

# BALANCED BUDGET 2007

*Ministry of  
Finance and  
Associated Entities*

## **2007/08 – 2009/10 SERVICE PLAN**

February 2007





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## Message from the Minister and Accountability Statement

British Columbia is recognized as a leader in Canada for its sound fiscal management, strong economy, and the innovative delivery of programs and services.

This leadership was achieved by setting clear service plan goals and fiscal targets and achieving results. This Ministry of Finance 2007/08–2009/10 Service Plan continues this proven approach.

The ministry's first goal is to ensure a balanced budget. A balanced budget allows government to sustain and protect the delivery of programs and services that British Columbians rely on. Prudent fiscal management is the foundation on which we can achieve our goals to improve literacy, health outcomes, supports for those in need, a sustainable environment and job creation.

A strong, vibrant, and competitive economy creates jobs, opportunities and improves the standard of living for British Columbians. To achieve this goal, the Ministry of Finance will continue to maintain a competitive tax and regulatory environment that encourages investment and innovation.

British Columbia is a leader in open and transparent financial, governance, and performance frameworks. The Ministry of Finance will continue to play a pivotal role in ensuring good governance and accountability for results — factors that are essential to the effective and efficient delivery of programs and services.

As citizens and taxpayers, British Columbians are entitled to accurate and timely information on the Province's policies, programs, services and opportunities. The Public Affairs Bureau will pursue new approaches to communicate with British Columbians where they live and when they want it.

In advance, I want to thank all the professional and talented individuals in the Ministry of Finance and Associated Entities. British Columbians can be proud of their dedication to public service and I am privileged to work with them as we turn these important goals into concrete results.

The Ministry of Finance and Associated Entities 2007/08–2009/10 Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.

All material fiscal assumptions and policy decisions as of February 12, 2007, have been considered in preparing the plan, and I am accountable for achieving the specific objectives in the plan.

A handwritten signature in black ink that reads "Carole Taylor". The signature is written in a cursive, flowing style.

Honourable Carole Taylor  
Minister of Finance

February 12, 2007

# BALANCED BUDGET 2007

*Ministry of  
Finance*

## **2007/08 – 2009/10 SERVICE PLAN**

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# Ministry Overview

## Purpose of Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies and continues to focus on the priorities that will ensure the province's success in meeting its fiscal objectives and, thereby, supporting the achievement of the Five Great Goals as set out in government's strategic plan.

Key financial statutes for which the ministry is administratively responsible include the *Financial Administration Act*, *Budget Transparency and Accountability Act*, *Balanced Budget and Ministerial Accountability Act* and the *Financial Information Act*. These statutes establish the framework and limits for accounting and financial activity, ensure the right of the public to open and accountable annual budgets and complete disclosure of all the assumptions upon which fiscal forecasts and provincial budgets are based. These statutes also require ministries and Crown corporations to annually release three-year service plans with concrete goals and performance measures, publicly report against those plans each year, prohibit annual deficits commencing with the 2004/05 fiscal year, and require certain Crown corporations and other public bodies to annually publish information on employee remuneration and supplier payments.

Services provided by the ministry include:

- oversight of financial management practices and controls;
- banking, accounting, financial and economic planning and reporting, risk and debt management services;
- policy development for regulating the financial and real estate sectors;
- framework development for government's management of its Crown corporations;
- establish the public sector negotiating framework and ensure compliance during the bargaining process; and
- serve as the Registrar of corporate entities, personal property and manufactured homes.

Ministry publications include the annual Budget and Fiscal Plan, Financial and Economic Review, Estimates, Public Accounts and quarterly reports for the province. These documents are available at <http://www.fin.gov.bc.ca/pubs.htm>.

Ministry clients include Treasury Board, Cabinet, ministries, Crown corporations, agencies, boards, and commissions (see Appendix 2 for a list for which the Minister of Finance is responsible), businesses, investors and financial-sector agencies and public sector employers' associations. Through its support of the government's Strategic Plan, the ministry also broadly serves the people of British Columbia.

## Vision, Mission and Values

### Vision

To be leaders in sound fiscal and economic management and governance.

### Mission

To provide sustainable fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy.

### Values

In pursuit of our vision and mission, members of the ministry will act in accordance with the following values:

<i>Accountability</i>	<i>To enhance efficiency, effectiveness and value in public service.</i>
<i>Integrity</i>	<i>To conduct ourselves in an ethical, honest, consistent and professional manner.</i>
<i>Responsibility</i>	<i>To deliver affordable client-centred service and stewardship on behalf of citizens.</i>
<i>Respect</i>	<i>To treat those we serve, and each other, with courtesy, fairness, dignity and trust.</i>
<i>Innovation</i>	<i>To foster creativity and performance in the delivery of quality services.</i>

## Strategic Context

As the Ministry of Finance pursues its mandate over the next three years, the state of the province's economy is a critical factor in the ministry's ability to achieve its goals and objectives.

According to BC's independent Economic Forecast Council, the B.C. economy grew 4.0 per cent in 2006, stronger than the 3.6 per cent expected at the start of the year. B.C.'s economic growth is expected to ease somewhat, but remain strong for 2007 through 2011. Further information on B.C.'s current economic outlook may be found in the Budget and Three-Year Fiscal Plan released as part of Budget 2007.

Within the broader context, the ministry has implemented an Enterprise Risk Management program to identify and manage internal and external risks and to realize new opportunities. Other strategies being undertaken in response to specific risks.

### Cross Government Context

This table identifies potential cross government risks and ministry mitigation strategies/capacity to address these risks.

Potential Risk	Mitigation Strategies
Globalization of economic and financial markets will increase competition for investment.	Develop taxation, financial and corporate regulatory policy that reinforces British Columbia's position as an attractive place to invest and create jobs.  Maintain competitive tendering of treasury business functions to obtain optimal pricing and certainty of service delivery.
Economic and commodity market fluctuations and unexpected shocks (e.g., terrorism, avian flu and forest fires) could affect revenues, personal and corporation income taxes and other revenues as well as increase government expenditures.	Continue to apply a forecast allowance to the summary accounts bottom-line, to account for risks to revenue, expenditure, Crown corporation and schools, universities, colleges and health authorities (SUCH) sector forecasts and to increase the likelihood of meeting the forecast target. Use of prudent forecasting practices, such as a forecast allowance, recognizes the uncertainties in predicting future economic developments.
Inflationary demands may cause pressure on capital spending.	Update the principles and guidelines contained in the Capital Asset Management Framework to ensure public-sector agency capital assets are acquired and managed in the most cost-effective manner possible.  Use prudent assumptions in the preparation of the fiscal plan.  Use risk management to plan, develop and implement mitigation strategies.

## **Ministry Context**

This table identifies challenges which exist within the ministry and strategies/capacity to address these challenges.

<b>Challenges</b>	<b>Strategies</b>
<p>International demand for financial professionals (e.g., CGA's, CMA's, CA's) means the ministry must be competitive in recruiting and retaining staff.</p> <p>Continuing trend of adopting international accounting standards increases reporting complexity and the need for qualified accounting professionals.</p>	<p>Develop and implement recruitment and retention plans.</p>
<p>The legislated implementation of Generally Accepted Accounting Principles (GAAP) will ensure that the province's reporting is consistent with the most recent accounting standards. This may result in the need to continue to evaluate business processes within both core government and affected broader public sector organizations.</p>	<p>British Columbia is a leader in timely and transparent financial reporting, becoming the first province in Canada to introduce a balanced budget and fiscal plans prepared in accordance with GAAP, fully consolidating the SUCH sector in its government reporting entity. Furthermore, British Columbia is the only province with legislation that requires the use of GAAP for estimates, budgets, quarterly reports and public accounts. The ministry will continue to work closely with the Auditor General, the Accounting Policy Advisory Committee, and national standard setting organizations to ensure British Columbia continues to lead the provinces in the timeliness of its financial reports and in providing the most comprehensive set of public disclosure documents in Canada.</p>

*Ministry of Finance and Associated Entities*

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This table identifies opportunities available to enhance ministry capacity and initiatives to maximize the opportunities.

<b>Opportunity</b>	<b>Initiative</b>
Improve service delivery, and enhance efficiency and productivity through innovative technology.	Continue to increase the functionality of corporate accounting systems, government use of electronic banking services and online services to the public and businesses.
Continue to shift from focusing on input controls to achieve outcomes and ensuring accountability for results.	Continue to develop frameworks for financial management, governance, procurement and performance budgeting to free up resources to address other ministry Priorities.
The Government of British Columbia has adopted Enterprise Risk Management as the framework for strategic and operational decision-making to effectively manage potential opportunities and adverse effects.	Continue to integrate Enterprise Risk Management practices into ministry's operational and decision-making activities including the development of the service plan and internal audit plan.
The ministry's Integrated Planning Framework consolidates and streamlines the various planning activities, enhancing the ministry's resource capacity.	Pursue opportunities to further embed the Integrated Planning Framework into the ministry's planning activities. Continuously seek opportunities to improve efficiencies in planning and reporting activities.
Partnership and recruitment initiatives with education institutions provide opportunities to build capacity in areas where specific skills are needed but not available in the organization.	Forge partnerships with education institutions to recruit graduates that possess relevant skills (such as financial and accounting) to address succession and vacancy challenges.

## **Core Business Areas**

The ministry has eight core business areas and one other appropriation, each of which has specific responsibilities for the provision of programs and services to achieve its goals and objectives.

### **1. Crown Agencies Secretariat**

Develops and implements a framework for government's management of its Crown corporations and provides advice, information and services to enhance good governance practices and accountability for results. This area is supported by \$1.604 million and 10 FTEs.

