

Ministry of Finance

2002/03 – 2004/05 Service Plan Summary

Mission

- To develop a sustainable fiscal plan, to prudently manage and report on government finances, and to create a sound policy and regulatory framework which supports the government's investment and economic development objectives.

Strategic Shifts

- The strategic shifts being undertaken by the ministry are as follows:
 1. **From** advising and treating all clients the same **to** focusing on major risks and opportunities.
 2. **From** a “command and control” approach **to** one based on accountability and performance measurement of ministries, Crown corporations, and agencies.
 3. **From** a one year planning horizon **to** a multiyear planning framework.
 4. **From** a focus on ministries, Crown corporations, and agencies **to** the larger government entity (including schools, health agencies, and some post-secondary institutions).

Core Business Areas

- The Ministry's goals and objectives are supported by four core business areas:
 1. **Providing advice to support government's financial and economic objectives:** Assists the government in reaching informed decisions by providing advice and support to the Minister of Finance, Treasury Board, Government Caucus Committees and Cabinet on financial, social, and economic policy issues along with intergovernmental arrangements. Provides support to ministries and agencies for policy development and budget planning. Coordinates capital infrastructure planning and implementation on behalf of ministries, Crown corporations, and agencies. Provides strategic advice and support for public sector labour relations.
 2. **Financial management and regulation:** Develops and manages the government's three-year financial plan and associated risks and opportunities. Provides corporate and personal property registration services to support business activities in the province. Manages government cash flows and debt to maximize investment returns and to minimize interest costs. Provides a Corporate Accounting and Reporting System for government. Provides internal audit services to support ministry and cross government activities. Provides insurance, risk mitigation, and business continuation planning services to government.
 3. **Financial reporting:** Produces financial and economic reports to assist the public, investors, and credit rating agencies in understanding the government's fiscal position. These reports include the government's Three Year Fiscal Plan and Budget, the Estimates, Quarterly Reports, the Financial and Economic Review, Public Accounts, and Debt Statistics reports.

- 4. Executive and administrative support services:** Provides overall direction, development, and support for ministry programs.

Major Initiatives

1. Capital Management Framework

- A new Capital Management Framework will be introduced to establish standards for the planning and management of public infrastructure and the government's approach to service delivery and capital procurement.
- The new framework will incorporate best practices in capital management from the private and public sectors to improve planning, delivery, and decision-making. This will also result in the development of flexible and innovative service delivery options and asset procurement solutions.
- While government capital expenditures will fall, an integration of capital and operating budget decisions along with the use of private sector resources and innovation are expected to result in more effective public capital spending and service delivery.
- The Capital Division will be restructured and streamlined to create a primary agency responsible for fostering private sector delivery of infrastructure and related services. This new smaller organization will work closely with government ministries and agencies, and external legal, technical and financial advisors to ensure that BC becomes a leader in North America for providing innovative, cost effective services and infrastructure.

2. Accountability and Financial Management

- A new legislated three-year planning and accountability framework has been established and will significantly change the way government makes decisions and does its work. This new framework also underpins the government's commitment to ongoing balanced budgets, beginning in 2004/05.
- Ministries and agencies are required to prepare three-year service plans that define each organization's core business, the resources employed, and the expected results.
- The leadership of each organization is accountable for the successful management of the service plan and the achievement of anticipated results. Accountability statements and the linking of executive compensation (i.e. Ministers, deputies, and CEOs) to the achievement of results will reinforce the responsibility of each organization for the successful implementation of its plan.
- Treasury Board Staff will be restructured to support the new three-year planning and accountability framework. Ministries and agencies will clearly be responsible for their own three-year plans enabling Treasury Board Staff to shift its focus to material risks and opportunities that will impede or improve the government's overall three-year targets and the goal of sustainable balanced budgets.
- Treasury Board Staff will work closely with ministries to improve their service plans so that they become increasingly effective planning, management and reporting tools.

- The Public Sector Employers' Council has been streamlined and will focus on strategic labour relations including developing a new multi-year bargaining framework for the public sector.

3. Fostering Economic Growth

- The ongoing review of BC's tax regime will ensure that the province maintains a tax environment that fosters investment and growth in the overall economy, encouraging people to live and work in BC. A strong economy and healthy investment climate are essential if government is to create a sustainable, growing, revenue stream that funds the needs outlined in the service plans, balances the budget, and controls the debt-to-GDP ratio.
- A rewrite of the Company Act and a phased-in move to full electronic filing of corporate registration will contribute to creating a regulatory environment that supports investment growth. The new Company Act will assist in removing barriers to investment and should result in increased business incorporations.
- The Ministry will continue to support government's commitment towards deregulation, with a primary focus on the financial services sector. The result will be a 'business friendly' environment in BC.
- The new capital planning framework and the encouragement of Public Private Partnerships and alternate service delivery approaches will allow BC to develop a world-class capability that can be exported to other jurisdictions. This new approach will attract private sector investment in the province's infrastructure while creating a 'home grown' capability that will allow local businesses to do work in other jurisdictions.

