

Finance

Annual Report
2014–2015

Finance
Annual Report 2014–2015

Province of New Brunswick
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Transmittal letters

From the Minister to the Lieutenant-Governor

The Honourable Jocelyne Roy Vienneau
Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of the Department of Finance,
Province of New Brunswick, for the fiscal year April 1, 2014 to March 31, 2015.

Respectfully submitted,



Honourable Roger Melanson
Minister

From the Deputy Minister to the Minister

Honourable Roger Melanson
Minister of Finance

Sir:

I am pleased to be able to present the Annual Report describing operations
of the Department of Finance for the fiscal year 2014–2015.

Respectfully submitted,



Jean-Marc Dupuis
Deputy Minister

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Minister's message

The mission of the Department of Finance is to support the management of the public finances of the Government of New Brunswick in the best interests of New Brunswickers. This makes the department central to our government's plan to put New Brunswick on the path toward job creation, increased revenues and financial sustainability.

This annual report describes the operations, challenges and achievements of the Department of Finance for 2014–2015, with a focus on the strategic vision of the department and government as a whole. This strategic vision is based the following four strategic themes, which are central to our government's mandate: job creation, fiscal responsibility, smarter government and helping families.

The 2014–2015 fiscal year was marked by our government's first steps to move New Brunswick forward with the start of our Strategic Program Review, which is designed to find efficiencies, waste and savings in governing and move our province closer to balanced budgets and reduced debt burdens. Our first capital budget and ordinary budget were delivered on Dec. 17, 2014, and March 31, 2015, respectively. The capital budget saw the implementation of our government's Strategic Infrastructure Initiative, which will invest almost \$600 million during the next four years, creating up to 1,750 jobs per year and contributing \$120 million annually to the provincial economy.

The dedication of our employees to the day-to-day operations of the department while working on special projects and initiatives is a testament to the professional calibre at Finance.

Looking ahead, we will continue to seek opportunities to eliminate waste, to do things better and more efficiently to get our fiscal house in order. In doing this, we are putting the province on a path toward sustainable budgets, thereby creating an environment where New Brunswickers can find employment and benefit from critical programs and services such as health care and education.



Honourable Roger Melanson
Minister of Finance

Deputy Minister's message

The Department of Finance, as one of the early adopters of the continuous improvement movement, continues to drive efficiencies and reduce waste by taking a data and evidence-driven approach to better deliver services to New Brunswickers.

The 2014–2015 reporting period marks the fourth year that the Department of Finance has participated in continuous improvement initiatives, and we continue to see an impact, both on expenditure management and in the efficiency of our processes and projects.

During the reporting period, the Department of Finance again showed true leadership in implementing government's vision by leading and participating in many key projects and files, such as the Strategic Program Review, Common Services Review and the implementation of two large information systems, to name only a few.

As it has in the past, the Department of Finance has continued to lead by example, undertaking continuous improvement projects to reduce the costs of our operations, which enabled it to achieve its budget targets. In 2014–2015, the department realized more than \$694,000 in savings, increased revenue and cost avoidance through formalized continuous improvement efforts.

The department was also instrumental in the day-to-day operations of government, providing secretariat services to Board of Management meetings as well as coordinating the preparation of the 2015–2016 capital estimates and the main estimates, tabled on Dec. 17, 2014, and March 31, 2015, respectively.

Our success relies on the talent and dedication of our employees. The department has embraced the challenges of becoming a performance-based organization, and we will continue to invest in our employees and the strategic initiatives, which will help us achieve our operational and government-wide goals.



Jean-Marc Dupuis
Deputy Minister

Strategic priorities

Strategy management

The **Government of New Brunswick (GNB)** uses a formal management system built on leading business practices to develop, communicate and review strategy. This process provides the public service with a proven methodology to execute strategy and continuously drive improvement.

The development of the strategy, using the formal management system, starts with a strategic vision of *Moving New Brunswick Forward*. This vision is anchored in four strategic themes which include:

1. **More jobs** — Creating the best environment for jobs to be generated by New Brunswickers, by businesses, by their ideas, by their entrepreneurial spirit, and by their hard work. This includes providing seamless support to businesses, leveraging new technologies and innovation by supporting research and development, and developing a skilled workforce by improving literacy and education.
2. **Fiscal responsibility** — Getting New Brunswick's fiscal house in order through a balanced approach to decrease costs and increase revenues.
3. **Best place to raise a family** — Designing social programs to make life more affordable and make New Brunswick the best place to raise family.
4. **Smarter government** — Providing taxpayers with better value for their money by transforming the culture of government by eliminating waste and duplication, adopting new innovations in technology to improve services and savings and improving accountability measures.

Highlights

During the 2014–2015 fiscal year, the Department of Finance focused on these strategic priorities:

The department came in under-budget by \$256,927 by responsibly managing its budget.



The Fiscal Policy Division prepared and posted 2011 Census and 2011 National Household Survey profiles for New Brunswick's 49 provincial electoral districts on the department's website. Each of the profiles provides statistics on demographic, family, household, dwelling, social, cultural and economic characteristics.



In 2014-2015, the department completed and implemented two large information systems. As a result of the two largest information technology initiatives of the department in the last two decades, the new Real Property Tax Information System (Gemini) and the International Fuel Tax Agreement (IFTA) Administrative System were implemented in January 2015 and October 2014, respectively.



Issuance of the March 31, 2014, annual audited financial statements 60 days in advance of the provincial election.



Continuous Improvement efforts from the Department of Finance have resulted in more than \$694,000 in savings or increased cash flow in 2014-2015.

Performance measures

| | |
|---|---|
| More jobs | Measures |
| Influence economic growth strategies | Dollars invested in the Small Business Investor Tax Credit program |
| Fiscal responsibility | Measures |
| Achieve sustainable budget | Ratio of actual to budgeted expenditures of the department |
| Prioritize, optimize and improve processes | Dollars achieved via continuous improvement |
| Smarter government | Measures |
| Deliver the right information at the right time | Availability of GNB audited financial statements within targeted timeframes |
| Align technology to support program and information needs | Number of new licences/permits available online at Service New Brunswick |
| Foster culture in the department to drive the execution of the GNB strategy | Total number of paid sick days used in the department |

More jobs

Objective of the measure

Influence economic growth strategies.