### **2. Treasury Board Staff**

Provides fiscal and economic policy analysis and advice that supports the achievement of balanced budgets, an affordable debt strategy that incorporates operating and capital needs to help government achieve the Five Great Goals, and a credible and well managed fiscal plan that sustains cost-effective quality public services within a strong and competitive environment. This area is supported by \$6.376 million and 55 FTEs.

### **3. Office of the Comptroller General**

Assures the accuracy and integrity of provincial public sector financial reporting and maintains a framework of best practices, including internal audit, procurement, financial and management practices. This area is supported by \$8.155 million and 134 FTEs.

### **4. Treasury**

Provides British Columbians with the benefits of cost-effective cash and debt management and banking services, resulting in lower expenditures and improved online government services through electronic banking support. Recoveries are from ministries, government bodies and other organizations receiving those services. This area is resourced through a fully cost-recovered model with the support of 75 FTEs.

### **5. BC Registry Services**

Provides British Columbians with improved online government services through electronic registries services, including the Corporate Registry, OneStop Business Registry, Personal Property Registry and Manufactured Home Registry. This area also facilitates the creation and registration of all business entities, non-profit societies and co-operatives that operate in British Columbia. This area is led by Registries and resourced through a fully cost-recovered model with the support of 50 FTEs.



## **6. Strategic and Corporate Policy**

Provides effective financial and corporate sector regulation, sound and equitable federal-provincial fiscal relations and competitive tax policy. This includes providing analysis and advice on federal-provincial fiscal relations, improving the legislative and policy framework for financial, real estate and corporate sectors, improving the fairness and competitiveness of the provincial tax system and coordinating the ministry's non-budget legislative process. This area is led by Strategic and Corporate Policy and Financial Institutions Commission and is supported by \$2.980 million and 126 FTEs.

## **7. Public Sector Employers' Council Secretariat**

Fosters an efficient and effective workforce through the coordination of public sector labour relations policies and practices and establishes an affordable negotiating framework for public sector compensation and ensures compliance with it. This area is led by the Public Sector Employers' Council Secretariat and affiliated Employers Associations and is supported by \$15.879 million and 13 FTEs.

## **8. Executive and Support Services**

Provides strategic leadership and corporate support services that contribute to the success of all core business areas. This area is supported by \$19.559 million and 169 FTEs.

## **Other Appropriation**

### **Insurance and Risk Management**

Reduces accidental and business losses in the provincial public sector through the development of comprehensive risk management and self-insurance programs. This area is led by the Risk Management Branch, which recovers all of its expenses from clients, and is supported by 49 FTEs.

### **Information Resource Management Plan (IRMP)**

An overview of the ministry IRMP is available on the ministry website at:  
<http://www.fin.gov.bc.ca/serviceplan/irmp.htm>.

# Goals, Objectives, Strategies and Results

## Overview

### Ministry Goals

The ministry will continue to focus its energy on supporting government's realization of the Five Great Goals. This will be accomplished through the ministry achieving its goals of:

1. **A sustainable fiscal environment built on a balanced budget** — A sustainable fiscal environment is a cornerstone in maintaining confidence in British Columbia's economy as well as providing a stable foundation on which to sustain and enhance the delivery of public services. It supports a strong and vibrant economy and provides the means to develop excellence in education, promote healthy living, support people at risk, protect our environment and create jobs for British Columbians.
2. **A strong, competitive and vibrant economy** — The Ministry of Finance plays an essential role in the creation and maintenance of a tax and regulatory climate that supports economic development and employment opportunities. Since 2001, the ministry has delivered a series of tax reductions targeted to individuals and businesses. In addition, several key regulatory frameworks, such as the *Business Corporations Act*, have been streamlined and modernized. As a result of these steps, the province's businesses can now rely on a tax and regulatory environment that allows them to compete and succeed on the international stage while creating jobs at home.
3. **Effective financial, governance, accountability and performance frameworks** — The Ministry of Finance is responsible for government's overall financial, management, governance, accountability and performance frameworks. This involves the establishment of appropriate legislation, policies and procedures and reporting at both the corporate and government organization levels to ensure the province's resources and obligations are appropriately managed in support of effective service delivery.

### Linkage to the Five Great Goals

Ministry of Finance contributes to the Five Great Goals by creating a sustainable fiscal environment and supporting a strong and vibrant economy that attracts investment, creates jobs and provides government with the means to address its education, health, support system and environmental sustainability priorities as set out in the following Five Great Goals:

1. Make British Columbia the best-educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.

3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

### **Cross Ministry Initiatives**

The ministry plays an integral role in multiple cross ministry initiatives through its overarching fiscal, economic and governance responsibilities. Major cross ministry initiatives include:

#### **Labour Bargaining**

Establish appropriate and sustainable compensation levels. In the past year, 98 per cent of all unionized public sector employees have reached settlements under the 2006/2010 negotiating framework. Twenty-nine contracts expiring after June 30, 2006, covering approximately 15,777 employees, must still be negotiated.

#### **New Relationship**

The Government of British Columbia is leading the nation in developing a New Relationship with First Nations and Aboriginal people. Guided by principles of trust, and by recognition and respect of First Nations' rights and title, we are building a stronger and healthier relationship between government and Aboriginal people. By working together, we will bring tangible social and economic benefits to Aboriginal people across the Province and narrow the gap between Aboriginal people and other British Columbians.

Provide support to Ministry of Aboriginal Relations and Reconciliation in its review of current practices and new options to support economic development in Aboriginal communities.

### **Regulatory Reform**

British Columbia continues to make regulatory reform a priority across government, making it easier for businesses to operate and succeed in British Columbia, while still preserving regulations that protect public health, safety and the environment. A citizen-centred approach to regulatory reform will reduce the number of steps it takes to comply with government requirements or access government programs and services.

On June 5, 2001, the government made a commitment to reduce the regulatory burden by 33 per cent within three years. As of January 1, 2005, the Ministry of Finance had decreased regulatory requirements by approximately 43 per cent. The ministry's success is attributable to the implementation of the *Real Estate Services Act* and the *Real Estate Development Marketing Act*, the new *Business Corporations Act*, the new electronic filing process at the Personal Property Registry and the elimination of unnecessary requirements under the *Financial Institutions Act* and *Credit Union Incorporation Act*. As of May 2006 the ministry

has realized a further 7.5 per cent regulatory reduction largely due to further changes to the *Financial Institutions Act* and the development of a more effective framework for government's financial management policies and procedures.

The ministry is committed to maintaining a zero net increase in regulatory requirements through 2009/10 over the June 2004 baseline, and continuing to identify further regulatory reduction and regulatory reform opportunities. Over the next three years, all legislative initiatives will be monitored to ensure the policies are effective and allow industry, the public, and government to operate in an improved environment of "smart regulation".

### **Citizen-Centred Service Delivery**

Citizen-centred service delivery is a government-wide initiative to coordinate information, programs and services so that they can be presented to citizens in a way that takes their needs into account from beginning to end. The vision is to make it possible for citizens to access the government information and services they need in a simple and timely manner with a phone call, a mouse click or a visit to a service centre, no matter how many programs or ministries are involved in their request.

The ministry supports the achievement of the Five Great Goals by focusing on citizen-centred service delivery. The ministry provides services indirectly to the public by developing regulatory and governance frameworks for the provincial public sector to ensure that services provided are easily accessible and responsive to the needs of British Columbian citizens. The ministry provides services directly to the public through the following:

- e-Commerce provides convenient and efficient banking services;
- electronic Registry Services facilitate and support commerce in a cost-effective manner;
- registration services for business entities, including cooperatives, and not-for profit societies; and
- the Ministry of Finance website informs citizens of the services and publications provided by the ministry.

For more information on the above visit the ministry website at: <http://www.gov.bc.ca/fin>.

## **Performance Plan**

The service plan goals continue to focus on financial sustainability, competitiveness and accountability. The 2007/08 Service Plan goals and performance measures remain largely unchanged from 2006/07. Objective 3.3 "Timely and transparent information to government and citizens" has been broadened to better align with the existing performance measure. The performance measure "Release of Public Accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General" has been split into two separate measures under Objectives 3.3 and 3.4 "Meet statutory reporting requirements". In addition, the performance measure "Provincial credit rating" under Objective 1.1 has been changed from

Aa1 to Aaa, reflecting the Province's most recent credit rating upgrade. The triple A rating is the highest possible rating provided to public and private sector organizations.

The ministry collects and utilizes data from reliable independent and government sources to report on the targets for the performance measures in the service plan. These sources include major credit rating agencies, the Public Accounts and provincial statutes.

The ministry's Corporate Planning Secretariat provides quality assurance in the development of all aspects of the Service Plan. The ministry monitors the performance of the measures in the Service Plan and introduces corrective actions as necessary to ensure that the ministry achieves its goals set out in the Service Plan.

To provide a comparative basis for the performance measures, 2004/05 and 2005/06 actuals are included along with the current forecast and three-year targets.

