

Ministry of Finance

2016/17 Annual Service Plan Report



For more information on the Ministry of Finance contact:

**Ministry of Finance
PO BOX 9417
STN PROV GOVT
Victoria, B.C. V8W 9V1**

or visit our website at:

www.gov.bc.ca/fin

Minister's Message and Accountability Statement



The *Ministry of Finance 2016/17 Annual Service Plan Report* compares the Ministry's actual results to the expected results identified in the *2016/17 - 2018/19 Service Plan*. I am accountable for those results as reported.

I wish to thank the incredibly professional and dedicated staff in the Ministry of Finance who are committed to serving British Columbians.

A handwritten signature in black ink, appearing to read 'Michael de Jong', written in a cursive style.

*Honourable Michael de Jong
Minister of Finance*

June 19, 2017

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Purpose of the Ministry

The [Ministry of Finance](#) plays a central role in managing government's fiscal, financial, information management and taxation policies. Key responsibilities of the Ministry include:

- Policy development, regulation and enforcement for specific sectors including gaming, financial services, real estate and information management.
- Developing forecasts of the provincial economy; developing and monitoring government's capital plan and three-year fiscal plan; and managing significant risks and opportunities relating to the plan.
- Oversight for financial, procurement and administrative governance as well as banking, accounting, and risk and debt management services for the broader public service.
- Identifying and collecting amounts owed to the government in relation to statutes the Ministry directly administers, as well as statutes administered by other ministries.
- Leading the cross-government implementation of the [Taxpayer Accountability Principles](#) to strengthen accountability, promote cost control and ensure that public sector entities operate in the best interest of taxpayers.
- Performance and financial management audits of ministry, agency and Crown corporation programs and functions to help improve efficiency and ensure governance, management and control systems are operating effectively.
- Operation of the [Government House](#) and supervision of the [BC Securities Commission](#), [BC Lottery Corporation](#), [Partnerships BC](#), and [Real Estate Council of BC](#).

Strategic Direction and Context

The Ministry has supported Government's commitment to building a strong economy and secure tomorrow for British Columbians. This includes delivering on both government-wide and ministry strategic priorities and initiatives as outlined in the Province of British Columbia [Strategic Plan 2016/17 -2019/20](#) and the Minister's [Mandate Letter](#). The work of the Ministry has been closely aligned with the direction laid out in the [Taxpayer Accountability Principles](#) to strengthen accountability, promote cost control, and ensure that public sector entities operate in the best interest of taxpayers.

In accordance with direction provided on the implementation of the Taxpayer Accountability Principles, the Minister of Finance issued mandate letters for 2016/17 to the British Columbia Securities Commission, the British Columbia Lottery Corporation and Partnerships B.C. The ministry works directly with each of these crowns to ensure productive two-way communication between senior staff in these public sector entities and to hold the crowns accountable for the outcomes and measurements identified in their mandate letters.

Specific priorities for the Ministry included balancing the budget through prudent fiscal management of public funds, maintaining the province's triple-A credit rating in order to keep borrowing costs low, and establishing an external tax commission to review B.C.'s tax framework and provide advice on how to modernize British Columbia's business taxes to drive competitiveness, stimulate economic growth, and create jobs. Other priorities included strengthening B.C.'s trade and investment ties with

India by being the first foreign government to issue a Masala bond, leading and promoting sound governance and accountability in records management, and finding the appropriate balance between ensuring that government is open and transparent while also ensuring that privacy is protected. The Ministry also implemented initiatives to support housing affordability in B.C. including a commitment to fund affordable rental units, an additional property transfer tax for foreign home buyers, and a loan program that offers down payment assistance for first-time homebuyers. The Ministry continued supporting initiatives aimed at LNG development, continued reviews of select crown agencies and school districts, and concluded public sector collective agreements under the Economic Stability Mandate.

In June 2016, the Premier announced that government would end industry self-regulation in the real estate sector. The Ministry was made responsible for overseeing the overhaul of governance, oversight, transparency, and accountability of the sector. This included establishing the Real Estate Council of B.C. as a Crown Agency, reconstituting its members, implementing higher disciplinary penalties, and appointing a Superintendent of Real Estate.

British Columbia's real GDP increased by 3.7 per cent in 2016 (according to preliminary GDP by industry data from Statistics Canada), the strongest growth among provinces. Employment in B.C. grew by 3.2 per cent in 2016, its fastest annual pace since 1994. Consumer spending was strong for a third consecutive year as retail sales were supported by strong employment growth, increased tourism, interprovincial migration and low interest rates. B.C.'s housing market saw elevated levels of activity in 2016, with the highest number of annual housing starts since 1993. B.C. manufacturing shipments and exports expanded in 2016 as goods exported to both the U.S. and the rest of the world increased.

