

Ministry of  
Finance

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2007/08  
Annual Service Plan Report

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Published by the Ministry of Finance



## Message from the Minister and Accountability Statement

The Ministry of Finance helps ensure government meets its strategic goals by providing sound financial management, fiscal sustainability and the supports for a competitive economy.

In 2007/08, the Ministry continued to support government's commitment to a balanced budget with the fourth consecutive surplus for 2007/08. Prudent fiscal planning allows the government to meet the needs of all British Columbians, providing the essential services required today along with infrastructure development and investments for tomorrow.

Our province has achieved the lowest personal income tax rates for the bottom two tax brackets and in a provincial ranking of corporate income tax rates we remain in the lowest four. Effective fiscal management, combined with a fair and competitive tax environment, helps secure the foundation for our growing economy.

Debt service costs continue to be low, thanks to ongoing improvements in the management of cash and debt activities. The high rating awarded us by international credit rating agencies is a reflection of both our fiscal performance and the strength of our economy.

The annual rate of employment is at its lowest in more than 30 years and our GDP grew an estimated 3.1 per cent in 2007. We have faced challenges over the years, from both inside and outside our provincial borders, but our economy remains robust and the province remains in a strong position for continued prosperity.

As a result of our prudent fiscal management, we were able to commit more than \$2 billion in the 2007/08 budget and fiscal plan to meeting the housing challenge of our growing economy. These initiatives range from more year-round shelter beds for the homeless to increased shelter allowance for income assistance recipients, higher rental assistance program ceilings for low-income working families, a higher homeowner grant threshold, more supportive housing for B.C.'s aging population to more social housing and off-reserve housing for Aboriginal British Columbians.

In response to Premier Campbell's challenge to reduce British Columbia's carbon emissions 33 per cent by 2020, the ministry developed policy and legislation that will put our province at the forefront in efforts to deal with climate change. Work done in 2007/08 and introduced in the 2008/09 budget and fiscal plan represent a turning point that will make B.C. a leader in environmental economics — building a strong and prosperous economy through sustainable choices.

Our past successes and future achievements are made possible by the talented and professional individuals at the Ministry of Finance. It has been a privilege to work with them and I am confident that the opportunity to work alongside these outstanding individuals will continue to attract the best and the brightest to the Ministry of Finance.

The *2007/08 Ministry of Finance Annual Service Plan Report* compares the actual results to the expected results identified in the Ministry's 2007/08–2008/09 Service Plan. I am accountable for those results as reported.

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

June 20, 2008

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# Ministry of Finance

## Highlights of the Year

- **Ongoing Fiscal Stewardship** — The ministry continued to support government's commitment to a balanced budget and fiscal plan. On February 19, 2008, the government tabled a budget in the Legislature with surpluses of \$50 million in 2008/09 and \$150 million in each of 2009/10 and 2010/11. Budget 2008 also supported government's climate action initiative, its commitment to a strong, vibrant and competitive economy and a sustainable health care system.
- **Balanced Budget** — The ministry played a central role in developing the government's balanced budget plan. In 2007/08, government achieved B.C.'s fourth consecutive balanced budget, with a surplus of \$2.9 billion.
- **A Strong, Competitive and Vibrant Economy — A Fair and Competitive Tax Environment:**
  - Developed a revenue-neutral carbon tax, related environmental tax incentives and competitiveness measures.
  - Revenue-neutral carbon tax plan measures include: low-income climate action tax credit, personal income tax reductions, general corporate income tax cuts and small business corporate income tax cuts.
  - Additional competitiveness tax measures include: an increase in film tax credit rates and enhancement of regional credits, reduction in school property tax rates for major industry, expansion of international financial activity program, and phase out of capital tax for financial institutions.
  - Completed the Ports Competitiveness Initiatives Review.
- **Taxpayer-supported debt to GDP ratio** — Sound fiscal management and a robust provincial economy served to reduce B.C.'s taxpayer-supported debt-to-GDP ratio — a key measure of debt affordability. In 2007/08, the debt-to-GDP ratio fell to 14.0 per cent, down from 16.1 per cent the previous year, maintaining the downward trend in this key ratio.
- **Credit Rating Upgrades** — B.C.'s long-term credit rating was upgraded to AAA by Standard and Poor's and to AA (high) from AA by the Dominion Bond Rating Service to reflect the Province's track record of fiscal discipline as highlighted by the surpluses in recent years. Additionally, Fitch Ratings Ltd. issued its first-ever credit rating for British Columbia and assigned B.C. the rating of AAA.
- **A Strong, Competitive and Vibrant Economy — Efficient and effective financial and corporate regulatory frameworks that protect the public interests:**
  - Passage of the *Securities Transfer Act*, a commercial property law governing the transfer and holding of investment securities, in accordance with the Uniform Law Conference of Canada.

- Completed implementation of corporate framework for Unlimited Liability Companies.
- Developed corporate framework for real estate service providers to establish personal real estate corporations under the *Real Estate Services Act*. Worked with Alberta to jointly develop and introduce legislative reforms to the legal framework governing contracts of insurance
- Established the Alberta/B.C. Finance Ministers Joint Expert Panel on Pensions to develop private sector pension benefits standards reforms
- Developed policy proposals and draft legislation to meet the government's obligations for compliance with the B.C./Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) as it applies to financial services, corporate sectors and core government's procurement activities.
- Established the Pacific Carbon Trust, with a mandate to acquire sufficient carbon offsets to fulfill the government's commitment to be carbon-neutral by 2010.
- **Shareholder's Expectations Manual** — Crown Agencies Secretariat published British Columbia's first ever Government's Shareholder Expectations Manual for Crown Agencies. The manual documents the Province's leading governance practices which provide Crown Agencies with superior means to achieve government's policy and performance expectations in an open, transparent and accountable manner. The manual won a top contender award for public sector governance from the Conference Board of Canada.
- **Financial Reporting Practices** — British Columbia continues to lead Canadian provinces in financial reporting practices through full application of Canadian Generally Accepted Accounting Principles (GAAP) across the entire government reporting entity, and bringing a strong voice and presence to both national and international accounting standards setting organizations. British Columbia is the first province to issue a Practice Guideline covering the financial management and accounting for Public Private Partnerships.
- **Public Sector Negotiating Framework** — Three more public sector agreements were reached by March 31st, 2008, for a total of 167 agreements covering 99 per cent of all the public sector workers.
- **New Internal Audit Model** — Strengthened government's governance role with broader internal audit projects that focus on strategic high-risk areas, resulting in an integrated corporate approach that addresses inter-dependencies rather than a ministry specific view.
- **Strengthened Internal Controls and Efficiency Savings** — The Corporate Compliance and Controls Monitoring Branch conducted risk-based reviews of financial processes and transactions, achieving efficiency savings for government in excess of \$18.8 million during the year.

## Purpose of the Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies. The ministry continues to focus on the priorities of fiscal sustainability and a competitive economy that will ensure the Province's success in meeting its strategic goals. The ministry conducts business in a manner that upholds government's values as identified in the Province of British Columbia'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 prohibit the tabling of deficit budgets, establish the framework and limits for accounting and financial activity, and ensure the right of the public to open and accountable reporting, including the complete disclosure of all the assumptions upon which fiscal forecasts and provincial budgets are based. These statutes require ministries and Crown corporations to annually release three-year service plans with concrete goals and performance measures and to annually report on their performance results and other financial information of interest to British Columbians.

Services provided by the ministry include:

- economic forecasting, fiscal planning, budget support and quarterly reporting on the fiscal plan;
- support and advice to Treasury Board in developing the annual budget;
- tax policy advice and implementation;
- oversight of financial, procurement and administrative governance including strategic direction in establishing policies and maintaining controls, practices and corporate capacity;
- banking, accounting, risk and debt management services for government;
- policy development to regulate the financial and real estate sectors;
- implementation and administration of a framework for government's management of its Crown corporations;
- administration of public sector employer/employee relations; and
- regulation and registration of corporate entities, the financial and real estate sectors, personal property and manufactured homes.

The ministry publishes the government's annual Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, and Financial and Economic Review. These documents are available at: [www.fin.gov.bc.ca/pubs.htm](http://www.fin.gov.bc.ca/pubs.htm). Ministry clients include the general public, Treasury Board, Cabinet, ministries, Crown corporations, boards and commissions, agencies, businesses, societies, public sector employers' associations, investors and financial-sector agencies.

## Strategic Context

In 2007, British Columbia's economy continued its strong performance after three straight years of over 3.0 per cent growth. The province's real gross domestic product (GDP) grew an estimated 3.1 per cent in 2007. British Columbia's strong pace of consumer spending and investment offset weakness in the province's export markets.