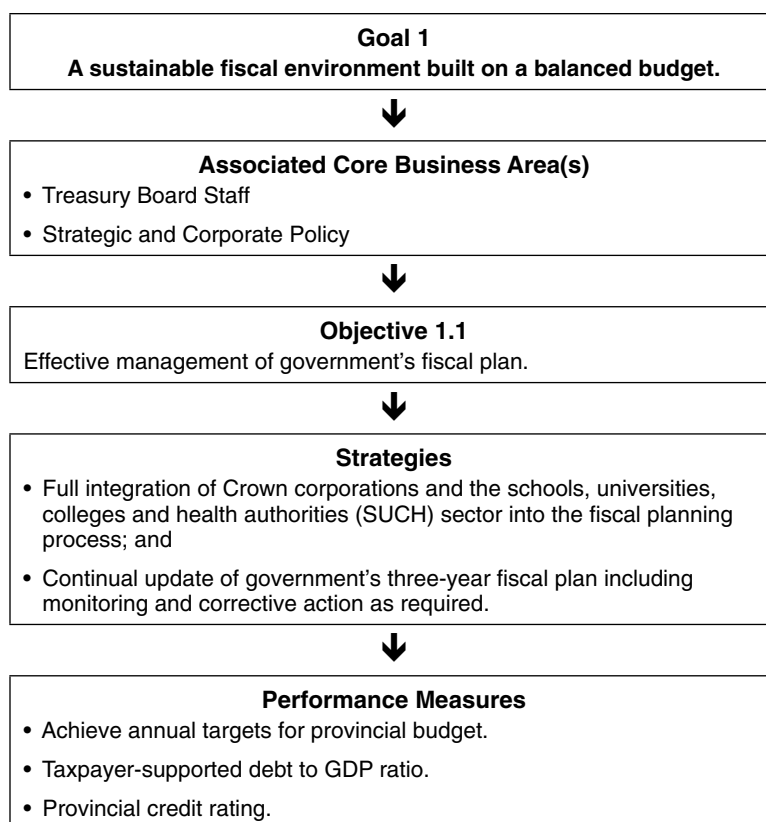
For more information on the above visit the website at:  
<http://www.fin.gov.bc.ca/serviceplan/Methodologies.htm>.

## Performance Plan Summary Table

Five Great Goals	<b>Ministry Mission</b> To provide sustainable fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy.		
Continuing government's commitment to affordability and fiscal responsibility, and, thereby, positioning the province to achieve the Five Great Goals.	Ministry Goals	Ministry Objectives	Performance Measures
	1. A sustainable fiscal environment built on a balanced budget.	1.1 Effective management of government's fiscal plan.	<ul style="list-style-type: none"> <li>Achieve annual targets for provincial budget.</li> <li>Taxpayer-supported debt to GDP ratio.</li> <li>Provincial credit rating.</li> </ul>
	2. A strong, competitive and vibrant economy.	2.1 A fair and competitive tax environment.  2.2 Efficient and effective financial and corporate regulatory frameworks and registry services that protect the public interest.	<ul style="list-style-type: none"> <li>Provincial ranking of corporate income tax rates.</li> <li>Provincial ranking of personal income tax rates for the bottom two tax brackets.</li> </ul>
	3. Effective financial, governance, accountability and performance frameworks.	3.1 Effective risk-based cash and debt management.  3.2 Enhance risk-based management of government's resources.  3.3 Timely and transparent information to government and citizens.  3.4 Meet statutory reporting requirements and comply with GAAP in all material respects.  3.5 Publicly accountable Crown Agency programs, services and fiscal management.  3.6 Effective management of public sector labour relations and human resource strategy.	<ul style="list-style-type: none"> <li>Debt service costs (Provincial ranking).</li> <li>Annual savings from self insurance (five-year rolling average).</li> <li>Post-payment monitoring, and potential Internal Audit and Activity Based Management savings.</li> <li>Percentage of responses to ministerial correspondence within two weeks.</li> <li>Release of Public Accounts by June 30.</li> <li>Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts.</li> <li>Shareholder's Letter of Expectations in place for all applicable Crown corporations.</li> <li>Public sector cost changes over the 2005/06 compensation base.</li> </ul>

## **Goal 1: A sustainable fiscal environment built on a balanced budget.**

A sustainable fiscal environment is a cornerstone in maintaining confidence in British Columbia's economy as well as providing a stable foundation on which to sustain and enhance the delivery of public services. It supports a strong and vibrant economy and provides the means to develop excellence in education, promote healthy living, support people at risk, protect our environment and create jobs for British Columbians. Applying fiscal responsibility today ensures the cost of current public services will not be passed on to future generations.



**Core Business Areas:** *Treasury Board Staff; Strategic and Corporate Policy*

**Objective 1:** *Effective management of government's fiscal plan.*

Government is committed to maintaining a declining taxpayer-supported debt to GDP ratio. Development and maintenance of a prudent and resilient fiscal plan is critical to government's ability to achieve a sustainable fiscal environment. The ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, ministries and other public sector partners to ensure that government's annual and three-year revenue and expenditure targets are met.

## **Strategies**

- Full integration of Crown corporations and the schools, universities, colleges and health authorities (SUCH) sector into the fiscal planning process.
- Continual update of government's three-year fiscal plan including monitoring and corrective action as required.

## **Performance Measures**

**Achieve annual targets for provincial budget:** This measure is a comparison of budgeted revenue and spending with the actual results as set out in government's audited financial statements (the Public Accounts). Achieving annual targets demonstrates that government is effectively managing the fiscal plan and meeting legislative requirements.

**Taxpayer-supported debt to GDP ratio:** This measure is the ratio of taxpayer-supported debt reported in government's annual audited financial statements to gross domestic product (GDP). Maintaining a relatively low taxpayer-supported debt to GDP ratio is a key measure of fiscal sustainability, signifying a healthy balance sheet and ensuring that debt remains affordable. Rating agencies rely on this measure as a key credit rating consideration. Government plans to maintain a declining trend for the taxpayer-supported debt to GDP ratio and will monitor this trend using a three-year moving average.

**Provincial credit rating:** This measure is the rating of provincial debt by Moody's Investor Services, an independent rating agency.

The interest rate paid by the Province when it borrows in the domestic and international capital markets is influenced by the credit ratings supplied by third party agencies. In determining a credit rating, agencies consider the borrower's ability to promptly pay the interest and principal due based upon the borrower's balance sheet and income statement. In the case of the province, rating agencies evaluate debt as a percentage of GDP, and the significance of interest owing as a percentage of gross receipts. Agencies also consider the government's track record as a prudent fiscal manager, its reporting accuracy and transparency, the economic outlook and business and consumer confidence in the economy.

Moody's Investor Service, an internationally recognized credit rating agency, rates bonds in descending alphabetical order from A to C — highest to lowest. Triple A is the highest possible rating, provided to those public and private sector organizations that offer excellent financial security and are generally considered high-grade entities.



Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Achieve annual targets for provincial budget. <sup>1</sup>	\$2.6 billion surplus	\$3.0 billion surplus	Balanced Budget <sup>2</sup>	Balanced Budget	Balanced Budget	Balanced Budget
Taxpayer-supported debt to GDP ratio.	18.2%	16.2%	15.7%	Declining trend	Declining trend	Declining trend
Provincial credit rating. <sup>3</sup>	Aa1 <sup>4</sup>	Aa1 <sup>4</sup>	Aaa <sup>5</sup>	Aaa <sup>5</sup>	Aaa <sup>5</sup>	Aaa <sup>5</sup>

<sup>1</sup> Source: Public Accounts.

<sup>2</sup> Final result to be confirmed upon release of the Public Accounts.

<sup>3</sup> Moody's Investor Service (Credit Rating Agency).

<sup>4</sup> Aa1 is Equivalent to AA plus (per Standard and Poors).

<sup>5</sup> Aaa is Equivalent to AAA (per Standard and Poors).

## **Goal 2: A strong, competitive and vibrant economy.**

The Ministry of Finance plays an essential role in the creation and maintenance of a strong, competitive and vibrant economy. The ministry reviews provincial tax policies on an ongoing basis to help ensure that British Columbia has a competitive tax regime. Since 2001, the ministry has delivered a series of tax reductions to individuals and businesses. These initiatives include a 25 per cent reduction in personal income taxes and ensuring individuals in the bottom two tax brackets have the lowest personal income tax rates in the country.