Report on Performance

This section reflects performance related to the goals, objectives, performance measures and targets contained in the [Ministry of Finance 2016/17 - 2018/19 Service Plan](#). In developing and reporting on performance measures and targets in the Annual Service Plan Report, the Ministry incorporates input and data from reliable independent and government sources. These data sources include Ministry financial and business information systems, major credit rating agencies, Public Accounts, and provincial statutes.

In setting performance targets, the Ministry considers past performance trends, government priorities, continuous improvement and the availability of resources. Setting meaningful performance measures and targets, and objectively measuring results allows the Ministry to introduce corrective actions as necessary to ensure that it achieves the goals set out in the Service Plan. Comparable information from prior years is provided for the purpose of historical comparison.

Ministry revenue is audited by the Office of the Auditor General as part of the Summary Financial Statements and reported in the annual *Public Accounts* of the Government of British Columbia. Debt collection data is monitored by the managers responsible and reviewed by the Ministry's Executive Financial Officer.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is important for attracting investment and creating jobs. Responsible fiscal policies ensure that the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations.

Objective 1.1: Effective management of government's fiscal plan

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

Strategies

- Continuously monitor revenues, spending and debt set out in [Budget 2016](#) and take corrective action as required to meet targets.
- Ensure effective cash management to minimize borrowing requirements and debt service costs.
- Support increased trade and investment between B.C. and China by promoting the Renminbi (RMB) trading hub.
- Manage government's capital plan ensuring strategic investments in infrastructure, including hospitals, roads and schools, across the province reflect the priorities of government.

Performance Measure 1: Provincial Credit Rating

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Provincial credit rating	triple-A	triple-A	triple-A	triple-A	triple-A	triple-A

Data Source: Moody's Investors Service and/or Standard and Poor's (Credit Rating Agencies).

Discussion

This measure is the provincial credit rating determined by Moody's Investors Service (Moody's) or Standard and Poor's (S&P), both recognized as independent rating agencies. This credit rating influences the interest rate that the Province is charged when it borrows in domestic and international capital markets. In general, credit ratings are provided in descending range from AAA to C with triple-A being the highest and assigned to those public and private sector organizations that are assessed as borrowers with excellent financial security and low risk for investor loss. Organizations with a triple-A credit rating are generally offered the lowest interest rates when borrowing.

In determining the Province’s credit rating, rating agencies evaluate debt as a percentage of Gross Domestic Product (GDP) and of revenues, and interest owing as a percentage of gross receipts. Agencies also consider the government’s track record in meeting its fiscal targets, its transparency in budgeting and reporting, overall economic outlook, and business and consumer confidence in the economy.

With government’s continued focus on prudent fiscal management, the Province maintained its triple-A credit rating from Moody’s and S&P; this rating was most recently reaffirmed by Moody’s and S&P. British Columbia has maintained a triple-A rating from Moody’s for the last ten years (S&P for nine years). British Columbia has the distinction as the only province rated triple-A by both of these international credit rating agencies.

Performance Measure 2: Budget Surplus

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Budget surplus	\$1,683M surplus	\$730M surplus	As set out in government’s fiscal plan	TBD	As set out in government’s fiscal plan	As set out in government’s fiscal plan

Data Source: *British Columbia Budget and Fiscal Plan.*

Discussion

The 2016/17 *Public Accounts* will be released in July, 2017.

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

The Ministry supports accountability and transparency through the public release of financial and program information, and a variety of governance frameworks that apply to ministries and the broader public sector. The successful implementation of effective governance frameworks supports increased value for use of public funds and contributes to public confidence in government.

Strategies

- Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Continue transformation of government’s financial management monitoring and reporting processes and systems.
- Realize opportunities to leverage existing banking agreements, risk management and insurance services across the broader public sector.
- Provide advice to the broader public sector on the implementation of Enterprise wide Risk Management (ERM) frameworks in alignment with government ERM policies and resources.
- Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP).

Performance Measure 3: Audit Opinion of Public Accounts

Performance Measure	2008/09 Baseline	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Audit opinion provided by the Office of the Auditor General	Qualified but positive audit opinion from the Office of the Auditor General	Qualified but positive audit opinion from the Office of the Auditor General	Public Accounts in compliance with GAAP	TBD	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP

Data Source: Release of the *Public Accounts*.

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

Discussion

The 2016/17 *Public Accounts* will be released in July, 2017.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax and regulatory environment

A tax system that is perceived by British Columbians to be fair increases their confidence in government. Furthermore, the Province's ability to support a strong economy depends on a tax and regulatory environment that is nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment.

Strategies

- Support the [B.C. Jobs Plan](#) through tax initiatives, fiscal responsibility, and the elimination of red tape in order to foster an environment that encourages economic growth and business success.
- Continue to support the development of a liquefied natural gas industry in the province.
- Develop and implement a framework for managing B.C.'s Prosperity Fund.
- Ensure financial services and real estate regulatory frameworks are efficient and effective, and protect the public interest.
- Continue to pursue with the federal and other provincial governments the establishment of a [Cooperative Capital Markets Regulator](#) for Canada that protects and supports British Columbia's interests and ensures the B.C. securities industry is not negatively impacted.

