

¹⁷ www.psea.bc.ca

¹⁸ <http://cceaabc.com/>

¹⁹ Expenditures are total forecast expenditure of employer associations included in the government reporting entity and are funded through transfers from government, membership dues, and other sources.