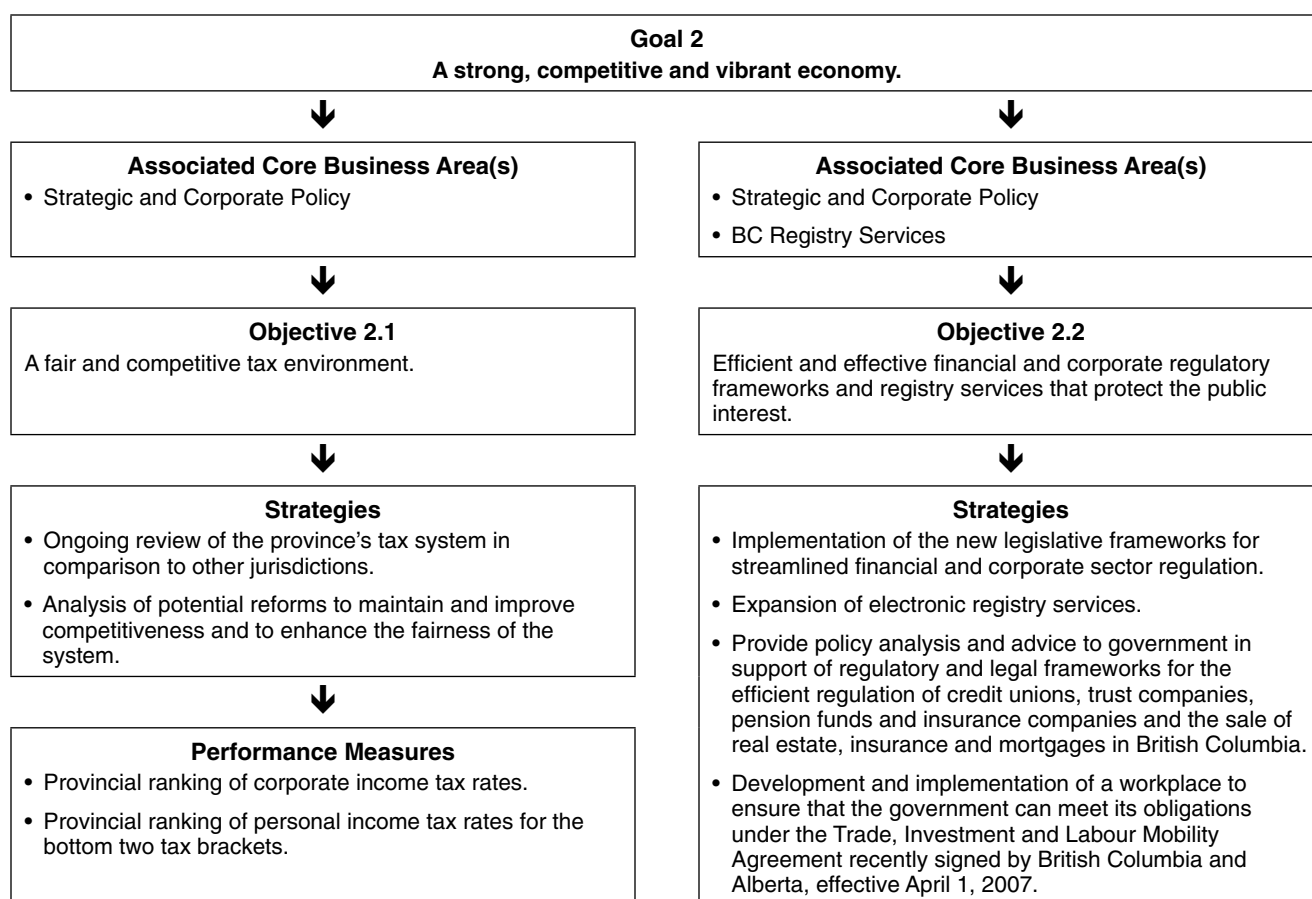
In addition, the province has also introduced an 18 per cent reduction in the general corporate income tax rate, eliminated the capital tax for general corporations and provided an exemption from provincial sales tax for production machinery and equipment.

Budget 2006 included initiatives totalling \$733 million over the next four years to improve fairness, reduce taxes for individuals and improve the climate for investment and job creation. These initiatives include:

- exemption from the provincial sales tax for service charges related to the maintenance and modification of computer software;
- a three-year extension of the BC Mining Flow-Through Share Tax Credit to December 31, 2008 to provide capital for mineral exploration within the Province of British Columbia;
- broader eligibility for the machinery and equipment sales tax exemption by extending it to businesses that primarily provide manufacturing services to businesses eligible for the exemptions; and
- extension of the eligible uses for coloured fuel to all vehicles that are not licensed to operate on a highway.

In addition the government has set aside \$90 million over the next three years for a new program of tax credits to help meet the demand for skilled workers. The program will encourage employers to step forward and create new opportunities for people to acquire the skills they need to fully participate in the economy.

The ministry will continue to streamline and improve the efficiency and effectiveness of regulatory frameworks for the financial services, real estate and corporate sectors to both strengthen consumer confidence and minimize regulatory burden on industry. For example, the ministry is currently conducting a broad review of the *Insurance Act*, which sets out statutory requirements applying to contracts of life insurance and of property and casualty insurance. The ministry is also embarking on a significant project in coordination with the Alberta Ministry of Finance to identify barriers to trade and develop new provisions relating to financial services, real estate and investment under the Trade, Investment and Labour Mobility Agreement recently signed by British Columbia and Alberta. Other initiatives include an expansion of e-government that will improve, expand and maintain one-stop service, expand accessibility and reduce cost.



## **Core Business Area:** *Strategic and Corporate Policy*

### **Objective 2.1:** *A fair and competitive tax environment.*

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. Taking advantage of these opportunities enhances economic development and creates stable revenues to support critical government services such as health care and education. In addition, a tax system that is perceived to be fair increases the confidence of British Columbians in their government.

### **Strategies**

- Ongoing review of the Province's tax system in comparison to other jurisdictions.
- Analysis of potential reforms to maintain and improve competitiveness and to enhance the fairness of the system.

### **Performance Measures**

**Provincial ranking of corporate income tax rates:** This is a new measure which compares corporate income tax rates in B.C. against the other provinces in Canada by comparing provincial statutes in effect as of March 31st each year. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment. Although measuring the overall competitiveness of the tax system is complex, a comparison of general corporate income tax rates represents a reasonable basis for assessing competitiveness.

**Provincial ranking of personal income tax rates for the bottom two tax brackets:**

This measure compares personal income tax rates in effect as of March 31st each year for the bottom two tax brackets against the other provinces in Canada. British Columbia has the lowest personal income tax rates of any province in Canada for the bottom two tax brackets. Keeping these tax rates low is consistent with the objective of maintaining a fair and competitive tax system.

Performance Measures	2004/05 Ranking	2005/06 Ranking	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Provincial ranking of corporate income tax rates. <sup>1</sup>	Fourth lowest	Third lowest	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 two tax brackets. <sup>2</sup>	Lowest	Lowest	Lowest	Lowest	Lowest	Lowest

<sup>1</sup> Source: Comparison of provincial statutes for rates in effect on March 31 each year.

<sup>2</sup> Source: Comparison of provincial statutes for each tax year. B.C.'s 2007 personal income tax rates for the first two tax brackets are 6.05 per cent for the first tax bracket up to \$34,397 and 9.15 per cent for the second tax bracket up to \$68,794.

**Core Business Areas:** *Strategic and Corporate Policy; BC Registry Services*

**Objective 2.2:** *Efficient and effective financial and corporate regulatory frameworks and registry services that protect the public interest.*

Fair regulation of financial institutions and effective delivery of regulatory services are important both for protecting consumers and reinforcing British Columbia's attractiveness as a place to invest and create jobs. The ministry supports business development and investment by continuing to minimize regulatory burden, foster business and consumer confidence, and streamline legislative and policy frameworks for the regulation of the financial, real estate and corporate sectors.

**Strategies**

- Implementation of the new legislative frameworks for streamlined financial and corporate sector regulation.
- Expansion of electronic registry services.
- Provide policy analysis and advice to government in support of regulatory and legal frameworks for the efficient regulation of credit unions, trust companies, pension funds and insurance companies and the sale of real estate, insurance and mortgages in British Columbia.
- Development and implementation of a workplace to ensure that the government can meet its obligations under the Trade, Investment and Labour Mobility Agreement recently signed by British Columbia and Alberta, effective April 1, 2007.

## **Performance Measures**

Evidence of the government's success in creating a tax and regulatory climate that stimulates economic growth is the increase in the number of businesses operating in the Province. In 2005/06, business registrations increased by ten per cent compared to four per cent growth achieved in 2004/05. Strong growth in business activity is forecast to continue in 2006/07.

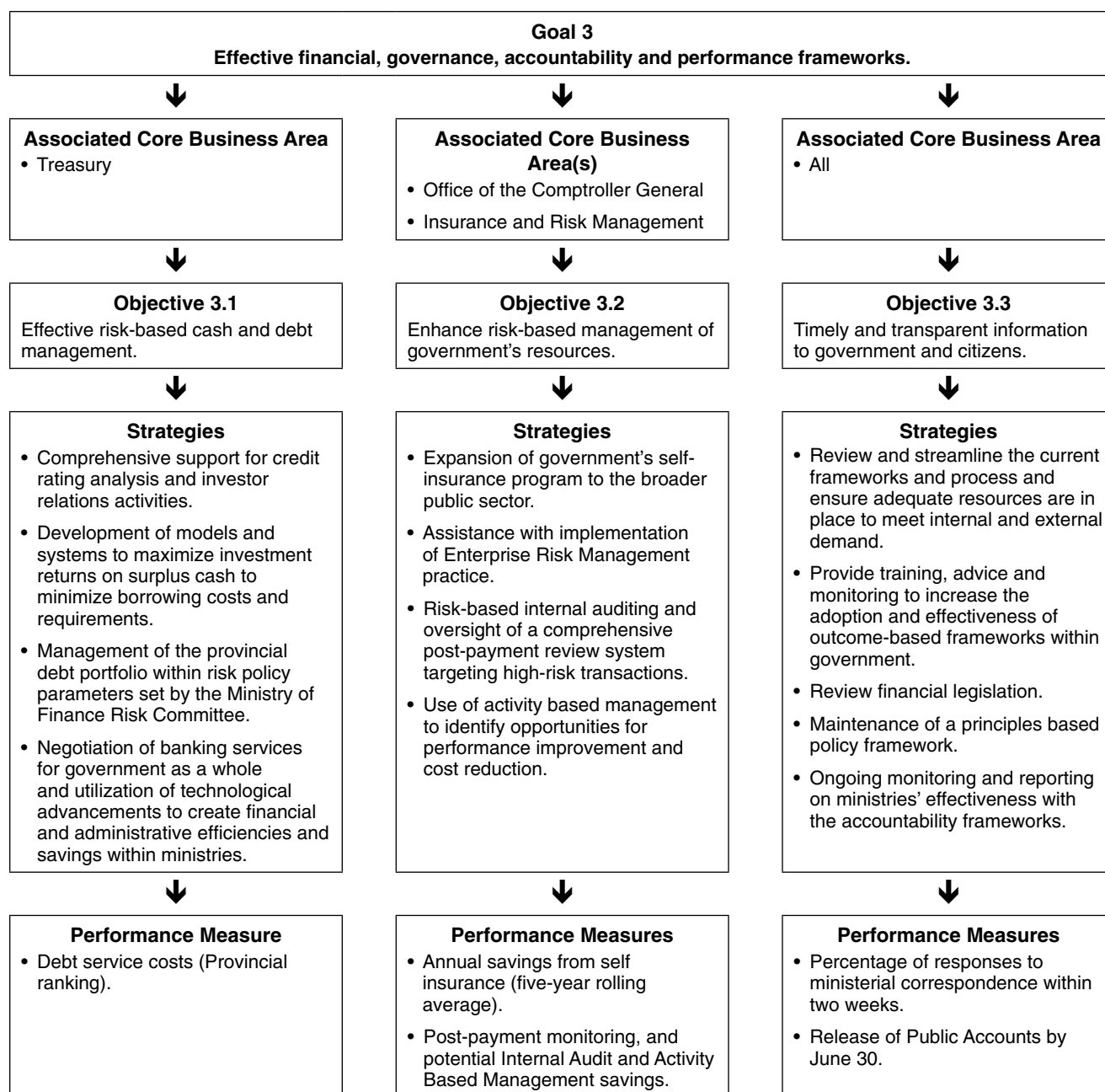
Over the past several years the Ministry has made significant progress in replacing paper-based corporate and personal registries with electronic services. Recent enhancements underway to Corporate Online include electronic e-mail prompts for filing of annual reports and online voluntary dissolutions. In 2005/06, the percentage of company incorporations filed electronically was 100 per cent and partnerships and proprietorships was 96 per cent.