Performance Measure 4, 5 and 6: Provincial Income Tax Ranking

Performance Measure	Benchmark	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Provincial ranking of corporate income tax rates	Remain in the lowest four*	Lowest	Remain in the lowest four	Lowest	Remain in the lowest four	Remain in the lowest four
Provincial ranking of personal income tax rates for the bottom tax bracket	Remain in the lowest two**	Second Lowest	Remain in the lowest two	Second Lowest	Remain in the lowest two	Remain in the lowest two
Provincial ranking of personal income tax rates for the second- from-bottom tax bracket	Remain in the lowest two**	Lowest	Remain in the lowest two	Lowest	Remain in the lowest two	Remain in the lowest two

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

* This measure was benchmarked in 2008/09.

** These measures were benchmarked in 2010/11.

Discussion

The measure of the provincial ranking of corporate income tax rates compares the general corporate income tax rate in British Columbia, as of March 31 each year, to those of other provinces in Canada. The targets reflect government's commitment to maintaining a competitive tax environment that fosters economic growth by encouraging business investment and promoting a business-friendly environment. As of March 31, 2017, British Columbia had the lowest corporate income tax rate in Canada.

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

In 2016/17, British Columbia met or exceeded the performance targets, providing competitive income tax rates for businesses, individuals and families.

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

The Ministry manages revenue in relation to statutes it directly administers, as well as statutes administered by other ministries. These revenues support the provision of important government programs and services such as health care, education, social services and transportation infrastructure for British Columbians. The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

Strategies

- Continuing to assist individuals and businesses to better understand their financial obligations and to pay the correct amount on time.
- Explore further opportunities for applying technological solutions to improve compliance and enforcement activities.
- Implement technology that provides businesses with access to higher quality services while fostering better engagement with its citizens.
- Continue work to consolidate government's tax and royalty revenue programs onto government's corporate tax administration system to reduce administration costs and simplify and streamline services for citizens.
- Improve collaboration across jurisdictions to help ensure tax revenue owed to the Province is identified and received in a timely manner.

Performance Measure 7: Per cent of Amounts Owed to Government Paid or Collected

Performance Measure	2013/14 Baseline	2015/16 Actual	2016/17 Target	2016/17 Actual	2016/17 Target	2017/18 Target
Per cent of amounts owed to government paid or collected*	95.7%	95.2%	95.7%	95.2%	Measure retired	Measure retired

Data Source: Ministry of Finance business information systems.

* This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities.

Discussion

This measure reports on the success of the Ministry in collecting all amounts under its administration owed to government in a specific fiscal year. In 2016/17, the Ministry collected \$17.14 billion in revenue and overdue accounts – 95.2 per cent of the amount owed - substantively achieving the target.

This measure was retired in the Ministry of Finance 2017/18 – 2019/20 Service Plan. The ministry will be developing a new measure to report on the efficacy of the province’s revenue collection programs. A baseline will be established in 2017/18 and targets set for outgoing years.

Goal 3: Confidence in public sector organizations

The Ministry leads and promotes sound governance, accountability and social responsibility to ensure confidence and trust in public programs and services.

Objective 3.1: Government has effective oversight of public sector organizations

Public sector organizations are established by government to serve the public interest and to advance overall public policy objectives. These include Crown Corporations, post-secondary institutions, health authorities, commissions, and councils. Collectively, these organizations manage billions of dollars in assets and liabilities, operate in many sectors of the provincial economy, including transportation, energy and resources, and oversee the delivery of core services such as health care, education, and public utilities. Effective oversight of these organizations is critical to protect taxpayers, ensure strategic alignment with government's priorities and preserve public confidence in the management of public sector programs and services.

Strategies

- Ensure Crown corporations adhere to the fiscal responsibility and transparency standards outlined in the [Taxpayer Accountability Principles](#).
- Continue reviews of designated public sector organizations programs and Crown corporations and ensure that recommendations made in the reviews are fully implemented.
- Integrate corporate governance and financial management.

Objective 3.2: Public confidence in B.C.'s gaming sector

Commercial gaming in B.C. is a \$2.9 billion a year industry, contributing \$1.25 billion annually to government revenue to support health care, local governments and thousands of community organizations.

The Ministry is responsible for the overall integrity and regulation of gaming, including horse racing, in B.C. This includes regulatory oversight of the B.C. Lottery Corporation, licensed charitable gaming, the delivery of responsible and problem gambling programs, and the administration of community gaming grants.

Strategies

- Ensure policies and the regulatory framework for gaming and horse racing in B.C. is fair, appropriate and transparent to support the integrity of gaming and provide a foundation for assessing compliance.
- Align our people, tools and resources to support the delivery of current and future business priorities.
- Align activities and services to reflect current and emerging gaming sector trends, and focus resources on business priorities, and areas of opportunity and greatest risk.