Employment in British Columbia grew faster than the province's labour force in 2007, pushing the annual unemployment rate down 0.6 percentage points to 4.2 per cent. This is the lowest annual rate of unemployment in more than 30 years.

The provincial government continues to implement sustainable fiscal management policies with its fourth consecutive surplus forecast for 2007/08. The importance of the province's sound fiscal management is recognized by international credit rating agencies. Moody's Investor Services, for example, is maintaining British Columbia at an Aaa rating, the highest possible rating.

A robust domestic economy, together with sound fiscal management, puts British Columbia in a strong position to meet the challenges and opportunities it may face in the future.

### Key Initiatives

**Fiscal Sustainability** — Prudent fiscal management and a growing economy allows government to meet the priorities of British Columbians. Treasury Board will continue to ensure the responsible allocation of the province's financial resources within the policy framework established by government.

**Economic Sustainability** — While a provincial unemployment rate at 30-year lows brings many economic benefits, government is currently dealing with the challenge of a growing shortage of labour, particularly in highly skilled trades and professional areas. Improving labour productivity, investing in education and skills training as well as working to recognize foreign credentials will work to provide longer term stability to British Columbia's economy.

Other challenges faced today include a softening U.S. economy, the strong Canadian dollar, high oil prices and the effects of the mountain pine beetle. Looking ahead, the province will continue to work to enhance economic competitiveness, to adapt to the needs of an aging population and to seize the opportunities provided in international markets.

### Key Economic Development Opportunities

British Columbia is in many ways uniquely positioned to meet approaching challenges as well as take advantage of potential opportunities.

**Asia-Pacific Location** — British Columbia is naturally situated to connect existing North American markets with rapidly growing Asian economies. The province's plan to develop a world-class infrastructure will provide the transportation links essential for the efficient movement of products to and from the immense markets of Japan, China, India and the rest of the Asia-Pacific region.

**Increasingly Diversified Economy** — While traditional resource sectors remain an important part of the provincial economy, British Columbia is evolving into an increasingly diversified economy. The ongoing expansion of non-resource sectors such as tourism, film and various high-tech activities provides greater resilience in the face of downturns in international markets.

**Diversified Trade Markets** — Significant growth in China and other Asian economies helps broaden the market for British Columbia's goods exports. The Pacific Rim is the destination for about one-quarter of British Columbia's international goods exports. Diversity in export markets help to soften the effects of possible downturns in one or more of the province's traditional export markets.

**Highly Educated and Healthy Population** — A major underpinning of the provincial economy is British Columbia's highly educated and healthy population. The province's education and training system provides the province with a highly literate and skilled workforce that can meet the changing demands of today's global economy. Further, access to a superior public health care system is one of many factors that supports the high quality of life enjoyed by British Columbians and helps to attract new residents to the province.

# Report on Performance

## Performance Plan Summary Table

<b>Goal 1: A sustainable fiscal environment built on a balanced budget</b> For greater detail see pages 13 to 16	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>1.1 Effective management of government's fiscal plan</b> Achieve annual targets for provincial budget	\$400 million surplus	\$2.9 billion surplus EXCEEDED
Taxpayer-supported debt-to-GDP ratio	14.8% DECLINING TREND	14.0% EXCEEDED
Provincial Credit Rating	Aaa	ACHIEVED
<b>Goal 2: A strong, competitive and vibrant economy</b> For greater detail see pages 16 to 18	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>2.1 A fair and competitive tax environment</b> Provincial ranking of corporate income tax rates	Remain in the lowest four	ACHIEVED
Provincial ranking of personal income tax rates for the bottom two tax brackets	LOWEST	ACHIEVED
<b>2.2 Efficient and effective financial and corporate regulatory frameworks and registry services that protect the public interest</b>	N/A	N/A
<b>Goal 3: Effective financial, governance, accountability and performance frameworks</b> For greater detail see pages 18 to 27	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>3.1 Effective risk-based cash and debt management</b> Debt-service costs (Provincial ranking)	SECOND LOWEST	ACHIEVED Based on <i>Estimates</i>
<b>3.2 Enhance risk-based management of government's resources</b> Annual savings from self-insurance (five-year rolling average)	\$79.8 million	\$81.7 million EXCEEDED
Post-payment monitoring, and potential Internal Audit and Activity-Based Management savings	\$15.2 million	\$32.0 million EXCEEDED
<b>3.3 Timely and transparent information to government and citizens</b> Percent of responses to ministerial correspondence within two weeks	80%	72% SUBSTANTIALLY ACHIEVED
Release of Public Accounts by June 30th	On or before June 30, 2008	Mid-July NOT ACHIEVED
<b>3.4 Meet statutory reporting requirements and comply with GAAP in all material respects</b> Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts	Unqualified audit opinion to be obtained	Data Not Yet Available

<b>Goal 3: Effective financial, governance, accountability and performance frameworks</b> For greater detail see pages 18 to 27	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>3.5 Publicly accountable Crown Agency programs, services and fiscal management</b> Shareholder's Letter of Expectations in place for applicable Crown corporations	100%	ACHIEVED
<b>3.6 Effective management of public sector labour relations and human resource strategy</b> Public sector cost changes over the 2005/06 compensation base	Spending within the four-year envelope	ACHIEVED

## Goals, Objectives, Strategies and Performance Results

The ministry collects and utilizes data from reliable independent and government sources in its development of targets for the performance measures in the service plan. These sources include major credit rating agencies, 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.

### 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.

#### Objective 1.1: 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.

Key strategies for this objective include:

- Streamlining the budget process to focus on government's priorities.
- Continual update of government's three-year fiscal plan including monitoring and corrective action as required.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Achieve annual targets for provincial budget	\$3.1 billion surplus	\$2.9 billion surplus	Balanced Budget \$400 million surplus	\$2.9 billion surplus EXCEEDED

**Data Sources:** Budget and Three-year Fiscal Plan.

**Ministry and Crown Agency Service Plans** — overall spending targets.

**Estimates** — detailed spending information for the year ahead.

**Quarterly Reports** — forecast prepared by ministries, commercial Crown corporations and service delivery agencies (including the SUCH sector).

**Public Accounts** — annual summary of actual government spending and revenues.

The Office of the Auditor General will audit the year-end financial statements for government and thus validate the results reported in the Public Accounts.

## Discussion of Results

The achievement of annual and three-year targets outlined by ministries in their Service Plans provides a meaningful status report on the government's commitment to maintain a balanced provincial budget. Ministry of Finance staff works with the respective ministries, Crown corporations and service delivery agencies, including school districts, universities, colleges and health care organizations, to monitor progress in meeting the approved expense and revenue targets.

The 2007 Budget estimated a \$400 million surplus for 2007/08. The government's ability to achieve its provincial budget target is measured by comparing revenue and expenses and final surplus (detailed in the Public Accounts) with the budgeted expense, revenue and surplus targets (detailed in the Budget) at the overall government level.

## Ministry Response

The government achieved a \$2.9 billion surplus in 2007/08, exceeding the annual target. The 2007/08 target was exceeded because of higher-than-expected taxation revenue, Crown corporation net income and other revenues that more than offset lower-than-expected natural resource revenue and higher than expected spending.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Taxpayer-supported debt-to-GDP ratio	16.1%	14.4%	14.8% DECLINING TREND	14.0% EXCEEDED

Data Source: Budget and Three-Year Fiscal Plan and the Public Accounts.

### Discussion of Results

Maintaining a relatively low taxpayer-supported debt-to-GDP ratio signifies a healthy balance sheet and ensures that debt remains affordable. Rating agencies rely on this balance-sheet measure as a key credit rating consideration.

Success in meeting this target is determined by the government's ability to maintain a declining trend in the ratio of British Columbia's taxpayer-supported debt-to-GDP. This is monitored by using the three-year moving average of the taxpayer-supported debt-to-GDP ratio. The target is achieved if the current year's three-year moving average is lower than the previous year's.

### Ministry Response

This target was exceeded due to lower debt levels and higher economic performance than expected. 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.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Provincial credit rating	Aa1	Aaa	Aaa	Aaa ACHIEVED

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

### Discussion of Results

British Columbia maintained its Aaa rating from Moody's Investor Services, the highest possible rating given by the international credit rating agency. British Columbia retains its unique status among provinces, along with Alberta, as the only province which is rated Aaa. In May 2007, Standard and Poor's upgraded the Province to AAA and Dominion Bond Rating Service

upgraded the Province to AA (high), citing strong budgetary performances, progress in reducing debt-to GDP and a robust economy. Further in December 2007, Fitch Ratings Ltd. released a Fitch-initiated rating of AAA to the Province.