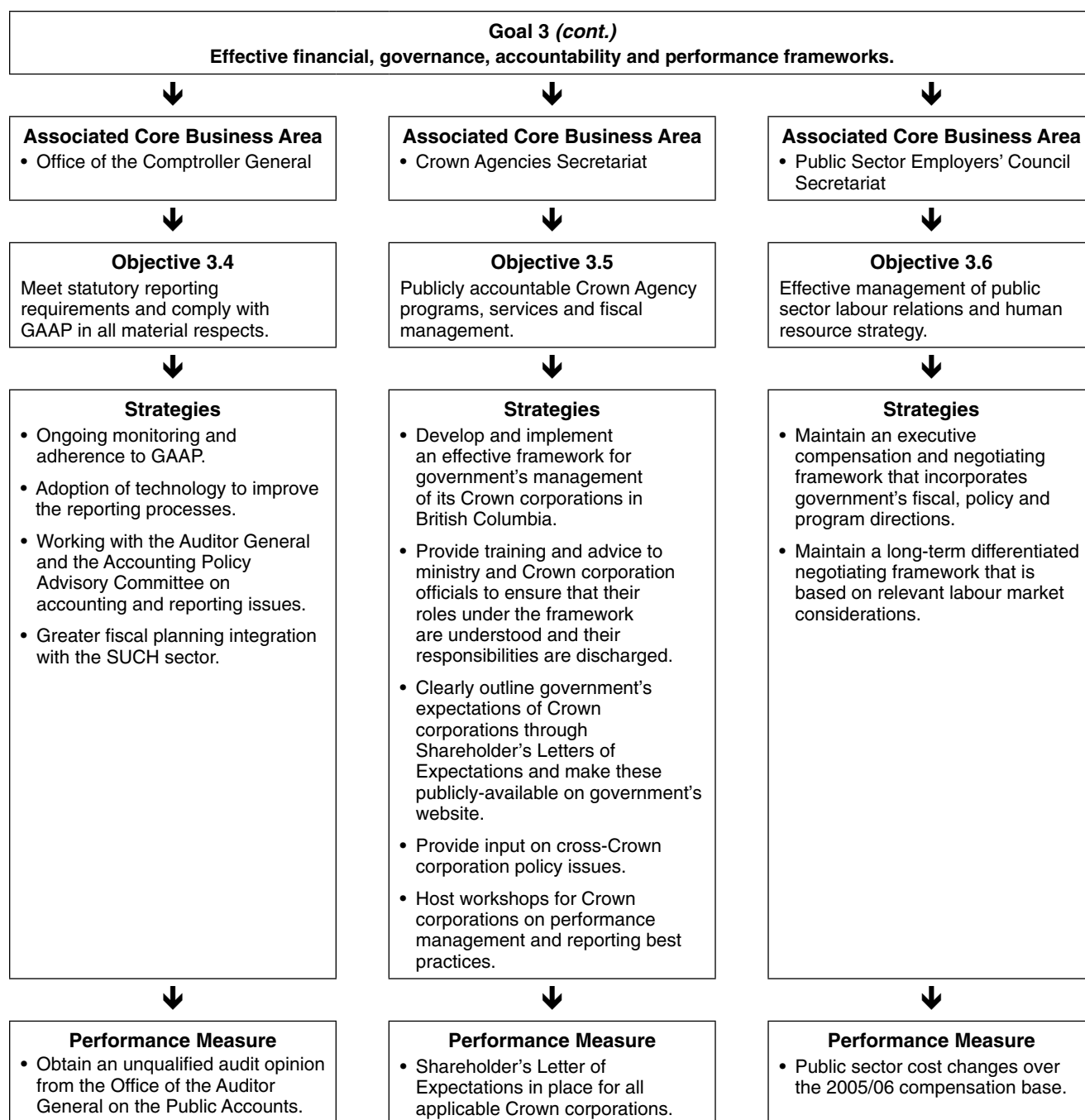
The Ministry also sponsors the OneStop Business Registry, which provides web-based access to a number of public sector organizations for information, registration and address change services. OneStop Business Registry reached a milestone of 100,000 electronic business registrations in 2006 and continued to add new business partners to support expansion of the federal business number and ongoing management of the BC Business Number Hub. Partnership expansion continues to be a priority in 2007/08, along with completion of projects with Liquor Licensing and Control Branch and other business partners.

## **Goal 3: *Effective financial, governance, accountability and performance frameworks.***

The Ministry of Finance is responsible for government's overall financial and management governance, accountability and performance frameworks for ministries and the broader public sector. This involves the establishment of appropriate legislation, policies and procedures and reporting at the corporate level to ensure the Province's resources and obligations are appropriately managed in support of effective service delivery. The frameworks set accountability and public disclosure standards for financial and performance information through release of three-year budgets and service plans, Public Accounts and annual reports to track progress. The frameworks also reinforce individual and corporate accountabilities for outcomes, maintain standards for stewardship of resources, management of liabilities and risk, and the collection and disbursement of public funds.

Key activities include: financial, governance, procurement and accounting policy development; internal audit and advisory services; activity based management services, treasury and risk management; compliance monitoring; and financial and economic reporting.





**Core Business Area:** *Treasury*

**Objective 3.1:** *Effective risk-based cash and debt management.*

In 2006/07, government managed cash flows of approximately \$100 billion. Debt service costs for the total provincial debt is expected to be \$2.2 billion, of which approximately \$618 million related to the Management of Public Funds and Debt vote (the central government operating debt). Ongoing improvement in the management of cash and debt activities offers significant opportunities to reduce costs and redirect government resources to priority services.

**Strategies**

- Comprehensive support for credit rating analysis and investor relations activities.
- Development of models and systems to maximize investment returns on surplus cash to minimize borrowing costs and requirements.
- Management of the provincial debt portfolio within risk policy parameters set by the Ministry of Finance Risk Committee.
- Negotiation of banking services for government as a whole and utilization of technological advancements (e.g., e-banking services) to create financial and administrative efficiencies and savings within ministries.

**Performance Measure**

**Debt service costs (Provincial ranking):** Debt service costs relate to the overall cost of borrowing. This measure is the ratio of taxpayer-supported cost of borrowing (debt interest expense) to taxpayer supported revenues as compared to other provinces in Canada. A relatively low ratio, or “interest bite”, demonstrates fiscal prudence and an affordable debt burden. Rating agencies also rely on this measure as one among a number of important credit rating considerations.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Debt service costs (Provincial ranking). <sup>1</sup>	Second Lowest	Second Lowest	Second Lowest	Second Lowest	Second Lowest	Second Lowest

<sup>1</sup> Source: Moody’s Investor Service (Credit Rating Agency), final report is available by July/August each year. B.C.’s 2006 ratio is the second lowest in Canada at 17.6%, following Alberta at 2.3%.



**Core Business Areas:** *Office of the Comptroller General; Insurance and Risk Management*

**Objective 3.2:** *Enhance risk-based management of government's resources.*

Creation of risk-based frameworks that reinforce individual and corporate accountabilities provides opportunities to reduce unnecessary constraints, realize efficiencies and improve outcomes. Risk-based practices are adopted only if they can demonstrate consistency with government priorities and add value using an optimal mix of resources and funding.

### **Strategies**

- Expansion of government's self-insurance program to the broader public sector.
- Assistance with implementation of Enterprise-wide Risk Management practice.
- Risk-based internal auditing and oversight of a comprehensive post-payment review system targeting high-risk transactions.
- Use of activity based management to identify opportunities for performance improvement and cost reduction.

### **Performance Measures**

**Annual savings from self insurance (five-year rolling average):** This measure demonstrates the savings achieved by government by selecting public sector self-insurance programs, rather than insuring through third parties. Self-insurance involves government assuming the role of a traditional insurer by investigating, defending and paying claims.