Objective 3.3: Ensure government is open and transparent

The Ministry is responsible for ensuring that all public service employees understand their information management responsibilities, which include the appropriate management of records and responding to freedom of information requests. The Ministry provides corporate oversight and guidance to all ministries and is committed to ensuring strong records management and freedom of information (FOI) policies and practices are in place.

Strategies

- Provide timely and appropriate information to the public.
- Develop and implement service enhancements for freedom of information requests.
- Oversee the implementation of all [recommendations](#) made by former Information and Privacy Commissioner David Loukidelis, Q.C. on how best to implement the recommendations made by B.C.’s Information and Privacy Commissioner, Elizabeth Denham in her October 22, 2015, investigation [report](#).

Performance Measure 8: Productivity Improvements in Processing Freedom of Information

Performance Measure	2008/09 Baseline	2015/16 Actual	2016/17 Target	2016/17 Actual	2016/17 Target	2017/18 Target
Average cost to complete a Freedom of Information request	\$1,190	\$893	Outperform baseline by at least 20%	\$964	Measure revised	Measure revised

Data Source: Corporate Request Tracking System and AXIS Tracking System.

Discussion

This measure tracks the Ministry’s success in reducing the average cost to process a Freedom of Information (FOI) request. In 2016/17 the average cost to complete an FOI request was \$964, outperforming the baseline cost by 19 per cent - substantively achieving the target.

This measure was revised in the Ministry of Finance 2017/18 – 2019/20 Service Plan to - Percent of Freedom of Information Requests Completed On-Time - a more appropriate measure of the ministry’s annual performance in completing FOI requests. The revised measure is of significant interest to clients and provides an outcome-based assessment of the FOI operation’s overall performance and adherence to legislative timelines.

Financial Report Summary Table

Core Business Area (\$000)	2016/17 Estimated (restated)	Other Authori- zations ¹	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Treasury Board Staff ²	6,691		6,691	5,748	(943)
Office of the Comptroller General ²	18,605		18,605	17,929	(676)
Treasury ²	1		1	0	(1)
Revenue Division					
Gross	195,105		195,105	171,634	(23,471)
Recoveries	(112,180)		(112,180)	(92,897)	19,283
Net ³	82,925		82,925	78,737	(4,188)
Policy & Legislation	4,964		4,964	5,372	408
Public Sector Employers' Council Secretariat ²	16,634		16,634	16,243	(391)
Corporate Information & Records Management Office ⁴	15,307		15,307	18,050	2,743
Internal Audit & Crown Governance	2,801		2,801	3,009	208
Board Resourcing & Development Office ⁵	449		449	463	14
Executive and Support Services ⁶	30,569		30,569	31,054	485
Gaming Policy and Enforcement ²	19,876		19,876	19,582	(294)
Housing Priority Initiatives Special Account ⁷					
Housing Priority Initiatives Special Account	0	795,813	795,813	795,813	0
Transfer from General Account to Housing Priority Initiatives Special Account	0	(75,000)	(75,000)	(75,000)	0
Net	0	720,813	720,813	720,813	0
Insurance & Risk Management Account ⁸	4,178	22,037	26,215	26,215	0
Provincial Home Acquisition Wind Up Special Account ²	10		10	0	(10)
Sub-total	203,010	742,850	945,860	943,216	(2,644)

Core Business Area	2016/17 Estimated (restated)	Other Authori- zations ¹	Total Estimated	Actual	Variance
Operating Expenses (continued)					
Funding for BC Prosperity Fund ⁹	0	400,000	400,000	400,000	0
Transfer from General Account to BC Prosperity Fund ⁹	0	(400,000)	(400,000)	(400,000)	0
Funding for Housing Priority Initiatives Special Account ⁷	0	75,000	75,000	75,000	0
Financial Administration Act ¹⁰	0	96,808	96,808	96,808	0
Sub-total	203,010	1,239,658	1,442,668	1,440,024	(2,644)
Teachers' Pension Plan Prior Year Accrual ¹¹	0			(58,090)	(58,090) ^j
PHAWU Special Account ¹¹	0			(65)	(65)
Other Adjustments of Prior Year Accrual ¹¹	0			(933)	(933) ^j
Total	203,010	1,239,658	1,442,668	1,380,936	(61,732)

Ministry Capital Expenditures (\$000)					
Executive and Support Services¹¹ (all figures in \$000)	427		427	112	(315)
Total	427	0	427	112	(315)