4. Risk Management

- Consistent with the shift from "command and control" towards accountability and performance measurement, the Ministry will refocus key resources towards issues that present the greatest risks or opportunities to the government's financial position and the province's economic performance.
- The mandate of the Risk Management Branch will be expanded to the broader public sector. Implementation of an Enterprise Wide Risk Management framework will assist ministries and agencies in the identification, management, and mitigation of material risks to their organizations, appropriate insurance coverage, and business continuation planning.

5. Reporting

- As service plans mature and they become the primary ministry accountability and reporting tool, the Ministry of Finance will streamline the Budget, Quarterly Reports, annual Public Accounts, the Financial and Economic Review, and Debt Statistics reports to focus on material issues affecting the government's overall plan.
- This shift will also take into account the move to fully implement Generally Accepted Accounting Principles, which will substantially expand the government entity to include organizations such as school boards and regional health agencies.

- The Ministry will also restructure and streamline the accounting and reporting functions within the Office of the Comptroller General, Treasury Board Staff, and Provincial Treasury.
- Future enhancements to the Corporate Accounting System will be managed within a new, customer-focused funding model, ensuring that the latest in technological advancements are incorporated into the government's primary accounting system.

6. Program Changes

- The BC Family Bonus Program is administered by the federal government through its Canada Child Tax Benefit system and is designed to assist low-income families. Since 1998, the Province has reduced its annual contribution as the federal government has increased its funding for this program. Despite these changes families will still receive an increase in their benefits, however it will just be less than if no changes were being made.
- In keeping with the government objective to focus on core business activities, the Ministry will divest itself of its unclaimed property responsibilities. The Ministry will identify and review other models for managing this activity.

Ministry Resources (\$ millions)

Ministry of Finance	Fiscal Year				Percentage Change*
	(restated estimates) 2001/02	2002/03	2003/04	2004/05	
Operating Expenditures	29 ¹	28	24	19	- 35% ²
FTEs	611	570	507	452	- 26%
¹ The Ministry base budget has been adjusted downwards to reflect the transfer of Communications activities to the Public Affairs Bureau (\$1.5 million) and the change in funding model for the Corporate Accounting System (\$15.9 million).					
² If reductions to cost-recovered programs totalling \$2.23 million are included, the total reduction for the Ministry is 43%.					
Public Sector Employers' Council					
Operating Expenditures	3.2	1.9	1.9	1.9	-39%
FTEs	19	13	13	13	-32%
BC Family Bonus Program³					
Operating Expenditures	120	91	85	78	-35%
³ No Ministry of Finance FTEs are associated with this program.					
Unclaimed Property					
Operating Expenditures	1.0	0.9	0.8	0	-100%
FTEs	4	4	2	0	-100%
Insurance and Risk Management⁴					
Revenues	20	19	20	22	+8%
Expenditures	13	17	18	19	+42%
Net Revenues	7	2	2	3	-57%
FTEs	22	24	24	24	+9%
⁴ The mandate of IRMA will be expanded to the broader public sector. Savings from this program are expected through a decrease in insurance claims over time.					

*Percentage changes may differ due to rounding

Government Priorities relating to Ministry of Finance



New Era Commitments Achieved

- Conduct a comprehensive audit of the Province's finances within 90 days and make the results public.
- Introduce a dramatic cut in personal income taxes to:
 - attract and retain high tech workers
 - achieve the lowest tax levels among the provinces for the bottom two brackets on the first \$60,000 of income, within the first term in office.
- Pass *real* Balanced Budget legislation, to make balanced budgets mandatory by the third full budget and to hold all ministers individually accountable.
- Pass *real* Truth in Budgeting legislation that ensures all provincial finances are fully, accurately, and honestly reported under Generally Accepted Accounting Principles.
- Establish a fixed date for the tabling of the provincial budget.
- Eliminate the use of Special Warrants.
- Phase out taxes on investment and productivity in keeping with the commitment to balance the budget and protect health care and education funding.
- Require Crown corporations to be directly accountable to a committee of the Legislature for their financial management and budget plans.

New Era Commitments Included in 2002/03 – 2004/05 Service Plan

- Establish Service Plans that include measurable performance standards and targets for all programs that are annually audited and published.
- Eliminate the PST on basic school supplies purchased by Parent Advisory Councils.



Key Projects Completed 2001/02

- A timetable for a series of tax cuts to create a competitive business environment has been developed.
- The Public Sector Employers' Council has been streamlined.

Key Projects Included in the 2002/03 – 2004/05 Service Plan

- Develop a three-year fiscal plan that will eliminate the structural deficit and balance the budget beginning in 2004/05.
- Support development of a three-year service plan focussed on customer-centred service and incorporating performance measures.
- With the Premier's Office, streamline the capital approval process and sponsor the use of Public Private Partnerships.
- Develop a strategy to conclude the current round of collective bargaining.

Other Priorities Addressed in Related Service Plans

- Increase funding for Auditor General's office to help identify and prevent waste and increase value for money (see OAG service plan).
- With Core Review, introduce greater competition in auto insurance to create increased choice and reduce motor vehicle premiums (see ICBC service plan).
- With Core Review, examine the role of ICBC in funding and delivery of motor vehicle services (see ICBC service plan).