The Ministry of Finance's coordination of public sector self-insurance programs allows the provincial government to cost-effectively retain selected risks rather than transfer them at a premium to third parties.

**Post-payment monitoring, and potential Internal Audit and Activity Based Management savings:** This measure demonstrates savings from utilizing a risk-based approach for post-payment monitoring and potential annual benefits (five-year average) from implementing Internal Audit and Advisory Services and Activity Based Management recommendations. Activity Based Management branch provides consulting services that combine costing and process analysis to assist programs in improving performance and reducing costs.

The Ministry's delivery of cross government risk-based financial processing and independent management review services provide a basis for evaluating its adoption of best practices and savings. Savings are achieved through the adoption of audit recommendations and more effective payment review procedures.

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Annual savings from self-insurance (five-year rolling average). <sup>1</sup>	\$47.5 million	\$60.5 million	\$70.02 million	\$79.8 million	\$76.8 million <sup>2</sup>	\$79.7 million
Post-payment monitoring, and potential Internal Audit and Activity Based Management savings. <sup>3,4</sup>	\$16.4 million <sup>5</sup>	\$14.4 million <sup>5</sup>	\$15.2 million	\$15.2 million	\$15.2 million	\$15.2 million

<sup>1</sup> Source: Ministry of Finance Insurance and Risk Management Branch.

<sup>2</sup> Self-insurance savings decline in 2008/09 as a result of removal of 2003/04 (larger than normal) from the five-year rolling average.

<sup>3</sup> Base and targets have increased from the September 2005/06 updated Service Plan. The increase of \$700,000 in the base and targets reflect additional potential average annual cost savings from the implementation of Internal Audit and Advisory Services and Activity Based Management recommendations.

<sup>4</sup> Source: Internal Audit and Advisory services recommendations and post-payment monitoring.

<sup>5</sup> The \$16.4 million is a five-year rolling average of potential savings identified from utilizing a risk-based approach for post-payment monitoring and potential savings identified as a result of implementing Internal Audit and Advisory Services recommendations. The 2004/05 actuals are restated from the 2005/06–2007/08 Service Plan Update for purpose of reporting five-year rolling average rather than reporting 2004/05 in isolation. The actual savings vary from year to year. In 2005/06 and following years, the targeted potential savings (five-year average) from implementation of Internal Audit and Advisory Services and Activity Based Management recommendations is \$5.2 million plus the savings of \$1.2 million from post-payment reviews.

## Core Business Area: All

### Objective 3.3: Timely and transparent information to government and citizens.

The ministry supports a variety of external communications such as preparing the budget consultation paper, budget and fiscal plan, quarterly reports and the Public Accounts, Fiscal and Economic Review, meeting with investors and bond rating agencies, and responding to general and *Freedom of Information and Protection of Privacy Act* inquiries. In supporting the goal of effective financial, governance, accountability and performance frameworks within government, the ministry plays a key role in development and continuous improvement of these frameworks, providing training and advice and ongoing monitoring of implementation. These areas include financial management and controls, procurement and accounting policies, Crown corporation governance and other outcome-based policies and practices.

Government is undergoing a transition to a model that provides program managers with enhanced financial and procurement decision-making abilities within a defined accountability framework. This shift provides managers with the tools to succeed, and is supported by an updated public sector management framework. The ministry plays an important role in the development of these governance frameworks and works closely with other ministries to ensure appropriate clarification of roles, responsibilities and accountabilities.

## Strategies

- Responsiveness to Minister enquiries is an important measure of accountability for the Ministry of Finance. The Ministry will continue to focus on improvement to meet the target of 80 per cent response within a two-week period to ensure correspondents receive timely and relevant information.
- Review and streamline the current frameworks and process and ensure adequate resources are in place to meet internal and external demand; provide training, advice and monitoring to increase the adoption and effectiveness of outcome-based frameworks within government; review financial legislation; maintenance of a principles-based policy framework; and ongoing monitoring and reporting on ministries' effectiveness with the accountability frameworks.

## Performance Measures

**Percentage of responses to ministerial correspondence within two weeks:** This measure captures the percentage of correspondence addressed to the Minister which is responded to within two weeks.

**Release of Public Accounts by June 30:** This activity measure captures both timeliness and completeness of government financial reporting. Timely release of financial reporting is critical for effective use of the information and helps instil public confidence in government's ability to manage its resources. Recent performance and future targets provide more timely reporting than required in the *Budget Transparency and Accountability Act*, which requires release of the province's financial statements (Public Accounts) by August 31st, following each March 31st fiscal year end.

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Percentage of responses to ministerial correspondence within two weeks. <sup>1</sup>	22%	33%	80% <sup>2</sup>	80%	80%	80%
Release of Public Accounts by June 30.	June 29, 2005	July 17, 2006 <sup>3</sup>	On or before June 30, 2007	On or before June 30, 2008	On or before June 30, 2009	On or before June 30, 2010

<sup>1</sup> Source: Ministry of Finance CLIFF Correspondence Tracking System.

<sup>2</sup> The Ministry will be working to achieve this target through streamlining processes and by providing every correspondent with a response acknowledging receipt of their letter. In addition, the Ministry has hired a correspondence writer to aid in meeting the Service Plan goal.

<sup>3</sup> The release of the Public Accounts was delayed at the request of the Office of the Auditor General who required additional time to meet increased audit standards with limited audit resources.

**Core Business Area:** *Office of the Comptroller General*

**Objective 3.4:** *Meet statutory reporting requirements and comply with GAAP in all material respects.*

The *Budget Transparency and Accountability Act* (BTAA) requires that all accounting policies and practices applicable to public documents required to be made public under this act (e.g., Budget and Public Accounts), comply with Generally Accepted Accounting Principles (GAAP). Adherence to GAAP requires monitoring of evolving accounting standards, consistent financial practices across government and full transparency for the use of public funds. This transparency is critical for ensuring that British Columbians and the investment community have the information they need to make informed decisions and confidence in government’s finances.

**Strategies**

- Ongoing monitoring of and adherence to GAAP’s evolving accounting standards.
- Adoption of technology to improve the reporting processes.
- Working with the Auditor General and the Accounting Policy Advisory Committee on accounting and reporting issues.
- Greater fiscal planning integration with the schools, universities, colleges and hospitals sector.

**Performance Measure**

**Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts:** This activity measure captures completeness of government financial reporting. An unqualified opinion from the Auditor General that the public accounts comply with GAAP provides an objective and independent assessment that government has met the GAAP standard for disclosure of its financial information, further increasing confidence in the reliability of that information.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Base	2007/08 Target	2008/09 Target	2009/10 Target
Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts. <sup>1</sup>	Yes, target met.	Yes, target met.	Unqualified audit opinion to be obtained.	Unqualified audit opinion to be obtained.	Unqualified audit opinion to be obtained.	Unqualified audit opinion to be obtained.

<sup>1</sup> Source: Release of the Public Accounts.

## **Core Business Area:** *Crown Agencies Secretariat*

### **Objective 3.5:** *Publicly accountable Crown Agency programs, services and fiscal management.*

Crown corporations are separate legal entities, other than schools, universities, colleges and health authorities, that are established by the provincial government outside of a ministry. Crown corporations are classified as Commercial (revenue generating entities that obtain fees for goods and services delivered (e.g., BC Hydro)) or Service Delivery (taxpayer-supported entities that deliver goods and/or services based on ministry policies (e.g., BC Housing)). Crown corporations are accountable to the government through a Minister Responsible, and have assigned/delegated authority and responsibility from government, or otherwise have statutory authority and responsibility to perform specified functions or services. The Crown Agencies Secretariat (CAS) is a central agency within the Ministry of Finance with responsibility for developing and implementing a framework for strategically and systematically overseeing Crown corporations. CAS also provides analysis, advice and coordination on governance, accountability, strategic priorities, performance planning, reporting and measurement, mandate reviews and “Whole of Crown Agency Sector” issues and policies. An effective governance system will aid both government and Crown corporations by ensuring Crown corporations focus on the activities necessary to fulfill their mandates while at the same time ensure they are being managed in the public interest.

### **Strategies**

- Develop and implement an effective framework for government’s management of its Crown corporations in British Columbia.
- Provide training and advice to ministry and Crown corporation officials to ensure that their roles under the framework are understood and their responsibilities are discharged.
- Clearly outline government’s expectations of Crown corporations through Shareholder’s Letter of Expectations and make these publicly available on government’s website.
- Provide input on cross Crown corporation policy issues.
- Host workshops for Crown corporations on performance management and reporting best practices.

### **Performance Measure**

#### **Shareholder’s Letter of Expectations in place for applicable Crown corporations:**

This measure is the ratio of number of completed and publicly available Shareholder Letters to the number of Crown corporations for which the requirement to have a Shareholder’s Letter applies.

The Shareholder’s Letter of Expectations is a key component of the Accountability Framework. The Shareholder’s Letter is signed by the Minister Responsible as the representative of government (the shareholder), and the Chair of the Board of the Crown corporation as the representative of the Crown corporation. This letter is designed to ensure a shared understanding between the shareholder and Crown corporation on key governance issues, corporate mandate and core services, public policy issues, strategic priorities and performance expectations and serves as the foundation for the development of annual Crown corporation service plans. Crown Agencies Secretariat coordinates the drafting of the Shareholder’s Letter by developing guidelines and coordinating the overall process for preparing Shareholder’s Letters of Expectations between Ministers and Crown corporations. Ministers responsible work with the Chairs of the Boards of the Crown corporations to ensure that all expectations outlined in the Shareholder’s Letters of Expectations are achieved.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Shareholder’s Letter of Expectations in place for all applicable Crown corporations. <sup>1</sup>	80%	93%	100%	100%	100%	100%

<sup>1</sup> Source: All completed Shareholder’s Letter of Expectations are signed by the Minister and Chair of Board of the Crown corporation and posted on the Crown Agencies Secretariat website, <http://www.gov.bc.ca/cas/>.