With our high credit rating, the interest rate paid by the Province when it borrows in the domestic and international capital markets will be lower. 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 taxpayer-supported debt as a percentage of GDP, and the significance of interest owing as a percentage of gross revenues. Agencies also consider the government's track record of being a prudent fiscal manager, its reporting accuracy and transparency, the economic outlook and business and consumer confidence in the economy.

## **Goal 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. The ministry continuously reviews provincial tax policies, including business tax policies, to ensure the Province remains competitive.

### **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.

In 2007/08 the following key strategies were used to achieve this objective:

- 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, leading to various tax reduction measures in the 2008/09 Budget.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Provincial ranking of corporate income tax rates	In the lowest 4	In the lowest 4	Remain in the lowest 4	In the lowest 4 ACHIEVED

**Data Source:** Published legislation from all ten provinces.

### Discussion of Results

This measure compares the general corporate income tax rate in B.C. against other provinces in Canada by comparing to legislated provincial corporate income tax rates in effect as of March 31st each year. If British Columbia's corporate income tax rate is among the lowest four of the provinces, then the performance measure has been achieved. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment. The proposed revenue neutral carbon tax has allowed government to reduce the corporate income tax rate from 12 to 11 per cent.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Provincial ranking of personal income tax rates for the bottom two tax brackets (compared to other jurisdictions in Canada)	Lowest	Lowest	Lowest	Lowest ACHIEVED

**Data Source:** Personal income tax legislation and budgets from all ten provinces.

### Discussion of Results

Keeping the personal income tax rates low is consistent with the objective of maintaining a competitive tax system that encourages investment and innovation.

This measure provides a comparison of British Columbia's tax rates for the bottom two brackets, with those of the other ten provinces. If British Columbia has the lowest personal income tax rate for the bottom two tax brackets the performance measure has been achieved. With annual indexing, British Columbia's bottom two tax brackets have risen to \$68,794 in 2007 from \$60,009 in 2000.

## **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 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.

In 2007/08, the following key strategies were used to achieve the objective:

- Established new legal frameworks to enhance business opportunities under real estate and corporate sector legislation (i.e., new framework for real estate service providers to create personal real estate corporations and framework for establishing unlimited liability companies.)
- Implemented a common and shared Internet Payment service, namely BC Express Pay with a number of ministry programs, including the Liquor Distribution Branch, to improve e-service delivery to citizens and businesses.
- Worked jointly with Alberta, and concluded consultations with stakeholders, in further developing legislation to reform and modernize the legal framework governing contracts of insurance — clarifying application of the law, enhancing consumer protection and allowing businesses to effectively compete in both jurisdictions.
- Established the Alberta/British Columbia Finance Ministers' Joint Expert Panel on Pensions with a view to develop private sector pension benefits standards reforms. The development of pension standards and insurance law reforms has the potential to serve as models for other jurisdictions.
- Developed policy proposals and draft legislation to meet the government's obligations for compliance with TILMA as it applies to financial services and corporate sectors.

## **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; and 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.

### Objective 3.1: Effective risk-based cash and debt management

In 2007/08, 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 \$333 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.

Key strategies for this objective include:

- 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 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 Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Estimate
Debt service costs (Provincial ranking)	Second Lowest	Second Lowest	Second Lowest	Second Lowest ACHIEVED

**Data Source:** Moody's Investor Service (Credit Rating Agency), final report based on actual results is available by July/August each year. See Appendix D for provincial comparison of the estimated ratio of taxpayer supported debt service costs to taxpayer supported revenues.

## Discussion of Results

The Province of British Columbia continues to have the second lowest debt service cost compared to other Canadian jurisdictions. A relatively low ratio of taxpayer-supported debt service cost to taxpayer-supported revenues demonstrates fiscal prudence and an affordable debt burden. Rating agencies rely on this measure as one among a number of important credit rating considerations.

For every dollar of revenue that the government collects, Moody's estimated that as of March 31st, 2008, approximately 5.2 cents goes towards debt servicing costs. British Columbia ranks second to Alberta among Canadian provinces.

If Moody's Investors Service's ranking of British Columbia's debt service costs relative to other provinces is equal to or lower than target level, the performance measure has been achieved.

### Objective 3.2: Enhance risk-based management of government 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.

Key strategies for this objective include:

- Expansion of government's self-insurance program to the broader public sector.
- Assistance with implementation of enterprise-wide risk management practice.
- Internal audit projects that focus on priorities determined from a government-wide risk assessment process.
- A comprehensive corporate compliance and controls monitoring function that strengthens internal controls, improves policy compliance, and reduces risk of financial loss for government through ongoing review of procurement and financial processes and transactions.
- Use of activity-based management to identify opportunities for performance improvement and cost reduction.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Annual savings from self-insurance (five-year rolling average)	\$60.5 million	\$68.0 million	\$79.8 million	\$81.7 million EXCEEDED

Data Source: Ministry of Finance Risk Management Branch.

## Discussion of Results

The Ministry of Finance's co-ordination 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. Self-insurance involves government assuming the role of a traditional insurer by investigating, defending and paying claims. Since 1986, self-insurance programs have saved the Province more than \$825 million. These cost savings allow participating ministries, hospitals, health care agencies, school boards and social service agencies to direct their resources instead to the delivery of core services.

## Ministry Response

Private insurance costs increased significantly during the past five years, reflecting the cyclical nature of the insurance industry and lower returns on investments. The self-insurance program has not experienced the same cyclical downturn, and as a result has generated savings in excess of the target.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Post-payment monitoring, and potential Internal Audit and Activity-Based Management savings	\$14.4 million	\$36.5 million	\$15.2 million	\$32.0 million <sup>1</sup> EXCEEDED

**Data Sources:** Internal Audit and Advisory services recommendations and post-payment monitoring efficiency savings.

<sup>1</sup> Data combines some current year and some five-year rolling average savings.

## Discussion of Results

This measure demonstrates savings from utilizing a risk-based approach for compliance and controls monitoring and potential annual benefits (five-year average) from implementing recommendations made by branches of the Office of the Comptroller General.

The ministry delivers cross-government, risk-based financial and management review services as well as consulting services that assist programs in improving performance and reducing costs. Savings are achieved through the adoption of recommendations and through monitoring of financial and procurement processes and transactions.

The Corporate Compliance and Controls Monitoring Branch of the Office of the Comptroller General is recognized as a leader in compliance and controls monitoring, realizing \$18.8 M in efficiency savings this year. The Office of the Auditor General uses the work of the Branch as if it was an internal control and relies on it for auditing some consolidated revenue fund expenditure streams.

## Ministry Response

Corporate Compliance and Controls Monitoring Branch reduces risk and strengthens internal controls through ongoing assessment and deployment of new methodologies, technologies and improved processes resulting in increased savings to government in the current fiscal year.

New measures and criteria will need to be determined going forward as the branch focuses on strengthening internal controls and moves to augment its statistical sampling of transactions and processes with continuous controls monitoring software that reviews all transactions and reports exceptions.

### **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, Financial 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.

Key strategies for this objective include:

- Responsiveness to Minister enquiries is an important measure of accountability for the Ministry of Finance. The Ministry has continued 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 Results

Performance Measures	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Percentage of responses to ministerial correspondence within two weeks <sup>1</sup>	47.75%	28%	80%	72% SUBSTANTIALLY ACHIEVED
Release of Public Accounts by June 30	July 17, 2006 <sup>2</sup>	July 11, 2007 <sup>2</sup>	On or before June 30, 2008	Mid-July NOT ACHIEVED

### Data Source:

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

<sup>2</sup> Public Accounts were prepared by June 30, their release was delayed at the request of the Office of the Auditor General.

## Discussion of Results

**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. Although the target was not fully achieved, marked improvement in 2007/08 indicates that efforts to improve the response rate are paying off. A dedicated communications writer and more streamlined sign-off procedures are some of the measures that have been taken internally in support of this objective. The ministry will continue to strive to achieve the ministry standard of responding to minister's correspondence within a two-week period to ensure correspondents receive timely and relevant information.

**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 instill 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.

## Ministry Response

The Public Accounts will be prepared by June 30, but will not be released until the Office of the Auditor General has completed their audit.

### 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.

Key strategies for this objective include:

- 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.
- Active involvement with national and international accounting standard setting organizations.
- Greater fiscal planning integration with the schools, universities, colleges and hospitals sector.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts	ACHIEVED	ACHIEVED	Unqualified audit opinion to be obtained	DATA NOT YET AVAILABLE

Data Source: Release of the Public Accounts.

## Discussion of Results

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.