Other Financing Transactions (\$000)					
Reconstruction Loan Portfolio					
Receipts	(8,000)		(8,000)	(3,759)	4,241
Disbursements	75		75	0	(75)
Net (Receipts)/Disbursements ¹³	(7,925)	0	(7,925)	(3,759)	4,166
Student Aid BC Loan Program					
Receipts	(115,000)		(115,000)	(141,022)	(26,022)
Disbursements	230,000		230,000	186,663	(43,337)
Net (Receipts)/Disbursements ¹⁴	115,000	0	115,000	45,641	(69,359)

Core Business Area	2016/17 Estimated (restated)	Other Authori- zations ¹	Total Estimated	Actual	Variance
Other Financing Transactions (continued)					
International Fuel Tax Agreement Motor Fuel Tax Act					
Receipts	(13,000)		(13,000)	(13,447)	(447)
Disbursements	2,650		2,650	3,204	554
Net (Receipts)/Disbursements ¹⁵	(10,350)	0	(10,350)	(10,243)	107
Land Tax Deferment Act					
Receipts	(64,000)		(64,000)	(76,563)	(12,563)
Disbursements	132,000		132,000	159,406	27,406
Net (Receipts)/Disbursements ¹⁶	68,000	0	68,000	82,843	14,843
Provincial Home Acquisition Wind Up Special Account					
Receipts	(10)		(10)	0	10

1. "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and approved funding from the Contingencies Vote.
2. Variance was due to administrative efficiencies and lower than anticipated spending.
3. Net savings largely due to lower than anticipated administrative costs for the Student Loan Program and Medical Services Plan.
4. Variance is due to costs of addressing the recommendations made in the [David Loukidelis Report](#).
5. Restated to include Board Resourcing and Development Office reorganization and related budget transfer from Ministry of Advanced Education
6. Actual expenditures include a number of unanticipated corporate charges that were centrally managed within Executive and Support Services.
7. The Housing Priority Initiatives special account was established in November 2016 through a \$75M transfer from the general fund.
8. Spending limit for the Insurance and Risk Management Special Account was increased to fund actuarially estimated claim costs that were higher than anticipated.
9. In September 2016, \$400M was transferred from the general fund to the BC Prosperity Fund.
10. Includes centrally funded expenditures for the Economic Stability Dividend and other compensation costs, for which the amounts could not have been anticipated in Budget 2016.
11. Represents a reversal of estimated expenditures recorded in the previous year.
12. Capital budget is used to purchase assets on a needs basis.
13. The variance is commensurate with the gradual wind-up of this program.
14. The variance was due to lower than anticipated disbursements to students and higher than anticipated loan repayments by students.
15. The variance was due to differences in fuel tax rates and exchange rates between IFTA jurisdictions.
16. The variance was due to significant increases in the number of tax deferment applications.

Appendix A - Ministry Contact Information and Links to Additional Information

Ministry Central Office

PO Box 9417 Stn Prov Govt
Victoria BC V8W 9V1
Phone: 250 387-3184

Minister's Office

Honourable Michael de Jong
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 387-3751

Media Queries

Phone: 250 356-2821

Problem Gambling Help Line

For help in recognizing the warning signs of problem gambling and to get information on free programs, services and resources available to assist problem gamblers and their families:

Call 1 888 795-6111 or visit www.bcreponsiblegambling.ca (confidential, free service available 24 hours/7 days, in multiple languages)

Tax Questions

For questions about British Columbia's Provincial Sales Tax, Motor Fuel Tax, Tobacco Tax, Carbon Tax, Tax on Designated Property and Residential Energy Credit and Rebate program:

Toll-free anywhere in B.C. 1 877 388-4440 or email: CTBTaxQuestions@gov.bc.ca

Reports and Publications

For the Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, Financial and Economic Review, and other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

For more information and other Ministry Service Plans and Annual Service Plan Reports, please visit: <http://www.bcbudget.gov.bc.ca/default.htm>

Listing of Ministry Legislation

<http://www.bclaws.ca/civix/document/id/amr/amr/172897626>

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

Crown Corporations

- BC Securities Commission: www.bcsc.bc.ca/
- BC Lottery Corporation: www.bclc.com/
- Partnerships BC: www.partnershipsbc.ca/
- Real Estate Council of British Columbia: www.recbc.ca/

Boards and Commissions

- Financial Institutions Commission: www.fic.gov.bc.ca/
- Financial Services Tribunal: www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/
- Public Sector Employers' Council:
<http://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/central-government-agencies/public-sector-employers-council-secretariat>

Appendix B - B.C. Public Service Agency

Purpose of the Agency

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

Strategic Direction and Context

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

The B.C. Public Service Agency supports the work these public servants do by providing human resource services such as hiring, payroll, labour relations and learning. In doing so, it helps ensure the B.C. Public Service continues to have the right people to do that work.

This service plan includes the priorities and initiatives that were outlined in the Minister of Finance's mandate letter. Additionally, the ministry is supportive of and compliant with the [Taxpayer Accountability Principles](#).

The public sector remains focused on fiscal responsibility by balancing budgets and bringing deficits under control. It remains a priority to control public sector spending and find ways to deliver services in a more effective manner.