### **Core Business Area:** *Public Sector Employers’ Council Secretariat*

#### **Objective 3.6:** *Effective management of public sector labour relations and human resource strategy.*

Public sector compensation costs comprise a significant portion of the provincial budget. Accordingly, effective management of the Province’s fiscal plan requires the establishment of appropriate and sustainable compensation levels. Labour market analysis and frameworks are also critical for attracting and retaining highly skilled workers critical to the delivery of many public services.

#### **Strategies**

- Maintain an executive compensation and negotiating framework that incorporates government’s fiscal, policy and program directions.
- Maintain a long-term negotiating framework that is based on relevant labour market considerations.

## Performance Measure

**Public sector cost changes over the 2005/06 compensation base:** This measure captures the public sector compensation changes over the 2005/06 compensation base. A four year envelope of \$4.7 billion above the 2005/06 compensation base is provided through 2009/10.

This performance measure excludes any growth in the compensation base attributable to the growth in the number of public sector employees.

Compensation related costs in the public sector are a significant component of the provincial budget. As a result, marginal changes in compensation rates can have significant fiscal impacts requiring accurate and timely monitoring.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Public sector cost changes over the 2005/06 compensation base. <sup>1</sup>	\$16.0 Billion	\$17.0 Billion	\$17.2 Billion <sup>2</sup>	Spending within the four year envelope	Spending within the four year envelope	Spending within the four year envelope

<sup>1</sup> Source: Public Sector Employers' Council Secretariat (PSEC Secretariat).

<sup>2</sup> Increase over the 2004/05 compensation base is attributable to growth in the number of employees in Crown agencies and in the health and post secondary sectors.

# Resource Summary

Core Business Areas	2006/07 Restated Estimates <sup>1</sup>	2007/08 Estimates	2008/09 Plan	2009/10 Plan
<b>Operating Expenses (\$000)</b>				
<b>Crown Agencies Secretariat</b> .....	1,576	1,604	1,628	1,652
<b>Treasury Board Staff</b> .....	5,846	6,376	6,476	6,577
<b>Office of the Comptroller General</b> .....	7,121	8,155	8,253	8,355
<b>Treasury</b> .....	1	1	1	1
<b>BC Registry Services</b> .....	1	1	1	1
<b>Strategic and Corporate Policy</b> .....	2,919	2,980	3,035	3,090
<b>Public Sector Employers' Council Secretariat</b> .....	15,462	15,879	16,300	16,735
<b>Executive and Support Services</b> .....	18,569	19,559	20,426	21,319
<b>Total</b> .....	<b>51,495</b>	<b>54,555</b>	<b>56,120</b>	<b>57,730</b>
<b>Operating Expenses (\$000) – Other Appropriations</b>				
<b>Insurance and Risk Management (IRMA)</b>				
Operating .....	45,565	45,945	46,031	46,114
Recoveries .....	-45,565	-45,945	-46,031	-46,114
<b>Total</b> .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Full-time Equivalents (Direct FTEs)</b>				
<b>Crown Agencies Secretariat</b> .....	10	10	10	10
<b>Treasury Board Staff</b> .....	55	55	55	55
<b>Office of the Comptroller General</b> .....	134	134	134	134
<b>Treasury</b> .....	74	75	75	75
<b>BC Registry Services</b> .....	50	50	50	48
<b>Strategic and Corporate Policy</b> .....	126	126	126	126
<b>Public Sector Employers' Council Secretariat</b> .....	13	13	13	13
<b>Executive and Support Services</b> .....	154	169	169	169
<b>Total</b> .....	<b>616</b>	<b>632</b>	<b>632</b>	<b>630</b>



*Ministry of Finance and Associated Entities*

Core Business Areas	2006/07 Restated Estimates <sup>1</sup>	2007/08 Estimates	2008/09 Plan	2009/10 Plan
<b>Full-time Equivalents (Direct FTEs) – Other Appropriations</b>				
<b>Insurance and Risk Management (IRMA)</b> .....	46	49	49	49
<b>Total</b> .....	<b>46</b>	<b>49</b>	<b>49</b>	<b>49</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>				
<b>Crown Agencies Secretariat</b> .....	9	9	9	9
<b>Treasury Board Staff</b> .....	18	163	18	18
<b>Office of the Comptroller General</b> .....	336	607	999	481
<b>Treasury</b> .....	724	1,028	828	728
<b>BC Registry Services</b> .....	2,110	2,960	3,085	2,110
<b>Strategic and Corporate Policy</b> .....	358	359	359	359
<b>Public Sector Employers' Council Secretariat</b> .....	8	3	5	3
<b>Executive and Support Services</b> .....	254	702	383	1,978
<b>Total</b> .....	<b>3,817</b>	<b>5,831</b>	<b>5,686</b>	<b>5,686</b>
<b>Ministry Capital Expenditures (\$000) – Other Appropriations</b>				
<b>Insurance and Risk Management (IRMA)</b> .....	1,130	240	370	370
<b>Total</b> .....	<b>1,130</b>	<b>240</b>	<b>370</b>	<b>370</b>

<sup>1</sup> The 2006/07 *Estimates* have been restated for comparative purpose only to be consistent with Schedule A of the 2007/08 *Estimates*.

# Public Affairs Bureau

## Agency Overview

### Purpose of Agency

The Public Affairs Bureau leads and coordinates communications with internal and external stakeholders, ensuring that citizens are informed about government policies, programs and services and that information is communicated in an open and transparent manner.

The Bureau leads in the development of cross ministry communications strategies, for example:

- Conversation on Health;
- Economic performance;
- 2010 Olympics and Paralympic Winter Games;
- Expanding reach to ethnic community/press;
- Public Service Renewal;
- Central Coast/Spirit Bear campaign;
- 2008 Celebrations; and
- Government Visual Identity rollout.

Clients include citizens of British Columbia, members of the media, the Premier's Office, members of Cabinet, senior government officials and ministry program staff.

## Vision, Mission and Values

### Vision

British Columbians are informed of government policies, programs and services on a timely and factual basis.

### Mission

To provide a framework that supports communication of government policies, programs and services benefiting all British Columbians.

### Values

In pursuit of our vision and mission, members of the Public Affairs Bureau will act in accordance with the following values:

<i>Accountability</i>	<i>To enhance efficiency, effectiveness and value in public service.</i>
<i>Integrity</i>	<i>To conduct ourselves in an ethical, honest, consistent and professional manner.</i>
<i>Responsibility</i>	<i>To deliver affordable client-centred service and stewardship on behalf of citizens.</i>
<i>Respect</i>	<i>To treat those we serve, and each other, with courtesy, fairness, dignity and trust.</i>
<i>Innovation</i>	<i>To foster creativity and performance in the delivery of quality services.</i>

## **Strategic Context**

The past year has seen many gains in proactively communicating with key audiences such as the evolving campaign around the central coast agreement (with the symbol of the Spirit Bear) and the successful summer domestic tourism initiative (Best Place on Earth). PAB will seek to build on these and other key cross government priorities to maximize reach and awareness (through cross promotion) while effectively utilizing human and financial resources.

Looking ahead, the Public Affairs Bureau will see British Columbians, Canadians and citizens of the world well informed about the province's policies, benefits, programs and services.

### **Opportunities**

There is an opportunity to achieve some very real gains using the power of communications to reach out to the grassroots of our communities and to strengthen our relationship with the media not only in the regional markets of British Columbia but across North America and around the world. Given the competition in the market place to "attract the public's eye and ear", we must use new, innovative techniques and technologies to reach our target audiences whether at the grass roots of our communities or international investors.

Some of the strategies we will employ include:

- Making information more accessible in grassroots communities and to international media through innovative technologies and stakeholder relations (e.g., a new regional PAB communications position in Prince George);
- Reaching out to ethnic communities/press and client of government programs and services (e.g., seniors, business community, families, etc.);
- Improving media access by introducing innovative electronic solutions (e.g., the addition of web-based videography capacity);
- Communicating with British Columbians through both the use of traditional mechanisms (announcements, paid and earned media) but also by introducing new marketing approaches to ensure our messages are reaching citizens where they live (e.g., partnerships with the public or private sectors to distribute info); and
- Creation of a central communications capacity process to proactively coordinate strategic communications in order to support the government's strategic approach.

## **Challenges**

Continuing to support issues management and the use of traditional communications tools, the Bureau will continue to seek a balance between reactive issues management and strategic, proactive communications messaging. While issues management is critical to protecting the reputation of government, providing our key audiences with proactive and balanced information is key to enhancing public confidence and balance.

The ability to create proactive strategies which link to the Five Great Goals and straddle cross government priorities will be key to both the management of risk and taking full advantage of the skills reflected in the PAB team and opportunities to serve and inform citizens. There will be communications research, planning, input into major submissions and policies so that proactive strategies can be developed.

Some of the strategies we will employ include:

- Supporting the evolution of resources in key areas of government such as health care, ActNow, energy and mines, Aboriginal issues, the Olympics, regional and corporate communications and strategic planning;
- Creating opportunities for cross-communication/promotion between ministry priorities and programs; and
- Expanding use of e-services in support of cross government initiatives and/or themes (e.g., Crystal Meth, ActNow BC, etc.).