### 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. An effective governance system will ensure Crown corporations focus on the activities necessary to fulfil their mandates and that they are being managed in the public interest.

#### Strategies

In 2007/08, the following key strategies were used to achieve the objective:

- Develop and implement an effective framework for government’s management of its Crown corporations in British Columbia:
  - Maintained and enhanced the Crown Agency Accountability System.
  - Published the first edition of the Crown governance manual.
  - Updated Annual Service Plan and Service Plan Report guidelines.
- 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:
  - Hosted workshops for Crown corporations on performance management and reporting best practices.
- Clearly outline government’s expectations of Crown corporations through Shareholder’s Letter of Expectations and make these publicly available on government’s website:
  - Updated templates and facilitated the execution of Shareholder Letter for all applicable Crown corporations.
- Provide input on cross Crown corporation policy issues.

#### Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Shareholder’s Letter of Expectations in place for applicable Crown corporations	93%	100%	100%	100% ACHIEVED

**Data Source:** All completed Shareholder’s Letter of Expectations are signed by the Minister and Chair of the Board of the Crown corporation and posted on the Crown Agencies Secretariat website: [www.gov.bc.ca/cas](http://www.gov.bc.ca/cas).

## **Discussion of Results**

This measure is the ratio of the 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 co-ordinates the drafting of the Shareholder's Letter by developing guidelines and co-ordinating 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.

### **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**

Key strategies for this objective include:

- 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 Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Public sector cost changes over the 2005/06 compensation base	\$17.52 B (base)	\$17.93 B <sup>1</sup> (2006/07 base as a result of negotiated changes)	Spending within the four-year envelope	\$18.40 B (2007/08 base as a result of negotiated changes) ACHIEVED

**Data Source:** Public Sector Employer's Council Secretariat (PSEC Secretariat).

<sup>1</sup> The figure for last year has been restated; please see Discussion of Results below for explanation.

### Discussion of Results

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.

Negotiators reached three more agreements by March 31st, 2008 for a total of 167 agreements covering 99 per cent of the all public sector workers.

Settlements include:

- BC Transmission IBEW
- BCIT Faculty
- UBC CUPE 116 Aquatic Centre

Changes to compensation base for the 2006/07 year have been restated as \$17.93 B (from \$17.9 B) due to under spending of funding allocated to provide labour market adjustments.

# Report on Resources

The Ministry of Finance *Estimates* for 2007/08 were \$54,555 million. During 2007/08, the ministry managed the budget to the original approved/published budgets. For the fiscal year ending March 31, 2008, the Ministry of Finance under-spent its operating budget by \$4.484 million or 8 per cent as compared to the 2007/08 budget.

Base Funding 2007/08 Estimates	\$ 54,555 M
Net Operating Expenses	\$ 50,071 M
Operating Surplus	\$ 4,484 M

Most of this surplus is attributed to lower than expected expenditures in travel, professional services and information systems; and recruitment lag mainly due to financial professional turnover.

## Resource Summary

Core Business Areas	Estimated	Other Authorizations	Total Estimated	Actual	Variance
<b>Operating Expenses (\$000)</b>					
Crown Agencies Secretariat .....	1,604	0	1,604	1,385	(219)
Treasury Board Staff .....	6,376	0	6,376	5,778	(598)
Office of the Comptroller General ....	8,155	0	8,155	6,912	(1,243)
Treasury .....	1	0	1	0	(1)
BC Registry Services .....	1	0	1	(487)	(488)
Strategic and Corporate Policy .....	2,980	0	2,980	3,380	400
Public Sector Employer's Council Secretariat .....	15,879	0	15,879	15,286	(593)
Executive and Support Services .....	19,559	0	19,559	17,817	(1,742)
Statutory Appropriation .....	0	41,200	41,200	41,200	0
<b>Total .....</b>	<b>54,555</b>	<b>0</b>	<b>54,555</b>	<b>50,071</b>	<b>(4,484)</b>
<b>Other Appropriation — Operating Expenses (\$000)</b>					
Insurance and Risk Management Account (Expense) .....	(45,945)	0	(45,945)	(43,800)	2,145
Insurance and Risk Management Account (Recovery) .....	45,945	0	45,945	41,458	(4,487)
<b>Total .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,342)</b>	<b>(2,342)</b>

Ministry of Finance

Core Business Areas	Estimated	Other Authorizations	Total Estimated	Actual	Variance
<b>Full-time Equivalents (FTEs)</b>					
Crown Agencies Secretariat .....	10	0	10	10	0
Treasury Board Staff .....	55	0	55	49	(6)
Office of the Comptroller General ....	134	0	134	105	(29)
Treasury .....	75	0	75	65	(10)
BC Registry Services .....	50	0	50	49	(1)
Strategic and Corporate Policy .....	126	0	126	118	(8)
Public Sector Employer's Council Secretariat .....	13	0	13	10	(3)
Executive and Support Services .....	169	0	169	160	(9)
<b>Total .....</b>	<b>632</b>	<b>0</b>	<b>632</b>	<b>566</b>	<b>(66)</b>
<b>Other Appropriation — Full-time Equivalents (FTEs)</b>					
Insurance and Risk Management Account .....	49	0	49	44	(5)
<b>Total .....</b>	<b>49</b>	<b>0</b>	<b>49</b>	<b>780</b>	<b>(83)</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>					
Crown Agencies Secretariat .....	9	0	9	6	(3)
Treasury Board Staff .....	163	0	163	178	15
Office of the Comptroller General ....	607	0	607	197	(410)
Treasury .....	1,028	0	1,028	515	(513)
BC Registry Services .....	2,960	0	2,960	2,039	(921)
Strategic and Corporate Policy .....	359	0	359	576	217
Public Sector Employer's Council Secretariat .....	3	0	3	0	(3)
Executive and Support Services .....	702	0	702	21	(681)
<b>Total .....</b>	<b>5,831</b>	<b>0</b>	<b>5,831</b>	<b>3,532</b>	<b>(2,299)</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>					
Insurance and Risk Management Account .....	240	0	240	161	(79)
<b>Total .....</b>	<b>240</b>	<b>0</b>	<b>240</b>	<b>161</b>	<b>(79)</b>

## Ministry Contact Information

### Ministry Offices

617 Government Street  
Victoria BC  
Phone: 250 387-3184

The Ministry of Finance mailing address is:

PO Box 9417 Stn Prov Govt  
Victoria BC  
V8W 9V1

### Minister's Office

Honourable Carole Taylor  
PO Box 9048 Stn Prov Govt  
Victoria BC  
V8W 9E2

Phone: 250 387-3751  
Fax: 250 387-5594

### Media Queries

Phone: 250 387-5013  
Fax: 250 356-2822

## Public Affairs Bureau

### Highlights of the Year

Throughout the 2007/08 fiscal year, the Public Affairs Bureau (PAB) supported government priorities by communicating the province's policies and programs to the public in a proactive, open and transparent manner. Following are some examples of key initiatives and announcements supported by the Bureau:

PAB earned province-wide media coverage by staging a regional event in Kamloops announcing a \$1-million grant to the BC Non-Profit Housing Association for “Welcome to Your Home” starter kits — a program benefiting vulnerable British Columbians.

The Robert W. Pickton trial was one of the longest and most complex criminal trials in British Columbia's history. Extensive consultation involving the judiciary, provincial courts services and criminal justice branches, PAB and media in advance of the trial allowed for a well co-ordinated media relations effort.

PAB co-ordinated the flow of 2007 freshet-related information to media outlets across the province, Canada and the northwest U.S. and worked with other ministry PAB shops to ensure there was a seamless and timely flow of information internally and with external partners.

PAB provided communications support for several initiatives to increase workplace safety, including “Grant's Law” to protect gas station attendants, new safety requirements for employees who work alone, and further protection for farm workers.

In February 2008, Minister Pat Bell released the B.C. Agriculture Plan. PAB assisted by planning the media launch at the Pacific Agriculture Show in Abbotsford — this included writing of all materials, media relations, web design and event design, including designing backdrops. PAB also played an integral in writing and designing the 44-page Agriculture Plan and smaller brochure.

Working co-operatively with First Nations, PAB led the planning and execution of all communications, issues management, media relations, and event planning for the ratification and introduction of legislation the first urban treaty in Canada (Tsawwassen First Nation) and the first multi nation treaty on Vancouver Island (Maa-nulth First Nation) achieved under the BC Treaty process.

In anticipation of potential record high floods throughout British Columbia in 2007, Public Affairs Bureau developed and implemented a pro-active and responsive communications strategy that provided media and the public with regular updates on all aspects of the Province's planning, preparing, response and recovery efforts.