Changing demographics, such as an aging and increasingly diverse population, continue to influence employers in many ways. An aging workforce is contributing to rising benefits costs through factors such as higher benefit utilization, increased absenteeism and escalating health premiums. As benefits costs make up an increasing percentage of the total cost of employment, the B.C. Public Service is working to contain these costs through a proactive and preventative approach to supporting a healthy and productive workforce.

While global economic influences delayed the retirement of many baby boomers, the oldest of this cohort is now aged 69 and beginning to exit the workforce in growing numbers. This exodus is only expected to increase, and when combined with fewer entrants to the workforce and greater demand for skilled workers, will bring about both labour and skill shortages. The increased competition will require organizations to put greater emphasis on recruitment and retention.

Statistics Canada predicts that by 2030, net population growth in Canada will be due to immigration, which will partially offset the effects of our aging population, but will not be enough to prevent the tightening of the labour market. At the same time, the expected growth in immigration indicates the Canadian public sector can expect increased diversity in both their workforce, as well as the citizens they serve.

Recognizing this changing dynamic, the Agency is responsible for ensuring the Public Service has the commitment, capacity and capability within its workforce to meet the needs of British Columbians now and in the future.

Report on Performance

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

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

Objective 1.2: Informed and strategically aligned resources supporting the delivery of human resource services

Objective 1.3: Focused and purposeful investment in human resources

Objective 1.4: The goals of the corporate human resource plan for the B.C. Public Service are realized

Strategies

- Develop and implement a Health Strategy 2.0 that takes a proactive and preventative approach in supporting a healthy and productive workforce and avoiding B.C. Public Service benefit cost increases due to illness and disability.
- Seek opportunities to refine the delivery of human resource (HR) services to align with leading practices, reduce HR transactional costs, improve service quality and redirect funding to specialized services.
- Encourage the broader public sector to leverage the investment in the human resource, payroll and technology services platform to create economies of scale and enable reinvestment in workforce initiatives.
- Build on the success of the Lean B.C. initiative and continue to emphasize ongoing improvement in our daily work.
- Continue supporting implementation of the corporate diversity strategy, *Reflecting our Communities*, including a renewed focus on enhancing accessibility and engagement for people with disabilities.
- Keep investing in technologies to automate the capture and transfer of critical employee data to improve the efficiency and integrity of data management to support improved evidence based decision making and strategic workforce planning.
- Implement the strategies outlined in the corporate plan, *Where Ideas Work 2016*, and develop a revitalized human resource strategy with an increased emphasis on succession management, employee development and knowledge transfer to address the expected increase in retirements and shortage of skilled labour.

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

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Absences related to illness & injury days per FTE*	8.7 days	8.5 days	9.0 days	9.3 days	8.5 days	8.4 days

Data Source: BC Public Service Agency.

* For the purpose of this performance measure, absences refer to short term illness and non-occupational injuries.

Discussion

The B.C. Public Service recognizes that where employees are supported to optimize their health, better customer service to the public is provided. However, a workforce with changing demographics and the rising prevalence of chronic disease in the population in general are challenges faced not only by the B.C. Public Service, but by all employers in British Columbia.

The B.C. Public Service saw an increase of .3 days above the 2016/17 target. The factor that most influenced the increase was a worse than average cold and flu season that caused significantly higher numbers compared with the previous year which had a mild cold and flu season. Nevertheless, the B.C. Public Service continues to compare favourably against the Canadian provincial public sector average of 11.7¹ days that also experienced an increase from last year's 9.8 days and the federal public sector's 12.9² days, an increase of 1 day from last year's 11.9 days. The difference reflects our ongoing focus on health promotion and prevention services, at-work supports for employees with illnesses or injuries, and timely rehabilitation and return to work for employees who are off work due to an illness or injury. The B.C. Public Service remains committed to an emphasis on early interventions and services which are expected to have long-term positive impacts on employee health outcomes. Over time this is expected to result in continued lower leave absences due to illness and injury despite changes in workforce demographics.

Performance Measure 2 and 3: Workforce utilization

Performance Measure	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Reduction in FTE utilization	26,678	27,192	27,400	27,940	28,000	28,100
Auxiliaries as a percentage of the workforce	7.2%	7.85%	6%	7.63%	6%	6%

Data Source: B.C. Public Service Agency.

¹Data Source: Statistics Canada

²Data Source: Statistics Canada

Discussion

In 2016/17, full time equivalent (FTE) utilization increased by 540 due to government's commitment to filling vacant positions, some of which are critical to front line service delivery, such as hiring additional social workers, and to support priorities within the Natural Resource sector including implementation of the new *Water Sustainability Act*.

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

There are a large number of seasonal auxiliaries required for fighting wildfires that fall outside of the requirement for organizations to maintain an auxiliary level of 6% or less. Without these seasonal wildfire auxiliaries, the proportion of auxiliaries in the workforce would have been substantially lower for fiscal 2016/17.