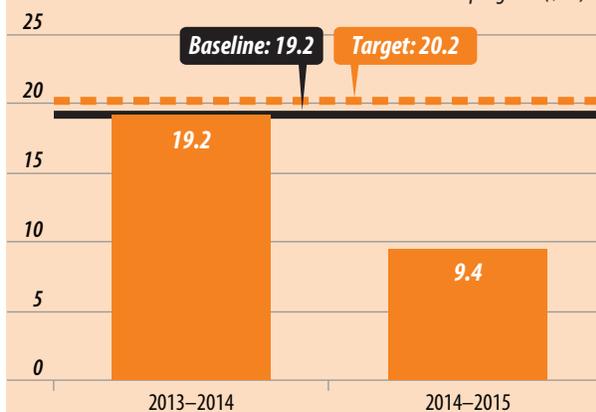
Measure

Dollars invested in the Small Business Investor Tax Credit program.

Description of measure

Amendments were made to the *Small Business Investors Tax Credit Act* and regulation for corporations and trust companies: the requirement to pay no less than 75 per cent of wages to New Brunswick residents was lessened to a 50-per-cent requirement for small businesses that export 50 per cent or more of their goods and services; in addition, a pro-rata forgiveness was introduced in select circumstances.

Investment in the Small Business Investor Tax Credit program (\$ M)



Overall performance

Due to the timing issue of when the investments are typically made in the calendar year, an accurate measure of the impacts of the legislative changes will only be feasible during two fiscal years (end of 2015-2016).

Why do we measure this?

Changes were designed to give rise to increased investments in small businesses in New Brunswick. This was measured to track investments in businesses.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Improvements to the program include:

- introduced legislation to allow corporations to qualify for the program;
- introduced legislation to allow Community Economic Development Corporations and Cooperatives to qualify for the program;
- provided information session to the public;
- developed an improved application process; and
- developed an improved reporting structure.

Fiscal responsibility

Objective of the measure

Achieve sustainable budget.

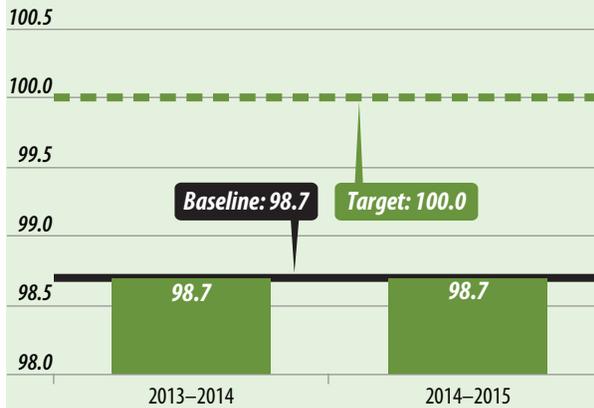
Measure

Ratio of actual to budgeted expenditures of the department.

Description of the measure

This measure focuses on controlling and managing expenditures to meet the department's fiscal year budget. This measure includes budget reductions associated with Government Renewal, Procurement and Information Technology targets.

Ratio of actual to budgeted expenditures (%)



Overall performance

In 2014-2015, the department came in under-budget by \$256,927.

Why do we measure this?

Expenditures need to be carefully tracked and monitored to ensure the department does not exceed its annual budget allocation.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Savings were achieved through:

- vacant positions, some of which will be recommended for elimination as part of the 2015-2016 budget process;
- vacant positions filled at lower classifications; and
- reduced operating expenditures as a result of administrative efficiencies.

Fiscal responsibility

Objective of the measure

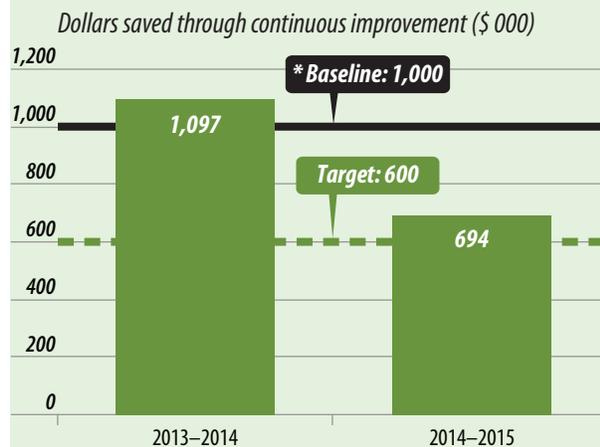
Prioritize, optimize and improve processes.

Measure

Dollars achieved via continuous improvement.

Description of measure

This measure targets savings (including revenue generation activities, hard cost avoidance and hard cost reduction) resulting from Lean Six Sigma projects and related continuous improvement efforts. This measure encompasses all Lean Six Sigma activities such as Lean Six Sigma projects, Waste Walks and Kaizen events. This measure reflects money achieved, generated or cash flow increased through Lean Six Sigma activities.



* **Baseline:** There were two Process Improvement facilitators for the greater part of the year.

Overall performance

Targets are set by the Office of Strategy Management based on the number of Process Improvement facilitators in the department, with an average project savings of \$150,000 and the capacity for each facilitator to complete four projects. By the end of 2014-2015, the department realized more than \$694,000 in savings, increased revenue and cost avoidance through formalized continuous improvement efforts.

Why do we measure this?

The projects undertaken to eliminate and control costs indicate how well the department's Process Improvement programs are functioning. This is also a good measure of increased efficiency and smarter management.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The following projects assisted in meeting the departmental continuous improvement outcome:

- Vacation carry-over Part 1 — reduced the vacation carry-over liability for Part 1 of the Civil Service.
- Tangible Personal Property Tax — created an efficient administrative process enabling the department to collect taxes due on boats purchased from a non-HST registrant.
- Waste Walks — multiple projects reduced the cost of borrowing, expenditures and cost avoidance.
- Corporate bankruptcy file — decreased expenditures by performing the work conducted by a third party agency internally, by existing staff with no additional cost to the department.
- Microfiche — decreased expenditures and dramatically increased efficiency by converting property tax records to electronic files rather than to microfiche records.
- Public Accounts Vol. I — no hard cost savings were associated with this project. However, the department streamlined the process to reduce the time required to publish the Public Accounts Vol. I, thus satisfying a commitment to publish this document 60 days prior to the fixed election date.