PAB co-ordinated the announcement of close to 200 infrastructure projects supporting cleaner air, cleaner water and improved energy efficiency, ensuring British Columbians are aware of the Province's commitment to greener, healthier communities.

A series of announcements through news conferences, events across the province, project demonstrations, speeches and provincial, regional and local news releases in 2007/08 helped ensure British Columbians received information on the \$100-million Health Innovation Fund.

The Pacific Gateway Communications Office participated in two full missions in 2007. The first took the Minister, ministry officials, federal government and industry representatives to China, Korea, Japan and Taiwan. The second mission promoted the Pacific Gateway Strategy to stakeholders in Memphis, Chicago and Minneapolis.

In 2007, PAB co-ordinated the development of a handbook and corresponding media campaign to bring more attention to the issue of child abuse and neglect. The campaign focused on the warning signs and the duty we all share in recognizing and taking action on suspected child abuse and neglect.

PAB produced 1,782 press releases, more than 1,300 graphic items and designs and co-ordinated 148 special events.

PAB managed communications and created materials for Budget 2008, which introduced the first revenue-neutral carbon tax in North America.

PAB undertook a major roll out of the new \$14 Billion Provincial Transit Plan this January, led by the Premier.

On March 3, 2008, as a follow up to the innovative BC is Calling campaign in 2007, the Ministry of Economic Development launched Your Dream Job is Here, a promotional campaign that ran in Union and Eglinton Subway Stations (Toronto) and Berri-UQAM Station (Montreal). The campaign reached more than 15 million people over the course of nine weeks and resulted in a growth in website visits of more than 30,000 to the site.

PAB was the national communication lead on a pan-Canadian literacy initiative, LITERACY - more than words. PAB-Education led the communications strategy, branding, graphic standards, advertising, issues management, media relations, website development and communication materials related to the pan-Canadian forum.

PAB was instrumental in getting the BC Bioenergy Strategy published and released on January 31, 2008 in Prince George. Collaboration with Ministry staff, the PAB events team and cross-government, resulted in a successful public launch that included the Premier, Minister of Energy, Mines and Petroleum Resources, Minister of Forests and Range, and the Minister of Agriculture and Lands.

In October 2007, Small Business Week was expanded to Small Business Month for the first time in British Columbia. Over the month, PAB produced ten news releases, wrote five keynote speeches and co-ordinated ten events and over 20 small business visits in communities across the Province.

## Purpose of the Public Affairs Bureau

The Public Affairs Bureau leads and co-ordinates 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 ensures that essential communication mechanisms are available to give citizens quick and easy access to the information they need — when they need it — whether it is via relations advertising, events, community relations, publications, e-links, or cross-promotional activities.

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

Services provided by the Bureau include:

- fact-based information;
- corporate communications;
- information campaigns;
- communications planning;
- media relations;
- news releases;
- speech writing;
- logistical support;
- writing and graphic design services;
- event management;
- online clipping service;
- technical support to the Press Theatre in the Legislature; and
- developing online applications in support of new initiatives.

## Strategic Context

The past year has seen many gains in proactively communicating key priorities with province-wide audiences through comprehensive programs supporting international trade, BC Parks, ActNow BC, the Conversation on Health, the Budget Consultation process, forest fire prevention and the successful domestic tourism initiative (*Best Place on Earth*). The Bureau has built on these and other key cross government priorities to maximize reach and awareness (through cross promotion) while effectively utilizing human and financial resources.

Continuing to support issues management and the use of traditional communications tools, the Bureau balanced between reactive issues management and proactive communications messaging. While issues management is critical to protecting the reputation of government, providing our key audiences with proactive and balanced information is central to enhancing public confidence and awareness. Given the competition in the market place to “attract the public’s eye and ear,” we must use new, innovative, ways to reach our target audiences whether at the grass roots of our communities or international investors.

Much has been achieved over the past and British Columbia has a powerful story to tell. We sought to balance the reactive and moved towards becoming more engaged and proactive in telling this story of accomplishment across ministry lines, across the province and around the world.

### Risks and Opportunities

The Bureau’s commitment to providing the best service possible while responding to a wide range of demands in support of multiple high priority government commitments (for example, capital project announcements for schools, hospitals and transportation links including Pacific Gateway; international marketing; Climate Action; and, health care initiatives) is an ongoing challenge.

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.

The ability to create proactive strategies which link to the Five Great Goals and straddle cross government priorities was essential to the management of risk, maximizing the full potential of the professional skills in the Bureau team and the creation of opportunities to serve and inform citizens.

# Report on Performance

## Performance Plan Summary Table

<b>Goal 1: Citizens are informed of government policies, programs and services</b> For greater detail see pages 36 to 37	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>1.1 Communication of information that is timely, relevant and readily accessible</b>		
Percentage of major communications plans/campaigns with evaluation mechanisms	100%	100% ACHIEVED
Customer satisfaction rating	100%	100% ACHIEVED
<b>Goal 2: Government communicates in an open and transparent manner</b> For greater detail see pages 37 to 38	<b>2007/08 Target</b>	<b>2007/08 Actual</b>
<b>2.1 Communication of fact-based information to the public</b>		
Provide initial response to the media within one hour of enquiry or within media deadline	97%	99.15% EXCEEDED

## Goals, Objectives, Strategies and Performance Results

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

British Columbians will be informed of the programs and services provided by government and will 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.

#### Objective 1.1: 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.

## Strategies

- Communicated with British Columbians through both the use of traditional mechanisms (announcements, paid and earned media) but also introduced new marketing approaches to ensure our messages reached citizens where they live (for example, partnerships with the public or private sectors to distribute information);
- Expanded the use of e-services in support of cross government initiatives and/or themes (for example, ActNow BC electronic call to action, crystal meth electronic call to action, tips and tools, or the B.C. tourism campaign for bookings, etc.); and
- Supported the development of resources in key areas of government such as health care (including ActNow BC), advanced education, budget, forest fire prevention, crystal meth, tourism, problem gambling and Climate Action.

Performance Measures	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Percentage of major communications plans/campaigns with evaluation mechanisms	Being Developed	100%	100%	100% ACHIEVED
Customer satisfaction rating	Being Developed	100%	100%	100% ACHIEVED

Data Source: Customer consultation.

## Discussion of Results

- Major campaigns are defined as significant province wide programs, new cross ministry, or high strategic priority plans/campaigns identified throughout the course of the year.
- Corporate communications was responsible for tracking campaigns, having evaluation mechanisms in place and calculating the percentage in place at the end of fiscal year for purposes of establishing the baseline for 2006/07. A baseline has been established at 100 per cent — target for future years will be to maintain this level.
- A customer satisfaction rating was established by conducting interviews with ministers and deputy ministers. A 30 per cent sample rate (equivalent to six ministries) was established and the rating was calculated by dividing the number of ratings at “Satisfactory” or better by the number of interviews conducted. A baseline has been established at 100 per cent — target for future years will be to maintain this level.

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

Provide citizens with the information they need to understand the challenges faced by government related to the policy decisions taken on their behalf.

## Objective 2.1: Communication of fact-based information to the public

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

### Strategies

- Reached out to ethnic communities/press and clients of government programs and services (such as seniors, small business operators and families);
- Made information more accessible in grassroots communities and to international media through innovative technologies and stakeholder relations; and
- Provided factual information to the media to ensure the public received the information needed to develop informed opinions and allowed for informed public debate on decisions taken by government.

## Performance Results

Performance Measure	2005/06 Actual	2006/07 Actual	2007/08 Target	2007/08 Actual
Provide initial response to media within one hour of enquiry or within media deadline	Being Developed	97.76%	97%	99.15% EXCEEDED

Data Source: PAB Communications Offices.

### Discussion of Results

- Communications Offices monitored response times which were analyzed and tallied up on monthly basis.
- In March 2007, a notional target of 97 per cent was established for 2007/08. The blended actual result for these measures saw 99.15 per cent of all media calls responded to with an initial response within one hour of enquiry (98.89 per cent) or completed within the media deadline (99.40 per cent). Therefore the target for 2007/08 was exceeded. Through the analysis of this measure, PAB seeks to ensure the Bureau continues to offer strong customer service to the media across the province.
- PAB responds to approximately 10,000 media enquiries each year.

# Report on Resources

The Public Affairs Bureau ended the 2007/08 fiscal year with a \$796,000 surplus largely attributable to lower than anticipated spending on government advertising.

## Resource Summary

Public Affairs Bureau provides for research, planning, co-ordination, and delivery of communications programs, policies, and services for ministries, special offices, and certain public bodies. Transfers may be provided to Crown corporations, ministries, other levels of government, special offices and private bodies for communications related activities. Recoveries may be received from ministries, special offices, Crown corporations and agencies, other levels of government, public bodies and parties external to government for services provided by the Bureau.