Financial Summary Tables

B.C. Public Service Agency	2016/17 Estimated	Other Authorizations	Total Estimated	2016/17 Actual	Variance
Operating Expenses (\$000)					
Operations ¹	50,861	0	50,861	50,730	(131)
Adjustment of Prior Year Accrual ²	0	0	0	(37)	(37)
Total	50,861	0	50,861	50,693	(168)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Operations	10	20	30	30	0
Total	10	20	30	30	0

1. \$0.085 million of the \$0.131 million operations variance is due to government budget management restrictions.

2. The Adjustment of Prior Year Accrual of \$0.037 million is a reversal of accruals in the previous year.

B.C. Public Service Agency	2016/17 Estimated	Other Authorizations	Total Estimated	2016/17 Actual	Variance
Operating Expenses (\$000)					
Benefits	1	0	1	0	(1)
Adjustment of Prior Year Accrual ¹	0	0	0	(49,232)	(49,232)
Total	1	0	1	(49,232)	(49,233)

1. The Adjustment of Prior Year Accrual of \$0.039 million is a reversal of accruals in the previous year. \$49.193 million adjustment required for the province's responsibility for the LTD Plan.

Appendix C - Public Sector Employers' Council and Employer Associations

The Public Sector Employers' Council (PSEC) Secretariat supported employers and bargaining agents in the settlement or implementation of 180 collective agreements negotiated under the 2014 Economic Stability Mandate (5.5% over five years plus Economic Stability Dividend). As of March 31, 2017, approximately 310,000 individuals – or 99.9% of all unionized B.C. public sector employees – are covered by tentative or ratified agreements under the provincial mandate.

In keeping with these agreements and as a result of B.C.'s stronger-than-expected economic growth in 2015, PSEC Secretariat coordinated the second Economic Stability Dividend for eligible public sector workers. For the vast majority of eligible employees, an additional 0.35% wage increase took effect in February 2017, which followed a 0.45% dividend in 2016. Combined, these dividends provide an ongoing 0.8% wage increase in addition to the 5.5% general wage increase negotiated consistent with the mandate.

PSEC Secretariat continued to work with public sector employers to update non-union compensation consistent with B.C.'s common compensation philosophy and to facilitate modest wage adjustments for excluded employees.

The Secretariat supported the Appointee Remuneration Committee's triennial review of Treasury Board Directives on Appointee Remuneration. The 2016 Review resulted in significant changes to the remuneration ranges and classification of administrative tribunals and regulatory boards, and PSEC Secretariat coordinated the implementation of the revised guidelines across ministries.

The past year marked the 9th year of annual executive employee compensation disclosures under the *Public Sector Employers Act*. In addition to implementing a number of clarifications and process improvements, PSEC Secretariat rolled out a new integrated disclosure system to more than 75 participants in an interactive webinar format. The new Labour Information Gathering and Executive Reporting (LIGER) System improved the annual process for employers by reducing the time it takes to enter data, created a more consistent and accurate product, and provided automated functions and web-accessible resources.

PSEC Secretariat continued to work with plan partners and trustees in the four public sector pension plans on a range of matters, including:

- Implementing the agreement on Teacher Pension Plan design changes;
- Reaching agreement on best use of the asset surplus resulting from the 2015 valuation of the College Pension Plan;
- Reaching agreement to improve equity in the Public Service Pension Plan; and,
- Reaching agreement on sustainable indexing for the Municipal Pension Plan and a rate stabilization account to mitigate the impact of low return years on contribution rate.

Employers' Associations

The mandates and purposes of these associations include coordinating compensation, benefit administration, bargaining and labour relations within their respective sectors, as outlined in [sections 6 and 7 of the Public Sector Employers Act](#).

Each of the employers' associations has a governance structure as follows:

- British Columbia Public School Employers' Association (BCPSEA) is currently governed by a government-appointed Public Administrator.
- Health Employers' Association of British Columbia (HEABC) has an 11-person board. Six of its members are appointed from the health authorities; two by the provincial government; and one each from proprietary care providers, affiliated care providers and denominational care providers.
- Post-Secondary Employers' Association (PSEA) has a 10-person board. Six of its members are elected annually from member employers; two are appointed by the provincial government; and two non-voting members are the Chair and Vice-chair of the PSEA's Standing Committee on Human Resource Practices.
- Community Social Services Employers' Association (CSSEA) has a board of up to 11 directors. Seven of these directors are appointed by representatives of social service agencies; one is appointed by Community Living British Columbia; and up to three are appointed by the provincial government.
- University Public Sector Employers' Association (UPSEA) is the research university sector level association and is governed by a Memorandum of Understanding signed by the Presidents. The membership of UPSEA³ is the six university presidents or their designate and two senior provincial government representatives.
- Crown Corporations Employers' Association (CCEA) has a board of up to 11 directors. Eight members are elected or appointed from among member employers; two appointed by the provincial government; and the Chair is elected from CEOs of member employers.