Smarter government

Objective of the measure

Deliver the right information at the right time.

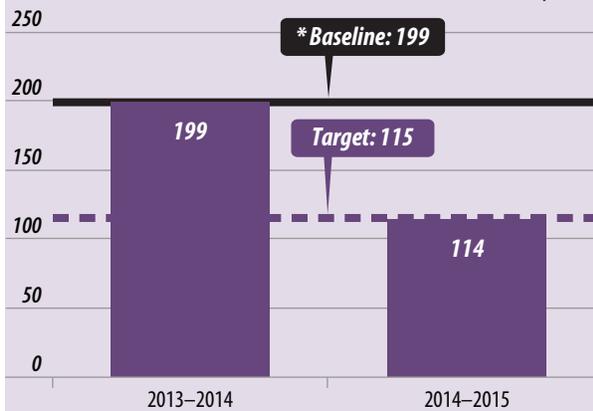
Measure

Availability of GNB audited financial statements within targeted time frames.

Description of measure

This measure tracked the timeliness of audited financial statements being prepared by the Office of the Comptroller. The legal requirement is Sept. 30 under the *Financial Administration Act*.

Timeliness of audited financial statements (number of days)



** **Baseline:** 199 days between the completion of the audited financial statements and the end of the previous fiscal year (March 31)*

Overall performance

The 2013-2014 Public Accounts Vol. I was published, prior to the target deadline.

Why do we measure this?

This was measured in accordance with a commitment to provide audited financial statements 60 days prior to the election date.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

To achieve the target results, a long-term improvement strategy was identified during the Lean Six Sigma Public Accounts Vol. I project.

Smarter government

Objective of the measure

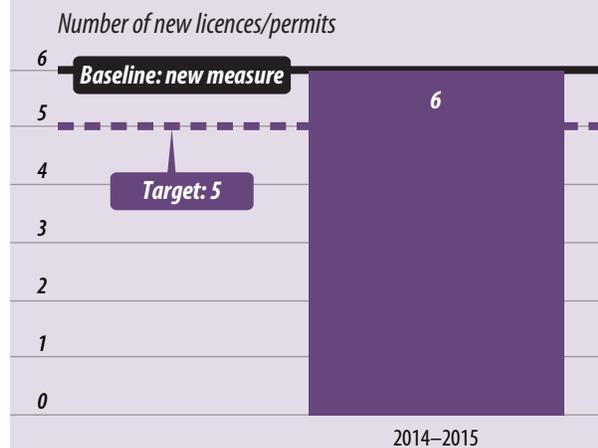
Align technology to support program and information needs.

Measure

Number of new licences/permits, administered by the Department of Finance, available online at Service New Brunswick (SNB).

Description of measure

To improve services to taxpayers, process efficiently and reduce processing time, online application and payment processes were implemented.



Overall performance

The department has met and surpassed its objective of number of new online services implemented.

Why do we measure this?

This low-cost/priority initiative was measured to ensure the department delivered on its commitment to provide better services to its customers in the context of continuous process improvements.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The following licences/permits were posted online in 2014-2015:

- Gasoline and Motive Fuel Retailer's Licence applications;
- Tobacco Retailer's Licence applications;
- Tobacco Wholesaler's Licence applications; and
- Exempt Group Purchaser's Permit applications (3).

Smarter government

Objective of the measure

Foster a departmental culture to drive the execution of the GNB strategy.

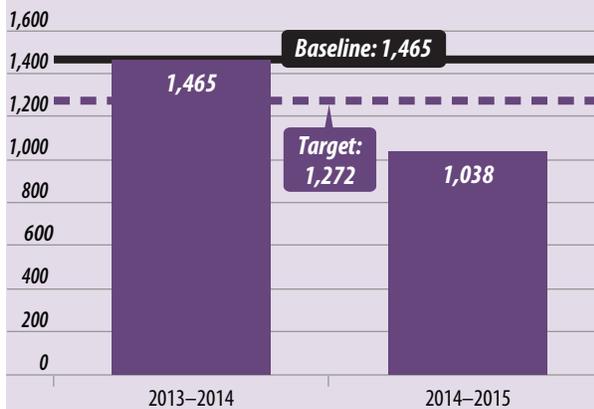
Measure

Total number of paid sick days used in the department.

Description of measure

Government set a 20 per cent reduction target in sick leave usage by March 31, 2015, for employees in Parts 1, 2 and 3 of the Public Service.

Number of paid sick days used



Overall performance

The department exceeded the target by 234 days.

Why do we measure this?

Lower absenteeism, and in particular, sick leave usage, results in significant savings for government and helps reduce costs associated with loss of productivity as well as staff replacement costs.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