## Resource Summary Table

Core Business Area	Estimated	Other Authorizations	Total Estimated	Actual	Variance
<b>Operating Expenses (\$000)</b>					
Public Affairs Bureau .....	36,633	0	36,633	35,837	(796)
<b>Total .....</b>	<b>36,633</b>	<b>0</b>	<b>36,633</b>	<b>35,837</b>	<b>(796)</b>
<b>Full-time Equivalents (FTEs)</b>					
Public Affairs Bureau .....	216	0	216	214	(2)
<b>Total .....</b>	<b>216</b>	<b>0</b>	<b>216</b>	<b>214</b>	<b>(2)</b>
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>					
Public Affairs Bureau .....	436	0	436	329	(107)
<b>Total .....</b>	<b>436</b>	<b>0</b>	<b>436</b>	<b>329</b>	<b>(107)</b>

## Agency Contact Information

**Public Affairs Bureau**  
617 Government Street  
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Phone: 250 387-1337

For more information on the Public Affairs Bureau, please visit our website at:  
[www.gov.bc.ca/public\\_affairs](http://www.gov.bc.ca/public_affairs)

For more information on Public Affairs Bureau's Service Plan and Annual Service Plan Report please visit: [www.gov.bc.ca/fin](http://www.gov.bc.ca/fin)

# Annual Service Plan Report Appendices

## Appendix A: Hyperlinks to Additional Information

For more information on the British Columbia Ministry of Finance, please visit our website at: [www.gov.bc.ca/fin](http://www.gov.bc.ca/fin)

For more information on this and other Ministry Service Plans and Annual Service Plan Reports, please visit: [www.bcbudget.gov.bc.ca/2008/default.htm](http://www.bcbudget.gov.bc.ca/2008/default.htm)

For other reports and publications of the British Columbia Ministry of Finance, please visit: [www.fin.gov.bc.ca/pubs.htm](http://www.fin.gov.bc.ca/pubs.htm)

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

#### Crown corporations:

- Partnerships BC — for more information including their service plan and annual service plan report visit: [www.partnershipsbc.ca/](http://www.partnershipsbc.ca/)
- Pacific Carbon Trust

#### Boards:

- Financial Institutions Commission: [www.fic.gov.bc.ca/](http://www.fic.gov.bc.ca/)
- Financial Services Tribunal: [www.fic.gov.bc.ca/fst/](http://www.fic.gov.bc.ca/fst/)

#### Advisory Committees:

- Accounting Policy Advisory Committee:  
[www.lcs.gov.bc.ca/BRDO/boardView.asp?boardNum=191095](http://www.lcs.gov.bc.ca/BRDO/boardView.asp?boardNum=191095)
- Economic Forecasting Council

## Appendix B: Interprovincial Comparison Statistic

### Taxpayer-supported Debt as a per cent of GDP (Moody's)

Province	Taxpayer-supported Debt as a % of GDP <sup>1</sup>
British Columbia	13.9
Alberta	2.8
Saskatchewan	16.3
Manitoba	*
Ontario	25.7
Quebec	*
New Brunswick	29
Prince Edward Island	*
Nova Scotia	*
Newfoundland and Labrador	27.1

<sup>1</sup> Estimates for March 31, 2008 calculated in April 2008.

\* Moody's has not published this statistic.

### Ratio of Taxpayer-supported Debt Service Costs to Taxpayer-supported Revenues (Moody's)

Province	Ratio of Taxpayer-supported Debt Service Costs to Taxpayer-supported Revenues <sup>1</sup>
British Columbia	5.2
Alberta	0.7
Saskatchewan	*
Manitoba	7.3
Ontario	8.9
Quebec	10.3
New Brunswick	9.1
Prince Edward Island	9.8
Nova Scotia	*
Newfoundland and Labrador	9.2

<sup>1</sup> Estimates for March 31, 2008 calculated in April 2008.

\* Moody's has not published this statistic.

## Comparison of Provincial Credit Ratings (Moody's)

Province	Credit Rating	Outlook
British Columbia	Aaa	stable
Alberta	Aaa	stable
Saskatchewan	Aa1	stable
Manitoba	Aa1	stable
Ontario	Aa1	stable
Quebec	Aa2	stable
New Brunswick	Aa1	stable
Prince Edward Island	Aa2	stable
Nova Scotia	Aa2	stable
Newfoundland and Labrador	Aa2	stable

Moody's Investors Service, an internationally recognized credit rating agency, rates bonds in descending alphabetical order from A to C (highest to lowest : Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C). Aaa 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.



## Appendix C: Performance Measure Methodologies

# Ministry of Finance Service Plan 2007/08 – 2009/010



## Performance Measure Methodologies



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**Performance Measure 1: Achieve annual targets for Provincial budget.**

**Objective:**

Effective management of government's fiscal plan

**Rationale/Context**

This measure is a comparison of the budgeted surplus with the actual result as set out in government's audited financial statements (the Public Accounts). Achieving annual targets demonstrates that government is effectively managing the fiscal plan.

The achievement of annual and three-year targets outlined by ministries in their Service Plans provides a meaningful status report on the government's commitment to maintain a balanced provincial budget.

Treasury Board Staff will work with the respective ministries, Crown corporations, agencies, school districts, universities, colleges and institutes and health care organizations (the SUCH Sector) to monitor progress in meeting the approved spending and revenue targets.

**Data Source(s):**

- Budget and Three-Year Fiscal Plan
- Ministry, Crown corporation and agency Service Plans and SUCH sector forecasts – overall spending targets
- Estimates – detailed spending information for the year ahead
- Quarterly reports – forecast prepared by ministries, Crown corporations, agencies and the SUCH sector
- Public Accounts – annual summary of actual government spending and revenues

**Calculation(s):**

Comparison of the actual surplus (detailed in the Public Accounts) with the budgeted surplus target at the overall government level.

If the actual surplus meets or exceeds the budgeted surplus for the year, then the performance measure has been achieved.

**Limitations of the data:**

N/A

**Verification of the data:**

The Office of the Auditor General will audit the year-end financial statements for government and thus validate the results reported in the Public Accounts.

**Baseline data 2004/05:**

The 2004/05 Public Accounts reported a \$2.6 billion surplus for the province.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Balanced Budget	Balanced Budget	Balanced Budget	Balanced Budget

**Performance Measure 2: Taxpayer-Supported debt to GDP ratio.**

**Objective:**

Effective management of government's fiscal plan

**Rationale/context:**

This measure is the ratio of taxpayer-supported debt to nominal gross domestic product. Maintaining a relatively low taxpayer-supported debt-to-GDP ratio signifies a healthy balance sheet and effectively means affordable debt levels. Rating agencies rely on this balance-sheet measure as one among a number of important credit rating considerations. Government is committed to achieving a downward trend in this ratio based on a three-year moving average.

**Data Source(s):**

The Public Accounts is the source for actual performance of taxpayer-supported debt (Debt Statistics Report basis). Targets are based on Ministry of Finance forecasts of taxpayer-supported debt and GDP over the fiscal plan period. Statistics Canada is the source for annual GDP results.

**Calculation(s):**

Success in meeting the target is determined by comparing taxpayer-supported debt-to-GDP ratio actual performance to the budgeted performance.

**Limitations of the data:**

GDP is subject to annual revisions by Statistics Canada. Taxpayer-supported debt may be restated due to accounting policy changes.

**Verification of the data:**

N/A

**Baseline data 2004/05:**

BC's taxpayer-supported Debt-to-GDP ratio was 18.2% as at March 31, 2005.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
15.7%	Declining Trend	Declining Trend	Declining Trend

**Performance Measure 3: Provincial credit rating (*Moody*).**

**Objective:**

Effective management of government's fiscal plan

**Rationale/context:**

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.

Moody's rates bonds in descending alphabetical order from A to C - highest to lowest (Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C).

**Data Source(s):**

Moody's Investors Service's ratings for the Province will typically be available by April of each year.

**Calculation(s):**

Reference to Moody's rating. If the provincial credit rating is equal to or better than the target level, the performance measure has been achieved.

**Limitations of the data:**

None

**Verification of the data:**

None

**Baseline data 2004/05:**

Moody's provincial credit rating for 2004/05 as at March 31, 2005 was Aa1

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Aaa	Aaa	Aaa	Aaa

**Performance Measure 4: Provincial ranking of corporate income tax rates.**

**Objective:**

A fair and competitive tax environment

**Rationale/context:**

This measure compares the general corporate income tax rate in BC against the other provinces in Canada by comparing provincial statutes in effect as of March 31 each year. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment.