Funding to four of the employers' associations: [BCPSEA](#), [HEABC](#), [PSEA](#) and [CSSEA](#), is provided by the Public Sector Employers' Council Secretariat.

Financial Summary Table

Employers' Associations Expenditures	2016/17 Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Operations	30,408	0	30,408	32,507	2,099
Total	30,408	0	30,408	32,507	2,099

Data Source: Financial statements for each of the employers' associations (unaudited).

Note: Expenditures are total expenditure of employers' associations included in the government reporting entity and are funded through transfers from government, membership dues, and other sources.

³ UPSEA university membership includes the University of British Columbia, University of Victoria, Simon Fraser University, University of Northern British Columbia, Royal Roads University and Thompson River University.

Appendix D - Minister's Mandate and Actions Summary

In the Premier's annual Mandate Letter to the Minister dated July 30, 2015, the Minister of Finance received direction on strategic priorities for the 2015/16 fiscal year. These priorities and the ministry's resulting actions are summarized below:

Mandate Letter Direction	Ministry's Action
Ensure Balanced Budget 2014/15 reports as balanced as per <i>Public Accounts</i> released in summer, 2015.	<ul style="list-style-type: none"> • The <i>Public Accounts 2014/15</i> confirm a budget surplus of \$1,683 million. • The <i>Public Accounts 2015/16</i> confirm a budget surplus of \$730 million.
Balance your ministerial budget in order to control spending and ensure an overall balanced budget for the province of B.C.	The Ministry met its fiscal budget targets and showed a surplus for fiscal years 2014/15 and 2015/16.
Protect British Columbia's triple-A credit rating.	The B.C. provincial credit rating remains triple-A.
Successfully conclude all outstanding collective agreements yet to be signed under the Economic Stability Mandate by June 30, 2016.	As of March 31, 2017 there were 180 tentative or ratified agreements completed under the mandate, covering more than 310,000 individuals or 99.9% of B.C.'s public sector unionized employees.
Work with the Ministry of Natural Gas Development to secure Project Development Agreements with LNG developers in British Columbia.	No new agreements have been secured with LNG Proponents since the Pacific Northwest LNG agreement was ratified.
Work with the Ministry of Natural Gas to present options to Cabinet on the creation of the Prosperity Fund by the 2017 Spring Legislative session.	<i>Budget Measures Implementation Act, 2016</i> was passed and established the BC Prosperity Fund through an amendment to the <i>Financial Administration Act</i> .
Work with the Ministry of Transportation and Infrastructure to complete and implement any recommendations from the Crown Agency Review of BC Transit.	Internal Audit and Advisory Services (IAAS) completed its review of BC Transit in 2016. The report is available on the IAAS website: http://www.fin.gov.bc.ca/ias.htm .
Aggressively promote Vancouver as a global Renminbi trading centre by encouraging Asian lending institutions to open offices in Vancouver.	<ul style="list-style-type: none"> • The Ministry met with executives from Chinese banks and promoted the province as a location in which to operate and leverage opportunities afforded by Canada's Renminbi trading center. • The Minister presented to London's financial community and showcased the benefits available to Vancouver financial institutions who participate in Canada's Renminbi hub.

Mandate Letter Direction	Ministry's Action
<p>Examine the feasibility and make recommendations to Cabinet regarding the potential to issue British Columbia bonds into Indian Rupee market.</p>	<p>The Province of British Columbia issued an Indian Rupee denominated bond on the London Stock Exchange on September 1, 2016 becoming the first foreign government to issue a bond in the Indian Rupee offshore market.</p>
<p>Work with BC industry to propose policy or tax changes to Cabinet that could improve the competitiveness of BC businesses that do not include the return of a harmonized sales tax.</p>	<ul style="list-style-type: none"> • The B.C. Commission on Tax Competitiveness released its report, “Improving British Columbia’s Business Tax Competitiveness” on November 15, 2016. The full report can be viewed on the govTogetherBC website: https://engage.gov.bc.ca/govtogetherbc/. • As recommended in the Commission’s report, Budget 2017, tabled February 21, 2017, introduced legislation to reduce the PST on electricity by 50% effective October 1, 2017 and eliminate the PST on electricity effective April 1, 2019.
<p>Review and ensure that all remaining tax policy changes that were committed in <i>Strong Economy, Secure Tomorrow</i> are implemented no later than Budget 2017.</p>	<p>Budget 2017, tabled February 21, 2017, introduced legislation to create a new BC back-to-school tax credit effective for the 2016, 2017 and 2018 tax years. Budget 2017 also brought in legislation reducing the small business corporate income tax rate to 2%, from 2.5% effective April 1, 2017.</p>