## **Core Business Areas**

Supported by 216 FTEs and \$36.633 million, the Bureau has four functional areas, each of which has specific responsibilities for the provision of programs and services.

### **1. Communications Services**

Provides direction, advice and staff to support the communications needs of ministries. Teams of communications professionals are assigned to, and co-located with, each ministry. Services include provision of fact-based information, corporate communications, communications planning, media relations, news releases, speech writing and on-site support for ministry events. This area is supported by 148 FTEs, across 19 ministries.

### **2. Communications Support Services**

Provides a wide range of communications support services to communications staff assigned to ministries. Services provided include logistical support, writing and graphic design services, event management, online clipping service, media monitoring, videography, technical support to the Press Theatre in the Legislature and developing online applications in support of new initiatives. This area is supported by 39 FTEs.

**3. Strategic Planning and Corporate Communications**

Provides direction and support in the provision of government strategic communications planning and the development and implementation of marketing programs and public information and awareness campaigns and projects. This area is supported by 7 FTEs.

**4. Executive and Support Services**

Provides strategic leadership and a full range of support services (business planning, recruitment, retention and development of Public Affairs Bureau staff, budget management, financial reporting, contract administration, accounts payable processing, information systems planning and administration, procurement services, facilities planning, and records administration) that contribute to the success of all functional areas. This area is supported by 22 FTEs.

# Goals, Objectives, Strategies and Results

## Overview

### Agency Goals

1. Citizens are informed of government policies, programs and services
2. Government communicates in an open and transparent manner

### Linkage to the Five Great Goals

Public Affairs Bureau contributes to all Five Great Goals by:

1. Communicating the Province's policies and programs to the public.
2. Ensuring that themes identified in the government Strategic Plan are reflected in communications strategies as appropriate.

### Cross Ministry Initiatives

The Public Affairs Bureau supports a number of cross ministry initiatives by coordinating communications planning, providing communications advice and implementing communications activities. Cross ministry initiatives the Bureau is involved in include:

#### Act Now BC

ActNow BC, led by the Ministry of Tourism, Sport and the Arts, combines cross government and community-based approaches to promote healthy living choices for British Columbians. The programs and initiatives champion healthy eating, physical activity, ending tobacco use, and healthy choices during pregnancy.

#### Crystal Meth Strategy

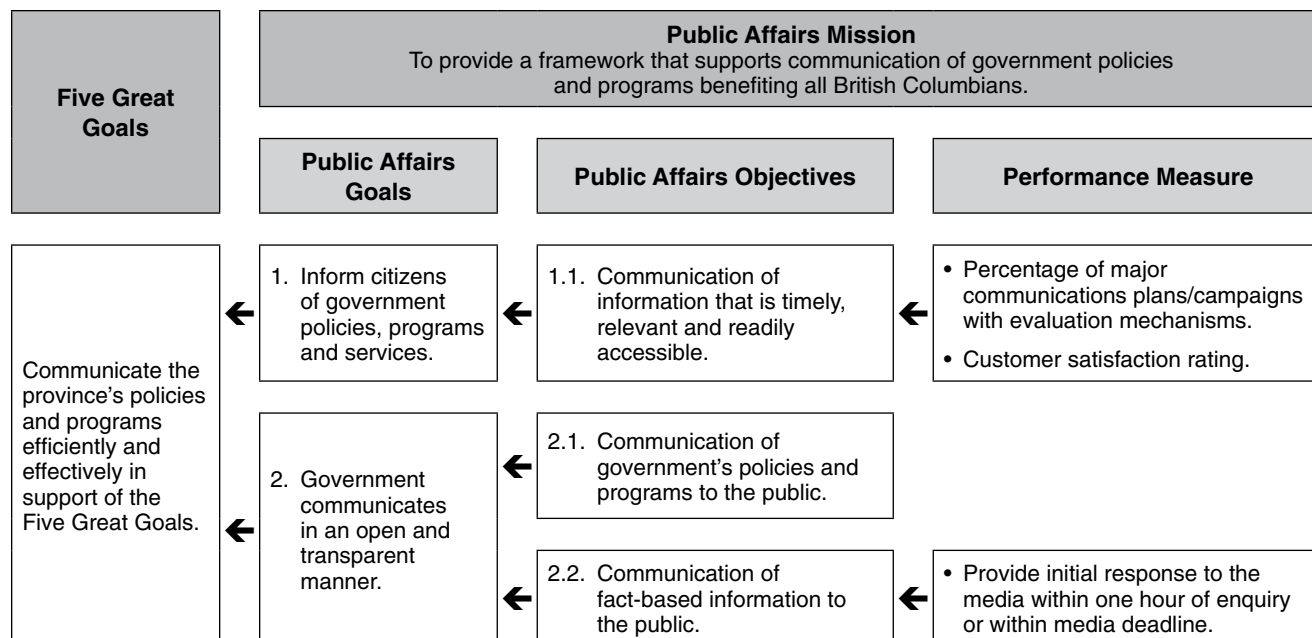
Government's Crystal Meth Strategy, led by the Ministry of Public Safety and Solicitor General, targets the use and production of Crystal Meth through an integrated framework that strengthens partnerships amongst communities, service providers and law enforcement agencies. The Crystal Meth Secretariat was established in 2005 to support new and continuing initiatives based on prevention, treatment and enforcement.

#### New Relationship

The Government of British Columbia is leading the nation in developing a New Relationship with First Nations and Aboriginal people. Guided by principles of trust, and by recognition and respect of First Nations' rights and title, we are building a stronger and healthier relationship between government and Aboriginal people. By working together, we will bring tangible social and economic benefits to Aboriginal people across the Province and narrow the gap between Aboriginal people and other British Columbians.

# Performance Plan

## Agency Performance Plan Summary



### **Goal 1:** *Inform citizens of government policies, programs and services.*

British Columbians will be informed of the programs and services provided by government and understand the challenges the government faces by providing information through a variety of sources including Members of the Legislative Assembly, media, public events and forums, public policy studies, fact-based public information and awareness initiatives as well as a variety of communications support materials.

**Core Business Areas:** *Communications and Communications Support Services.*

### **Objective 1:** *Communication of information that is timely, relevant and readily accessible.*

Ensuring all British Columbians receive information that is timely, relevant and readily accessible regarding government policies and programs is essential to informing British Columbians of the programs and services available from government and the decisions taken by government on their behalf.



## Performance Measure

Government's ability to communicate information to the public that is timely, relevant and readily accessible can be measured by ensuring that evaluation mechanisms are included in major communications plans/campaigns and by undertaking performance monitoring activities.

Performance Measures	2006/07 Target	2007/08 Target	2008/09 Target	2009/10 Target
Percentage of major communications plans/campaigns with evaluation mechanisms.	Benchmark to be established	Maintain or improve	Maintain or improve	Maintain or improve
Customer satisfaction rating.	Benchmark to be established	Maintain or improve	Maintain or improve	Maintain or improve

## Goal 2: *Government communicates in an open and transparent manner.*

By communicating in an open and transparent manner, citizens will understand the challenges faced by government related to the policy decisions taken on their behalf; have access to information regarding the direction of government programs and services over a three-year period; and have access to information regarding the accomplishments of government in the previous year.

**Core Business Areas:** *Communications and Communications Support Services.*

### Objective 1: *Communication of government's policies and programs to the public.*

Ensuring all British Columbians have access to or receive consistent information regarding government's policies and programs is essential to informing citizens of government planning decisions and accomplishments.

### Objective 2: *Communication of fact-based information to the public.*

Ensuring British Columbians have access to or receive fact-based information regarding government policies and programs is essential to allowing citizens to form opinions based on fact and allows for informed public debate on decisions taken.

## Performance Measure

Government's ability to communicate fact-based information to the public can be measured by response to media enquiries.

*Ministry of Finance and Associated Entities*

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<b>Performance Measure</b>	<b>2006/07 Forecast</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	<b>2009/10 Target</b>
Provide initial response to media within one hour of enquiry or within media deadline.	96%	Maintain or improve	Maintain or improve	Maintain or improve

# Resource Summary

Core Business Areas	2006/07 Restated Estimates <sup>1</sup>	2007/08 Estimates	2008/09 Plan	2009/10 Plan
<b>Operating Expenses (\$000)</b>				
<b>Public Affairs Bureau</b> .....	36,222	36,633	36,961	37,309
<b>Total</b> .....	<b>36,222</b>	<b>36,633</b>	<b>36,961</b>	<b>37,309</b>
<b>Full-time Equivalents (Direct FTEs)</b>				
<b>Public Affairs Bureau</b> .....	216	216	216	216
<b>Total</b> .....	<b>216</b>	<b>216</b>	<b>216</b>	<b>216</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>				
<b>Public Affairs Bureau</b> .....	2,305	436	436	436
<b>Total</b> .....	<b>2,305</b>	<b>436</b>	<b>436</b>	<b>436</b>

<sup>1</sup> The 2006/07 *Estimates* have been restated for comparative purpose only to be consistent with Schedule A of the 2007/08 *Estimates*.

# Appendix

Crown corporations, Agencies, Boards, and Commissions for which the Minister of Finance is the Minister Responsible.

## **Crown Corporations:**

Partnerships British Columbia — visit <http://www.partnershipsbc.ca/> for more information including their annual service plan.

## **Boards:**

Accounting Policy Advisory Committee

Auditor Certification Board

BC Investment Management Board

Financial Institutions Commission

Financial Services Tribunal

Insurance Council of British Columbia

Real Estate Foundation of British Columbia

Real Estate Council of British Columbia