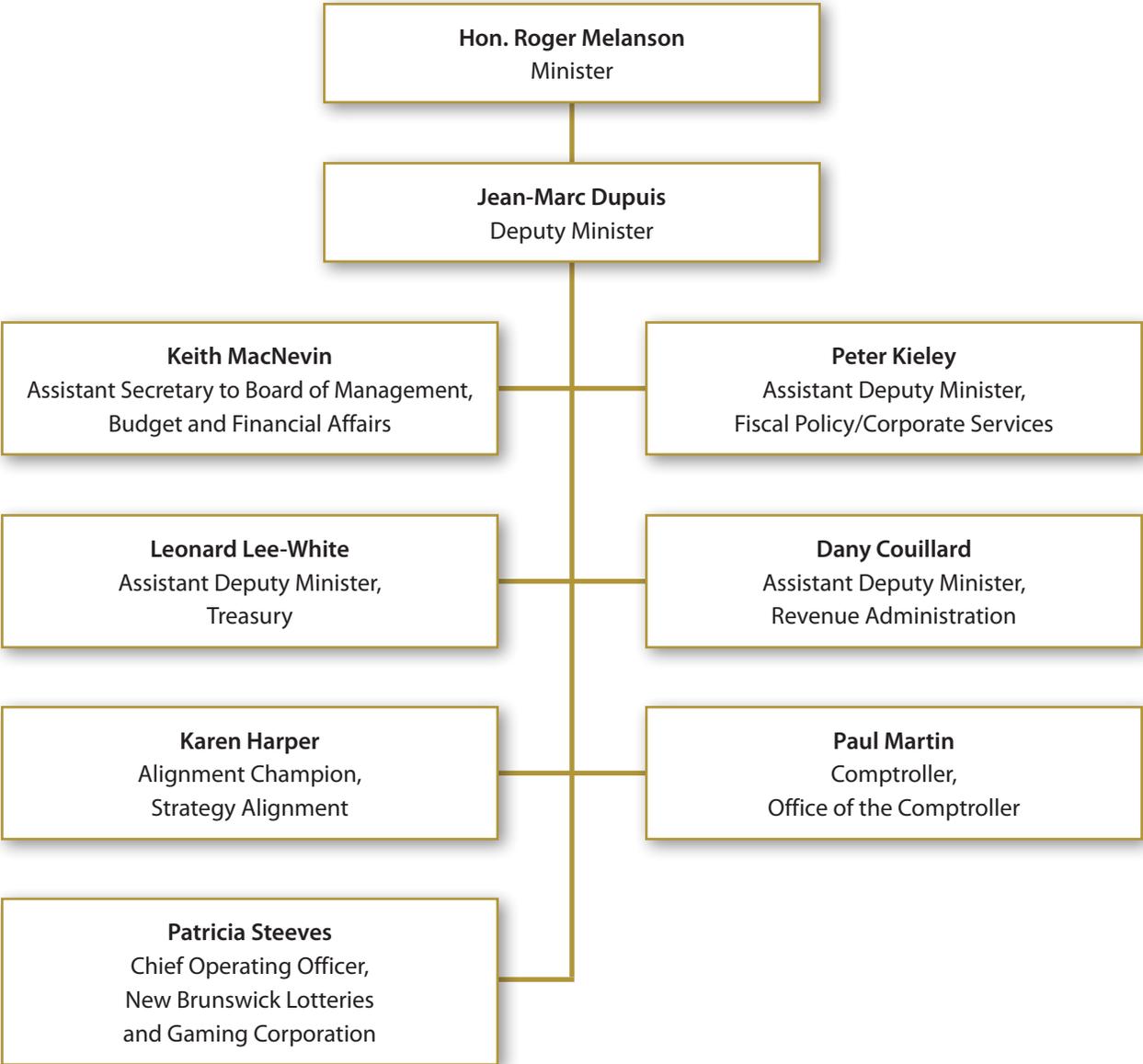
Attendance management training was offered to all employees and managers. A dedicated Human Resources advisor was identified to oversee employee absenteeism.

Overview of departmental operations

The Department of Finance is a central agency of government whose mission is to be responsible stewards of provincial finances, with a vision of leading the province to financial sustainability.

Each division and branch plays a role in the management of the flow of revenue and expenditures through the Government of New Brunswick.

High-level organizational chart



Division overview and highlights

Budget and Financial Affairs Division

Overview

The mission of the **Budget and Financial Affairs Division** is to promote the effective and efficient use of the financial resources of government and to provide secretariat services to the Board of Management. This is achieved through two core business areas: budget preparation and expenditure monitoring; and, Board of Management secretariat services.

Budget and Expenditure Monitoring plays a key role in developing expenditure budgets and implementing multi-year expenditure plans in keeping with the stated fiscal objectives of the government. These plans are continually monitored so that changes in the fiscal forecast can be anticipated and responded to appropriately.

The **Board of Management Operations** area provides secretariat services to the Board of Management and acts as the liaison between the board and government departments and agencies. Employees of the division consult with departments and agencies on issues that are to be brought to the attention of the board. These issues are analysed to assess financial and human resource implications and to determine any additional information that board members may require to make informed decisions.

Highlights

The division coordinated the preparation of the 2015–2016 capital estimates tabled on Dec. 17, 2014, and the expenditure portion of the 2015–2016 main estimates tabled on March 31, 2015.

Secretariat services were provided to about 40 Board of Management meetings throughout the year, resulting in more than 150 decisions being issued to departments and agencies.

Fiscal Policy Division

Overview

The **Fiscal Policy Division** provides policy advice, analysis and information in regard to taxation, fiscal and budget policy, intergovernmental fiscal relations and the economy. The division provides advice and

recommendations with respect to the analysis, design and implementation of GNB's tax policies. It has responsibility in the development and monitoring of the budget plan and multi-year fiscal framework, co-ordinates the preparation and production of the annual budget speech, fiscal and economic reports, and monitors and reports on GNB's economic performance. The division also has responsibility for economic and revenue forecasting, provision of statistical data and analysis, and federal-provincial consultations with respect to tax matters, programs under the *Federal-Provincial Fiscal Arrangements Act* and the Canada Pension Plan.

The **Fiscal Policy and Revenue Branch** contributes to the protection of GNB's financial interests by providing policy advice, analysis and information with respect to intergovernmental fiscal relations. The branch has key responsibilities in regard to the multi-year fiscal framework and the provincial budget, preparation of the budget speech, fiscal and economic reports, monitoring the budget plan, and coordinating the government's overall revenue forecast. It is involved in intergovernmental consultations on major federal transfer programs, including equalization, health and social program transfers, and in the ongoing maintenance of such programs, as well as intergovernmental consultations on the Canada Pension Plan.

The **Economic and Statistical Analysis Branch** undertakes economic forecasting, monitoring and analysis, including support to departments. The branch provides socio-economic and demographic research, analysis and information services to the government. The statistical function of the branch is conducted under the *Statistics Act* through the focal point office. The branch coordinates production of the budget speech and other fiscal and economic reports.

The **Tax Policy Branch** researches and analyzes tax policy issues. It develops options, provides information, advice and recommendations on tax matters, and implements legislative measures in support of the government's tax policy priorities. The policy work of the branch includes all areas of taxation: income tax (corporate and personal); consumption taxes (HST, gasoline and motive fuel, tobacco); property tax; and other taxes. The branch's responsibilities include federal-provincial

consultations on tax matters; and, negotiation with the federal government respecting Canada-New Brunswick taxation agreements.