**Data Source(s):**

Corporate income tax legislation and budgets from all 10 provinces.

**Calculation(s):**

Comparison of British Columbia's general corporate income tax rate with those of the other 10 provinces as calculated by the Ministry of Finance's Tax Policy Branch,. If British Columbia's general corporate tax rate is within the lowest four, the performance measure has been achieved.

**Limitations of the data:**

None

**Verification of the data:**

None

**Baseline data 2004/05:**

British Columbia's corporate tax rate in 2004/05 was the fourth lowest of all provinces in Canada.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
In the lowest four	Remain in the lowest four	Remain in the lowest four	Remain in the lowest four

**Performance Measure 5: Provincial ranking of personal income tax rates for the bottom two tax brackets.**

**Objective:**

A fair and competitive tax environment

**Rationale/context:**

This measure compares personal income tax rates for the bottom two tax brackets against the other provinces in Canada. This performance measure stems from the Government's commitment to cut the base personal income tax rate to the lowest rate of any province in Canada for the bottom two tax brackets. Keeping these tax rates low is consistent with the objective of maintaining a competitive tax system that encourages investment and innovation.

**Data Source(s):**

Personal income tax legislation and budgets from all 10 provinces.

**Calculation(s):**

Comparison of British Columbia's bottom two bracket rates with those of the other 10 provinces as calculated by the Ministry of Finance's Tax Policy Branch. If British Columbia has the lowest personal income tax rate for the bottom two tax brackets the performance measure has been achieved. With annual indexing British Columbia's bottom two tax brackets have grown from \$60,009 in 2000 to \$67,511 in 2006

**Limitations of the data:**

None

**Verification of the data:**

None

**Baseline data 2004/05:**

British Columbia's tax rates in 2004/05 for the bottom two tax brackets were the lowest among the provinces.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Lowest	Lowest	Lowest	Lowest

**Performance Measure 6: Debt service costs (*Provincial ranking - Moody's*).**

**Objective:**

Effective risk-based cash and debt management

**Rationale/context:**

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

**Data Source(s):**

Moody's Investors Service. Inter-provincial rankings are typically available by July/August of each year.

**Calculation(s):**

Moody's Investors Service's ranking of British Columbia's debt service costs relative to the other provinces. If the provincial ranking is equal to or lower than the target level, the performance measure has been achieved.

**Limitations of the data:**

It is only the stock of debt over which the province has control and which fundamentally drives debt service costs. A variety of external factors can influence the economy and provincial revenues, such as natural disasters or changes in world markets. Nonetheless, the measure is an effective measure of the Province's stewardship of its fiscal affairs and economy, and how the Province is performing against other jurisdictions.

**Verification of the data:**

None

**Baseline data 2004/05:**

Moody's Investors Services ranked British Columbia as the 2<sup>nd</sup> lowest in terms of debt service costs as a percentage of revenue among the provinces. The province's strong performance was explained by revenues from a strong economy combined with a reduced debt burden and relatively low interest rates.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
2 <sup>nd</sup> Lowest	2 <sup>nd</sup> Lowest	2 <sup>nd</sup> Lowest	2 <sup>nd</sup> Lowest

**Performance Measure 7: Annual savings from self-insurance (five-year rolling average).**

**Objective:**

Enhance risk-based management of government's resources

**Rationale/context:**

This measure demonstrates the savings achieved by government by selecting public sector self-insurance programs, rather than insuring through third parties. The Ministry of Finance's co-ordination of public sector self-insurance programs allows the government to cost-effectively retain selected risks rather than transfer them at a premium to third parties. Self-insurance involves government assuming the role of a traditional insurer by investigating, defending and paying claims. Since 1986, self-insurance programs have saved the Province more than \$700 million. These cost savings allow participating ministries, hospitals, health care agencies, school boards and social service agencies to direct their resources instead to the delivery of core services.

**Data Source(s):**

Ministry of Finance Risk Management Branch

**Calculation(s):**

If the annual savings from self-insurance is greater than, or equal to the target, then the performance measure has been achieved.

**Limitations of the data:**

The data is not provided by an independent third party. It is based on the best professional estimates of claims and underwriting staff of the Risk Management Branch.

**Verification of the data:**

The data from the programs' actual experience is applicable to the specific date on which the report is prepared. The data is a combination of the aggregation of the individual claims examiners' evaluations of quantum and allocation of liability, and extent of coverage for open files and the actual experience at the conclusion and settlement of closed files.

The data for comparison with commercial market conditions is based on staff's best professional estimate, considering general insurance market conditions, specific commercial insurance purchases by the Branch and periodic investigation through insurance intermediaries of standard commercial rates.

**Baseline data 2004/05:**

Annual savings for 2004/05 was \$47.5 million.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
\$70.02 million	\$79.8 Million	\$76.8 Million <sup>1</sup>	\$79.7 Million

<sup>1</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.

**Performance Measure 8: Post-payment monitoring, and potential Internal Audit and Activity Based Management savings (five-year rolling average).**

**Objective:**

Enhance risk-based management of government's resources

**Rationale/context:**

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.

- **Post-payment Monitoring:** Both public and private sector organizations have found that a pre-payment review of every accounts payable transaction is not cost-effective. Instead, best practices have found that a stringent process of statistically valid sampling of the transactions provides a comparable level of assurance and identifies opportunities for improvement - all at less cost.
- **Internal Audit and Advisory Services (IAAS) Recommendations:** IAAS provides interested provincial public sector organizations with independent and objective audit and management review services. The resulting recommendations identify areas of greatest risk and provide specific actions to improve controls realize new efficiencies and reduce costs. The objective of this measure is to focus on the cost-savings element of IAAS work, and to show that the average annual cost savings exceed the cost of IAAS operations.
- **Activity Based Management (ABM) Recommendations:** ABM works with ministry programs utilizing staff expertise to define activity costs perform process analysis, identify operational improvements and cost-savings opportunities. The measure focuses on the cost-savings element of ABM sessions, and to show that the average annual cost savings exceed the cost of ABM operations.

**Data Source(s):**

- **Internal Audit and Advisory Services (IAAS) Recommendations:** When possible, Internal Audit calculates potential dollar savings for its audit recommendations to provincial public sector organizations.
- **Post-payment Monitoring:** The dollar-value of errors in sampled data is extrapolated across the population of accounts payable data to estimate the total value of errors.
- **Activity Based Management (ABM) Recommendations:** ABM and program staffs identify negative cost drivers, propose options to reduce costs, and estimate potential cost savings.

**Post-Payment Review Calculation(s):**

1. Cost to perform review components
  - a. Resource Salary: Clerk 4 Salary rate – Fiscal 2005/2006 \$21.60 per hour
  - b. Benefits – Fiscal 2005/2006 24.0% or \$5.18 per hour
  - c. Overhead Costs - Fiscal 2005/2006 17.0% or \$3.67 per hour
  - d. Cost per minute to review
2. Payment Count and Amounts – total number of paid invoices for a client code and the related dollar values processed in CAS Oracle Accounts Payable for the selected population and period under review.
3. Actual Dollar Errors Found extrapolated to population – The errors found by the ministries were corrected before the payment was processed however dollar errors found by PRO is included in the cost of the post payment review function.
4. Errors Missed – There is a reasonable expectation that errors were missed when the ministries pre-audited 100% of the payments and errors are being missed by the Payment Review Office Reviewers. The Comptroller General approved the use of 0.5% of the total dollar amount for the population under review as the approximate value of errors missed for the purpose of this cost-saving calculations.

**Limitations of the data:**

The cost of the former pre-payment review of all expenditures can only be compared using an assumed average classification level of Clerk 4 and comparing that cost to the cost of post-payment review also at the current Clerk 4 classification level. It is also assumed that both pre- and post-payment reviews took the same amount of time to review and that both processes had the same percentage of missed errors. Audit work is determined by the Deputy Minister's Audit Committee and includes evaluating management controls and assessing risks. Achieving efficiencies and cost reductions is an important consideration in determining audit work but is not the only consideration. Many internal audit benefits cannot be quantified; for example, cost avoidance through implementing preventative measures. Extensive audit work in the past has also identified many of the potential cost savings already.

**Verification of the data:**

None

**Baseline data 2004/05:**

The five-year rolling average benefits from post-payment review and IAAS in 2004/05 was \$16.4 million

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
\$15.2 Million	\$15.2 Million	\$15.2 Million	\$15.2 Million

**Performance Measure 9: Percentage of responses to ministerial correspondence within two weeks.**

**Objective:**

Timely and transparent information to government and citizens

**Rationale/context:**

This measure captures the percentage of correspondence addressed to the minister which is responded to within two weeks. Achieving the ministry standard of responding to minister's correspondence within a two-week period ensures correspondents receive timely information. The Deputy Minister's office is the lead in this initiative.