Highlights

The Fiscal Policy Division prepared and posted 2011 Census and 2011 National Household Survey profiles for New Brunswick's 49 provincial electoral districts on the department's website. Each profile provides statistics on demographic, family, household, dwelling, social, cultural and economic characteristics.

The Economic and Statistical Analysis Branch completed a review and updating of its statistical product offerings, and expanded its reach both internally and externally through the department's website.

The Tax Policy Branch undertook research and analysis and provided advice that supported the implementation of nine revenue measures, including platform commitments of the government.

Corporate Services Division

Overview

The **Corporate Services Division** provides a blend of shared services to about 500 employees in numerous departments, agencies and commissions of government. The objective is to achieve economies associated with common support staffing, processes and systems. In doing so, better service can be provided in the fields of information management and technology, human resources and financial management.

The **Financial Services Branch** is responsible for ensuring that annual budget development is consistent with the policies, priorities and spending targets defined within the government's fiscal framework. The branch provides accounting services, financial advice, procurement and contract management, analysis and control functions, asset and risk management and financial monitoring and reporting services.

The **Human Resources Branch** is responsible for the delivery of comprehensive strategic human resource services, including: resource planning and advisory services, employee relations, learning and organizational development, recruitment and retention, workplace health and wellness, employee recognition and Official Languages/second-language training.

The **Information Management and Technology Branch** is responsible for the effective and secure use and management of technology and information. It works closely with clients to develop or procure solutions to meet their business needs and provides ongoing maintenance and support for more than 60 business systems, including the corporate Financial Information System.

Highlights

The Corporate Services Division played a key role in supporting the transition of government.

The Information Management and Technology Branch, in partnership with the Revenue Administration Division, implemented a modernized property tax system and a computerized system for processing International Fuel Tax Agreement returns.

Treasury Division

Overview

The **Treasury Division** is responsible for financing GNB and Crown corporations, managing the Consolidated Fund, investing and administering various dedicated funds and providing financial policy analysis and advice.

The **Capital Markets Branch** is responsible for long-term financing and liability management for GNB and various Crown corporations, investing and accounting for various dedicated funds and providing financial and accounting policy analysis and advice.

The **Banking and Cash Management Branch** is responsible for management and reconciliation of the cash flow for the Consolidated Fund and various dedicated funds, issuing Treasury bills, negotiating and managing banking arrangements, operating Crown financing corporations, liaising with credit rating agencies and providing financial and accounting policy analysis and advice.

Highlights

The division assisted in implementing the conversion of the Teachers' and Members' pension plans, which will contribute to returning GNB to fiscal balance while providing secure and valuable pensions to plan members and their families.

Revenue Administration Division

Overview

The **Revenue Administration Division** ensures fair, effective and efficient administration of tax and regulatory programs. It also offers policy and information in respect of federal-provincial-territorial tax administration relations. It participates on a number of inter-jurisdictional committees on issues of common interest and works in close collaboration with the Canada Revenue Agency. The Revenue Administration Division is made up of the Office of the Tax Commissioner and the Program Delivery Branch.

The **Office of the Tax Commissioner** ensures legislative compliance of assigned revenue and taxation statutes associated with real property and consumption taxes. Key responsibilities include the analysis of tax application issues; provision of interpretations and advice; and the development of legislative amendment proposals. The Audit and Investigation Services section, within the Office of the Tax Commissioner, provides audit, assurance and refund verification functions as well as education, inspection and information regarding program services. The section provides compliance monitoring of business activities under the assigned acts, both within the Department of Finance and on behalf of other departments and agencies. The review and assurance of tax collection by the Canada Revenue Agency, on behalf of GNB, fall within the mandate of Audit and Investigation Services.

The **Program Delivery Branch** is responsible for the effective delivery of assigned revenue and taxation programs associated with real property and consumption taxes. Key responsibilities include registration and licensing of businesses; billing and collection of real property taxes; processing of tax returns and refund claims; accounting functions related to revenues; development and implementation of legislative amendments; and provision of critical program support and expert advice relative to the administration of tax programs.

Highlights

The department completed the roll-out of two large information systems. As a result of the two largest information technology initiatives of the department in the last two decades, the new Real Property Tax Information System (Gemini) and the International

Fuel Tax Agreement (IFTA) Administrative System were implemented in January 2015 and October 2014, respectively. Both projects were under-budget and on schedule.

The department launched an initiative on the collection of Tangible Personal Property Tax. This initiative focused on unpaid provincial HST on pleasure crafts. With a recovery target of \$150,000 for the first year, at the end of 2014–2015, only six months after its implementation, the department had collected \$106,000.

The department implemented six new online processes to apply for licences and permits. This provides better customer service to retailers, wholesalers and exempt groups as they can apply and make their payment online to obtain the required licences or permits.

Amendments to the *Real Property Tax Act* were made in May 2014 to modernize the Tax Sale process by introducing a Substituted Service process for situations where assessed owners are deceased intestate or cannot be located. As a result, the department was able to resolve 66 abandoned properties through the Tax Sale process for a reduction of \$596,773 in tax receivables. More than 325 additional abandoned properties were prepared and will be sold during the 2015–2016 Tax Sales.

Strategy Alignment Division Overview

The **Strategy Alignment Division** uses processes and tools to facilitate the development and execution of the department's strategic vision.

The division has three distinct functions:

1. provide guidance and coaching in the development and execution of the department's strategic plan;
2. provide leadership and coordination for legislation and policy initiatives; and
3. provide project facilitation expertise in continuous improvement projects.

Highlights

- Ensured strategic action items remained on target.
- Enabled the creation of 36 process maps in the department to document and improve standard processes.
- Delivered Waste Walk training to 64 department employees to identify and eliminate waste and non-value-added activities in order to increase efficiencies and effectiveness.

- Coordinated 15 requests under the *Right to Information and Protection of Privacy Act* and 70 Memorandums to Executive Council (MECs).

Key Performance Indicators

- Surpassed Continuous Improvement Dollars Saved target; (goal: \$600,000; actual: \$694,000).
- Surpassed stretch target of number of department employees who received Waste Walk training; (goal: 50 employees; stretch: 60; actual: 64).
- All legislative activities were on track as per schedule (includes legislation, MECs and house briefings).

Office of the Comptroller

Overview

The **Office of the Comptroller** provides leadership in accounting and internal auditing services to various government organizations to encourage the effective management of government resources.

The **Comptroller** is the chief accountant and internal auditor for GNB. The Comptroller reports to the Deputy Minister of Finance and is required under the *Financial Administration Act* to:

- control the processing of all accounting transactions relating to the operations of the Consolidated Fund of GNB and report on the results of these operations on behalf of the Minister of Finance; and
- provide assurance that management systems, procedures and internal controls operate economically and efficiently and that program results are achieved through effective compliance with established legislative authority, policies, plans and regulations.

The Office of the Comptroller is divided into three sections: Administrative Services, Accounting Services and Audit and Consulting Services.

The **Administration Services Section** consists of the Comptroller and administrative support. This section gives overall direction to the office in carrying out the legislated responsibilities of the Comptroller. In addition, this section provides secretarial and filing support for the office.

The primary responsibility of the **Accounting Services Section** is the preparation of the annual financial statements of GNB, including the publication of both volumes of the Public Accounts and supplemental information on the department's website.

Accounting Services provides accounting advice to departments, Board of Management staff and government agencies; provides interpretation of emerging accounting standards and their impact on GNB; provides information for the prospectus for GNB bond issues; and operates and maintains the corporate financial information system.

The **Audit and Consulting Services Section** assists the government in managing public resources by providing various internal assurance and consulting services as well as identifying opportunities for operational efficiencies and cost savings at the request of the departments and central agencies. Types of assurance reviews include: financial audits, compliance audits, information systems audits, operational (performance) reviews and forensic accounting reviews. Consulting services include providing advice and consultation related to the assessment, analysis, impact and mitigation of risk across a variety of projects, program areas and departments.

Highlights

- Annual reporting of the Public Accounts, Vols. I and II.
- Quarterly public reporting of senior executive travel.
- Assistance to Common Services and Strategic Review projects.
- Hosted the 35th annual Federal, Provincial, Territorial Comptrollers' Conference.
- Hosted the Eastern Comptrollers' Conference.
- Delivered a presentation to the Fredericton Chapter of the Financial Management Institute (Government Transfers).
- Delivered a presentation to the Canadian Public Sector Management Workshop (Pension Reform).
- Delivered a presentation to the Chartered Professional Accountant Canada's 2014 Public Sector Conference (Shared Risk Pension Plans – Risk Implications and Accounting considerations).

Key Performance Indicators

- Issuance of the March 31, 2014, annual audited financial statements 60 days in advance of the provincial election — issued 61 days in advance.

New Brunswick Lotteries and Gaming Corporation

Overview

The New Brunswick Lotteries and Gaming Corporation is a small Crown corporation within the department. Its objectives are to develop, organize, undertake and conduct and manage lottery schemes on behalf of GNB in accordance with the *Criminal Code* (Canada) and the *Gaming Control Act* and its regulations, to ensure that provincial gaming revenue is derived from gaming activities that are conducted responsibly and with integrity, and to execute the day to day operations of the corporation. The corporation exercises its authority in several ways: it acts as the New Brunswick shareholder of the Atlantic Lottery Corporation; manages the business relationship with Atlantic Lottery Corporation and receives, monitors, audits and analyzes Atlantic Lottery Corporation financial and operational reports; oversees casino operations through a Service Provider Agreement with the casino operators, the *Casino Standards, Policies and Procedures* manual and the Casino Regulation under the *Gaming Control Act*; manages the relationship with casino operators; and receives, monitors, audits and analyzes casino operations and financial reports. In addition, the corporation acts as the liaison with respect to the gaming and tax sharing agreements with First Nations.

Highlights

The branch managed the establishment of a new gaming facility on Madawaska Maliseet First Nation.

In partnership with the Department of Health, the branch issued a Request for Proposal and managed the procurement and conduct of a gambling prevalence study.

The branch monitored and managed the relationship with the gaming service providers, which generate about \$142 million in gaming revenue annually.

Key Performance Indicators

- HST is remitted on a timely basis.
- Payments are provided to First Nations on a timely basis.

Financial information

| | Budget (\$000) | Actual (\$000) |
|-------------------------|-----------------|-----------------|
| Personal Services | 13,885.0 | 12,639.3 |
| Other Services | 5,507.4 | 6,852.5 |
| Materials and Supplies | 224.1 | 106.7 |
| Property and Equipment | 345.1 | 201.0 |
| Contribution and Grants | 37.0 | 2.5 |
| Debt and Other Charges | 100.0 | 39.6 |
| TOTAL | 20,098.6 | 19,841.6 |

Summary of staffing activity

Pursuant to section 4 of the *Civil Service Act*, the Deputy Minister of the Department of Human Resources delegates staffing to each Deputy Head for his or her respective departments. Please find below a summary of the staffing activity for 2014–2015 for the Department of Finance.

| Number of permanent and temporary employees, as of December 31 of each year | | |
|---|------------|------------|
| Employee type | 2014 | 2013 |
| Permanent | 175 | 184 |
| Temporary | 12 | 17 |
| Total | 187 | 201 |

The department advertised 13 competitions, including six open (public) competition and seven closed (internal) competitions.

Pursuant to section 15 and 16 of the *Civil Service Act*, the department made the following appointments using other processes to establish merit, than the competitive process:

| Appointment type | Appointment description | Section of the <i>Civil Service Act</i> | Number |
|---|---|---|--------|
| Specialized Professional, Scientific or Technical | An appointment may be made without competition when a position requires: <ul style="list-style-type: none"> – A high degree of expertise and training – A high degree of technical skill – Recognized experts in their field | 15(1) | 0 |
| Equal Employment Opportunity Program | Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities. | 16(1)(a) | 0 |
| Department Talent Management Program | Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness. | 16(1)(b) | 1 |
| Lateral transfer | The GNB transfer process facilitates the transfer of employees from within Part I, II (School Boards) and III (Hospital Corporations) of the Public Service. | 16(1) or 16(1)(c) | 6 |
| Regular appointment of casual/temporary | An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service. | 16(1)(d)(i) | 3 |
| Regular appointment of students/apprentices | Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service. | 16(1)(d)(ii) | 0 |

Pursuant to section 33 of the *Civil Service Act*, no complaints alleging favouritism were made to the Deputy Head of Department of Finance and no complaints were submitted to the Ombudsman.