**Data Source(s):**

Ministry of Finance CLIFF Correspondence Tracking System

**Calculation(s):**

A comparison of the total number of logs in CLIFF assigned to the ministry from the minister's office to the amount responded to within a two-week period.

If the percentage of responses to ministerial correspondence that has received an interim reply or is completed within two weeks is equal to, or greater than, the target level, the performance measure has been achieved.

**Limitations of the data:**

Data does not take into account any delay in the ministry receiving the incoming correspondence or backlogs that might occur in final signoff.

**Verification of the data:**

Verification through CLIFF Statistics

**Baseline data 2004/05:**

In 2004/05, 22% of correspondence to the minister was responded to within two weeks.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
80%	80%	80%	80%

**Performance Measure 10: Release of Public Accounts by June 30.**

**Objective:**

Timely and transparent information to government and citizens

**Rationale/context:**

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 instill public confidence in government's ability to manage its resources. The *Budget Transparency and Accountability Act* requires release of the Province's financial statements (Public Accounts) by August 31<sup>st</sup>, following each March 31<sup>st</sup> fiscal year end. While the legislated date is August 31<sup>st</sup>, the anticipated release date is prior to June 30<sup>th</sup> each year. 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.

**Data Source(s):**

Release of the Public Accounts. Members of the Public Sector Accounting Board have established specific accounting standards with representation from the provinces, territories and the federal government. The objectives of the project will be compared with its achievements and financial reporting to ensure that GAAP is fully implemented.

**Calculation(s):**

N/A

**Limitations of the data:**

**Verification of the data:**

**Baseline data 2004/05:**

**Benchmarks:**

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
On or before June 30, 2007.	On or before June 30, 2008	On or before June 30, 2009	On or before June 30, 2010

**Performance Measure 11: Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts.**

**Objective:**

Meet statutory reporting requirements and comply with GAAP in all material respects.

**Rationale/context:**

This activity measure captures the 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.

**Data Source(s):**

Release of the Public Accounts. Members of the Public Sector Accounting Board have established specific accounting standards with representation from the provinces, territories and the federal government. The objectives of the project will be compared with its achievements and financial reporting to ensure that GAAP is fully implemented.

**Calculation(s):**

N/A

**Limitations of the data:**

Public Sector Accounting Board guidelines, definitions of the accounting entity, as well as many other aspects of GAAP reporting are under constant debate and revision. The rules are complex and apply differently to different jurisdictions.

**Verification of the data:**

The Accounting Policy Advisory Board will provide their opinion on the implementation of GAAP and the Office of the Auditor General will provide verification of its application.

**Baseline data 2004/05:**

The 2004/05 Public Accounts were delivered with an unqualified audit opinion on June 29, 2005.

**Benchmarks:**

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Unqualified audit opinion to be obtained.			

**Performance Measure 12: Shareholder's Letters of Expectations in place for all applicable Crown corporations.**

**Objective:**

Publicly accountable Crown Agency programs, services and fiscal management

**Rationale/context:**

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 (SLE) is a key component of the Accountability Framework for Crown corporations. It is designed to ensure a shared understanding between the shareholder (the government, represented by the Minister Responsible) and Crown corporation Boards of Directors on key governance issues, corporate mandate direction from government, core Crown corporation services, strategic priorities and performance expectations of government for the corporations. The Shareholder Letter serves as the foundation for the development of annual Crown corporation service plans.

**Data Source(s):**

All completed SLEs are signed by the Minister Responsible and Chair of Board of the Crown corporation and posted on the Crown Agencies Secretariat website.

**Calculation(s):**

Ratio, expressed in percentage terms, of the number of current SLEs posted on the Crown Agencies Secretariat's website to the number of Crown corporations for which the requirement to have a SLE applies.

**Limitations of the data:**

Some Crown agencies are inactive or winding up their activities, or in the process of having their mandates reviewed by government, and therefore not required to prepare a Shareholder's Letter, making the denominator of the ratio potentially appear to be subjective. The Crown Agencies Secretariat will also post on its website a list of Crown corporations that are required to have a SLE.

**Verification of the data:**

See above

**Baseline data 2004/05:**

In 2004/05, 80% of Crown corporations had Shareholder's Letters of Expectations in place.

In 2005/06, 93% of applicable Crown corporations had Shareholder's Letters of Expectations in place.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
100%	100%	100%	100%

**Performance Measure 13:** **Public Sector cost changes over 2005/06 compensation base.**  
 (This performance measure excludes any growth in the compensation base attributable to the growth in the number of public sector employees)

**Objective:**

Effective management of public sector labour relations and human resource strategies

**Rationale/context:**

This measure captures the public sector compensation changes over the 2005/06 compensation base. With compensation-related costs in the public sector consuming a substantial portion of the Provincial budget, the effective management of compensation costs requires the measurement and tracking of changes in the compensation base.

**Data Source(s):**

Public Sector Employers' Council Secretariat (PSEC)

**Calculation(s):**

Comparison of year-over-year increases to compensation base as derived from analysis of costs resulting from changes to collective agreements and payroll information pertaining to excluded and executive employees. PSEC conducts a comprehensive total compensation cost survey of all public sector employers.

**Limitations of the data:**

Any increase or decrease in the size of the public sector would impact the compensation base, but is beyond PSEC's capacity to control. In addition, the nature of collective bargaining is such that an expired agreement may or may not be renegotiated and costed within the fiscal year in which it expires. Compensation cost changes may vary without being reflected in PSEC data.

**Verification of the data:**

None.

**Baseline data 2004/05:**

Public sector compensation for 2004/05 was \$16.02 billion.

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
\$17.2 Billion	Ensure spending is within the four-year envelope of \$4.7 billion above the 2005/06 compensation base.	Ensure spending is within the four-year envelope of \$4.7 billion above the 2005/06 compensation base.	Ensure spending is within the four-year envelope of \$4.7 billion above the 2005/06 compensation base.

**Performance Measure 14: Percentage of major communications plans/campaigns with evaluation mechanisms**

**Objective:**

Communication of information that is timely, relevant and readily accessible.

**Rationale/Context**

Evaluation mechanisms in major communications plans provide a means for ensuring that information is readily accessible and ensuring that government communicates relevant information to the public in a timely manner.

**Data Source(s):**

Data source will vary depending on the complexity of each individual plan/campaign.

**Calculation(s):**

Calculations will vary depending on the elements of each individual plan/campaign.

**Limitations of the data:**

Limitations of data will vary depending on source of data and calculations identified for each individual plan/campaign.

**Verification of the data:**

Verification of the data will vary depending on the data source identified for each individual plan/campaign.

**Baseline data 2004/05:**

Being Developed

**Benchmarks:**

N/A

**Forecasts and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Benchmark to be established	Maintain or improve	Maintain or improve	Maintain or improve

**Performance Measure 15: Customer satisfaction rating.**

**Objective:**

Communication of information that is timely, relevant and readily accessible.

**Rationale/Context**

Establishing a customer satisfaction rating using feedback from client ministries will provide useful information as to whether the Bureau is providing timely and readily accessible information to the public that is relevant and meaningful. Feedback will also identify service gaps which will allow the Bureau to develop strategies to ensure gaps are addressed.

**Data Source(s):**

Interviews will be conducted with key clients representing a sample of 30% of government ministries.

**Calculation(s):**

Number of ratings at "Satisfactory" or above  
Number of interviews conducted

**Limitations of the data:**

N/A

**Verification of the data:**

N/A

**Baseline data 2004/05:**

N/A

**Benchmarks:**

To be established

**Forecasts and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
Benchmark to be established	Maintain or improve	Maintain or improve	Maintain or improve

**Performance Measure 16: Provide initial response to media within one hour of enquiry or within media deadline.**

**Objective:**

Communication of fact-based information to the public.

**Rationale/Context**

The public is largely informed of government program and policy decisions by the media. Quick response to media enables government to provide timely, comprehensive and accurate information.

**Data Source(s):**

Media Relations staff

**Calculation(s):**

Staff to record and report response times on a monthly basis.

**Limitations of the data:**

Contingent on staff recording response times on a consistent basis.

**Verification of the data:**

Follow-up interviews with members of the media.

**Baseline data 2004/05:**

Being Developed

**Benchmarks:**

N/A

**Forecast and Targets:**

2006/07 Forecast	2007/08	2008/09	2009/10
96%	Maintain or improve	Maintain or improve	Maintain or improve