Summary of legislation and legislative activity

| Bill # | Name of legislation | Date of Royal assent | Summary of changes |
|----------------|--|----------------------|--|
| 5 Chap. 12 | <i>An Act to Amend the Tobacco Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-12.pdf | May 21, 2014 | The amendments to the <i>Tobacco Tax Act</i> provide the authority to impose more rigorous licensing conditions on tobacco retail vendors' licences where serious contraventions of the law have occurred. In addition, the amendments provide for the implementation of a formal review process that will be available to businesses and individuals when there are actions taken regarding their application or licence. |
| 30 Chap. 14 | <i>An Act to Amend the Tobacco Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-14.pdf | May 21, 2014 | The amendments to the <i>Tobacco Tax Act</i> provide the department with the opportunity to simplify the tobacco retail application form and will facilitate the movement from paper-based applications to electronic applications. In addition, the amendments result in the repeal of the sections pertaining to the length of time that records must be kept by tobacco retailers and wholesalers. This amendment allows time limits for record keeping to be consolidated under the <i>Revenue Administration Act</i> . |
| 31 Chap. 15 | <i>An Act to Amend the Gasoline and Motive Fuel Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-15.pdf | May 21, 2014 | The amendments to the <i>Gasoline and Motive Fuel Tax Act</i> are necessary to facilitate the regulatory reductions that were realized by removing several subsections of General Regulation 82-81 that pertain to the additional responsibilities of fuel marking permit holders. In addition, the amendments facilitate the consolidation and streamlining of portions of the record-keeping requirements. |
| 32 Chap. 16 | <i>An Act to Amend the Revenue Administration Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-16.pdf | May 21, 2014 | The amendments to the <i>Revenue Administration Act</i> result in simplified administration through consolidation, modernization and more efficient use of delegation of authority. In addition, the amendments provide the Minister, Deputy Minister and the Provincial Tax Commissioner with the authority to designate certain individuals to perform specific duties required under the Act. |
| 33 Chap. 17 | <i>An Act to Amend the Real Property Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-17.pdf | May 21, 2014 | The amendments to the <i>Real Property Tax Act</i> provide the authority for a substituted service mechanism to be used in situations where the department has exhausted all other reasonable avenues to serve notice on the registered owner of a property for which there are serious tax delinquencies. |
| 39 Chap. 20 | <i>An Act to Amend the Small Business Investor Tax Credit Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-20.pdf | May 21, 2014 | The amendments to the <i>Small Business Investor Tax Credit Act</i> foster economic development through increased investment in New Brunswick small businesses and enhance the competitiveness of our small businesses. |
| 51 Chap. 27 | <i>An Act Respecting Members' Pension Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-27.pdf | May 21, 2014 | This Act outlines changes to ensure that members of the Legislative Assembly of New Brunswick have a secure and sustainable pension system that is affordable for taxpayers. |
| 57 Chap. 33 | <i>An Act to Amend the Financial Corporation Capital Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-33.pdf | May 21, 2014 | The amendments to the <i>Financial Corporation Capital Tax Act</i> are necessary to facilitate the removal of outdated forms from the General Regulation. Removing the forms from the regulation allow for needed modernization. In addition, the amendments close a current loophole that allows financial institutions to minimize their tax liabilities by taking advantage of the timing of various transactions. |

| Bill # | Name of legislation | Date of Royal assent | Summary of changes |
|----------------|--|----------------------|---|
| 63 Chap. 39 | <i>Supplementary Appropriations Act 2012–2013 (1)</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-39.pdf | May 21, 2014 | The <i>Supplementary Appropriations Act 2012–2013 Vol. I</i> gives obtain legislative authority for monies spent in the fiscal year 2012–2013. Three departments required additional funding in 2012–2013. |
| 69 Chap. 45 | <i>An Act to Amend the Small Business Investor Tax Credit Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-45.pdf | May 21, 2014 | The amendments to the <i>Small Business Investor Tax Credit Act</i> provide for a new tax incentive program for Community Economic Development Investment Funds, where local people can pool resources and keep capital funds working in New Brunswick. The government further enhanced the Small Business Investor Tax Credit to provide individual, corporate and trust investors with an equivalent non-refundable income tax credit for investing in a registered community economic development fund. |
| 85 Chap. 61 | <i>Teachers' Pension Plan Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-61.pdf | May 21, 2014 | The Act outlines changes to ensure that members of the Teachers' Pension Plan have a secure and sustainable pension system that is affordable for them and taxpayers. |
| 87 Chap. 63 | <i>Fiscal Transparency and Accountability Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-63.pdf | May 21, 2014 | The Act addresses a number of important government commitments that improve fiscal accountability, transparency and responsible management of GNB's finances. The Act ensures the government takes appropriate action to return to sustainable balanced budgets. It also ensures that multi-year fiscal plans are required with the annual budget and the timely release of audited financial statements in a fixed election year. In addition, the legislative proposals provide the means to increase transparency and accountability in election commitments by requiring registered political parties to publish and file cost estimates for their election promises. Each registered political party will be required to do this to qualify for its annual allowance under the <i>Political Process Financing Act</i> . |
| 89 Chap. 65 | <i>Loan Act 2014</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-65.pdf | May 21, 2014 | The Act provides authority in accordance with section 4 of the <i>Provincial Loans Act</i> for the Lieutenant-Governor in Council to raise sums of money not exceeding in the aggregate \$800 million. |
| 91 Chap. 67 | <i>Appropriations Act 2014–2015</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-67.pdf | May 21, 2014 | This Act closes the main estimates and the capital estimates tabled by the government. |
| 2 Chap. 69 | <i>An Act to Amend the New Brunswick Income Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-69.pdf | December 19, 2014 | The amendments to the <i>New Brunswick Income Tax Act</i> implement the small business corporate income tax rate reduction announced on Oct. 8, 2014. Effective Jan. 1, 2015, the province's small business corporate income tax rate decreased from 4.5 per cent to four per cent. |
| 5 Chap. 71 | <i>An Act to Amend the Real Property Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2014/Chap-71.pdf | December 19, 2014 | The amendments to the <i>Real Property Tax Act</i> cancels the provincial property tax reductions for businesses. Effective Jan. 1, 2015, the provincial property tax rate for non-residential property was returned to the rate in place for 2012, set at \$2.1860 per \$100 of assessment. |
| 14 Chap. 6 | <i>An Act Respecting Responsible Governance</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-6.pdf | March 27, 2015 | To repeal: – <i>Taxpayer Protection Act</i> ; – <i>Fiscal Transparency and Accountability Act</i> ; – <i>Fiscal Stabilization Fund Act</i> ; – <i>Health Care Funding Guarantee Act</i> , and – <i>sections of the Legislative Assembly Act</i> . |

Summary of official languages activities

| | |
|---------------------|--|
| Introduction | The Department of Finance Official Languages Plan was developed based on the <i>Government Plan on Official Languages</i> introduced in 2011. These plans are part of an effort to advance the status of Official Languages and to ensure that the necessary measures are implemented to fulfil obligations under the <i>Official Languages Act</i> by 2013. The vast majority of objectives had been achieved in previous fiscal years, and the following focus areas were primarily reinforcement efforts. |
| Focus 1 | <p>Ensure access to services of equal quality in English and French throughout the province.</p> <p>Objective: Maintaining and updating appropriate linguistic profiles.</p> <p>Strategy: The linguistic profiles were all updated and maintained on a regular basis to ensure the linguistic requirements set forth in each work unit were appropriate to meet the needs of clients as per the Language of Service Policy.</p> |
| Focus 2 | <p>An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace.</p> <p>Objective: Personnel services and other administrative services provided to employees must be offered and provided in the employees' Official Language of choice.</p> <p>Strategy: All new employees, including those responsible for the delivery of corporate services, were asked to complete the iLearn Module on Language of Work. A draft bilingual online employee orientation guide contains a section on the importance of Official Languages.</p> |
| Focus 3 | <p>Strategic means to ensure that new and revised government programs and policies took into account the realities of the province's official language communities.</p> <p>Some of the department's ongoing efforts related to the promotion of Official Languages included:</p> <ul style="list-style-type: none"> – ensuring that Official Languages is a key consideration in the development of any internal and external policies; – ensuring that written and oral communications to employees were offered in both languages and delivered at the same time; – conducting performance review meetings in the employee's language of choice; and – promoting on an ongoing basis Official Languages in various training or all staff events. |
| Focus 4 | <p>Ensure public service employees have a thorough knowledge and understanding of the <i>Official Languages Act</i>, relevant policies, regulations, and the province's obligations with respect to official languages.</p> <p>Objective: Ensure the employee performance review process includes a review of GNB's Official Languages obligations.</p> <p>Strategy: Ensure that managers understand that all performance reviews were to take into account the proper application of Official Languages policies.</p> |
| Conclusion | The department ensured the ongoing promotion of Official Languages policies and continued to offer quality services to clients in their language of choice. During this last fiscal year, the department had one unfounded Official Language complaint that was investigated internally. |

Summary of recommendations from the Office of the Auditor General

| Name and year of audit area with link to online document | Total | Adopted |
|---|-------|---------|
| Department of Finance — Property Tax System (2011) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2011V2/agrepe.pdf Chapter 3, page 79 to 80 | 2 | 2 |
| Department of Finance — Property Tax System (2012) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2012V1/AGrepe.pdf Chapter 3, pages 69 to 71, and 79 to 80 | 7 | 7 |
| Department of Finance — Property Tax System (2013) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2013V1/Agrepe.pdf Chapter 4, pages 83 to 86 | 5 | 5 |
| Department of Finance — Collections of Accounts Receivable (2013) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2013V2/agrepe.pdf Chapter 5, pages 188 to 191 | 2 | 2 |

Report on the *Public Interest Disclosure Act*

As provided under section 18(1) of the *Public Interest Disclosure Act*, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the public service for which the chief executive officer is responsible. The Department of Finance did not receive any disclosures of wrongdoings in the 2014–2015 fiscal year.

Appendix

Table 1: Audit and Investigation Services

| Activity volumes for 2014–2015 | |
|------------------------------------|-------------------|
| Program Activity or Service | Assignment volume |
| Audits | 655 |
| Compliance reviews and inspections | 185 |
| Investigations | 515 |
| Educational visits | 230 |
| Delinquency clearances | 49 |
| Objections or appeals | 3 |
| Refunds | 36 |
| Administrative penalties | 124 |
| Legal actions and roadside checks | 44 |
| Subtotal | 1,841 |
| Warnings and fines | 16 |
| Other jurisdictional audit reviews | 397 |
| Total Volume | 2,254 |

Table 2: Program services

The following table lists the activities for 2014–2015 and the corresponding expenditures or revenues for the various tax and benefit programs administered by the Revenue Administration Division.

| Activity volumes for 2014–2015 | | |
|--|-----------------|----------------|
| Program or Service | Volume (number) | Amount (\$000) |
| Financial Corporation Capital Tax payments | 210 | 31,833 |
| Financial Corporation Capital Tax refunds | 24 | 3,125 |
| Fuel payments made by collectors | 1,550 | 257,206 |
| Fuel Tax refunds | 2,532 | 26,335 |
| Harmonized Sales Tax refunds | 88 | 5,148 |
| Home Energy Assistance Program | 45,888 | 4,588 |
| Low-income Property Tax Allowance (January to December 2014) | 28,170 | 7,100 |
| Low-income Seniors' Benefit | 40,983 | 16,393 |
| Multiple Sclerosis Assistance Program | 1 | 2.5 |
| N.B. Tuition Rebate | 10,040 | 21,527 |
| Provincial Vehicle Tax payments | 58,045 | 17,246 |
| Provincial Vehicle Tax refunds | 180 | 92 |
| Real Property Tax Certificates | 18,089 | 424 |
| Real Property Tax payments | 640,429 | 845,753 |
| Real Property Tax refunds | 7,530 | 14,098 |
| Property Tax Deferral Program for Seniors | 83 | 15 |
| Small Business Investor Tax Credit | 60 | 4,450 |
| Tangible Personal Property Tax | 48 | 106 |
| Tobacco payments made by collectors | 266 | 151,246 |
| Tobacco Tax refunds | 587 | 16,989 |

