

Finance

Annual Report
2015–2016

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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, 2015, to March 31, 2016.

Respectfully submitted,



Honourable Cathy Rogers
Minister

From the Deputy Minister to the Minister

Honourable Cathy Rogers
Minister of Finance

Madam:

I am pleased to be able to present the Annual Report describing operations of the Department of Finance for the fiscal year April 1, 2015, to March 31, 2016.

Respectfully submitted,



Nicole Picot
Deputy Minister

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Minister's message

As the newly appointed Minister of Finance, I am proud of the success our government has achieved; we are focused on and committed to improving our province's finances.

The mission of the Department of Finance is to manage our public finances in the best interests of New Brunswickers. The department's success is central to our government's priorities of job creation, fiscal responsibility and making life better for New Brunswick families.

During the last year, we have strengthened our resolve to moving New Brunswick forward.

Most recently, our government underwent a strategic program review. During that period, we consulted extensively with New Brunswickers on how we can improve our economic situation as well as deliver government services to the public. As part of the consultations, New Brunswickers had the opportunity to provide input into how the Government of New Brunswick can address its fiscal challenges. Approximately 3,000 New Brunswickers attended public dialogue sessions, and more than 9,000 ideas were submitted online, by email or by mail.

The Strategic Program Review led to the development of a multi-year plan that our government introduced in the 2016–2017 budget. This budget outlines our plan to put the province's finances on the right track. We took a balanced approach while protecting education and health care and investing in job creation.

The 2016–2017 budget announced the reduction of the small business corporate income tax rate; we will continue on this path to reduce it to 2.5 per cent during our mandate. The government has also enhanced the Small Business Investor Tax Credit.

Our government is proud, as well, to have announced an HST credit for low- and middle-income households. To mitigate the impact of the HST increase, this refundable provincial HST credit will return approximately \$100 million to low- and middle-income New Brunswickers and is seen as the most generous credit in the Maritimes.

As a government, we take our fiscal health very seriously. We know that large deficits and increases in the net debt experienced during the past number of years are not sustainable. There is a lot of work to be done. Our government is working hard, seeking opportunities to move our province forward, to create jobs and to grow the economy. Our government has a comprehensive plan in place to address our fiscal challenges, and we will continue to stay focused on that plan.

During the next year, I look forward to working closely with the team at the Department of Finance, together creating growth opportunities for New Brunswick. I know that by maintaining our focus, we will achieve our goals.



Honourable Cathy Rogers
Minister of Finance

Deputy Minister's message

The 2015–2016 Annual Report describes the operations, challenges and achievements of the Department of Finance for the past year. Our team has been hard at work managing the province's finances and seeking opportunities to move our province forward.

As a key player in, and early adopter of the continuous improvement movement, the Department of Finance is working to support the government's priorities of job creation, fiscal responsibility and smart government as well as making New Brunswick the best place to raise a family.

The 2015–2016 reporting period marks the conclusion of our government's Strategic Program Review. It also marks the fifth year that the Department of Finance has participated in continuous improvement initiatives. As we continue to implement the findings from the Strategic Program Review, we will put an even greater positive focus on expenditure management and on the efficiency of our processes and projects.

The Department of Finance has continued to lead by example and undertake ongoing improvement projects to reduce the costs of its operations. This has enabled the department to achieve its budget targets. During the reporting period, the department surpassed its continuous improvement rate goal of 0.77 per cent, and it achieved an improvement rate of 12.31 per cent. This amounts to more than \$2 million in savings for the Government of New Brunswick.

The Department of Finance plays a key role in the day-to-day operations of government, providing secretariat services to approximately 50 Board of Management meetings, resulting in more than 185 decisions being issued to departments and agencies in the reporting year.

In addition, the department coordinated the preparation of the 2016–2017 capital estimates and the main estimates. As a department, we were proud of our role in the creation of the 2016–2017 budget. The government introduced a comprehensive multi-year plan to improve our province's finances and return to balanced budgets by 2020–2021.

The department is achieving this success through the ongoing hard work and dedication of our talented team. We will continue to focus on achieving additional savings and investing in opportunities that will allow us to strengthen our economy and make life better for New Brunswick families.



Nicole Picot
Deputy Minister

Strategic priorities

Strategy management

The Government of New Brunswick (GNB) uses a formal management system built on leading business practices with the purpose 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 a 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 2015–2016 fiscal year, the Department of Finance focused on the following strategic priorities:

- ◆ *The department coordinated the preparation of the 2016–2017 capital estimates tabled on Dec. 17, 2015; and the 2016–2017 budget speech, economic outlook and main estimates tabled on Feb. 2, 2016.*
- ◆ *Secretariat services were provided to about 50 Board of Management meetings, resulting in more than 185 decisions being issued to departments and agencies.*
- ◆ *The Fiscal Policy Division undertook research and analysis and provided revenue options for consideration as part of the Strategic Program Review. The division supported the introduction of a number of revenue measures, including measures resulting from the Strategic Program Review.*
- ◆ *The Corporate Services Division played a key role in supporting Strategic Program Review initiatives and IT and human resources centralization.*
- ◆ *The department completed the roll-out of the Release II of the new Real Property Tax Information System (Gemini), which allowed for the implementation of the last property tax policy changes introduced in 2012.*
- ◆ *The department launched an initiative on the collection of Tangible Personal Property Tax in November 2014. This initiative focused on unpaid provincial HST on pleasure crafts. With a recovery target of \$150,000 per year, at the end of 2015–2016, after only 16 months into the project, the department had collected more than \$569,000 in unpaid taxes.*
- ◆ *The department introduced changes to the Provincial Vehicle Tax (PVT) regulation and improved some of the administrative policies to better establish the fair value of vehicles sold by non-HST registrants for the purpose of taxation. The changes were introduced on Nov. 30, 2015. After the first four months of implementation, as of March 31, more than \$1.35 million of additional PVT was collected.*
- ◆ *The Account Management branch proceeded with a major reorganization of all its units and sections in support of its budget reduction target for the Strategic Program Review. The reorganization allowed for the elimination of five positions and created a structure that will be more conducive to business continuity planning and will eliminate work silos.*
- ◆ *The department surpassed its continuous improvement rate goal of 0.77 per cent and achieved an improvement rate of 12.31 per cent, amounting to more than \$2 million in savings.*
- ◆ *The department coordinated 59 requests under the Right to Information and Protection of Privacy Act and 95 Memorandums to Executive Council (MECs).*
- ◆ *The New Brunswick Lotteries and Gaming Corporation monitored and managed the relationship with gaming service providers, which generate about \$142 million in gaming revenue annually.*
- ◆ *In partnership with the Department of Health, the corporation published the 2014 New Brunswick Gambling Prevalence Study.*
- ◆ *The Alternative Service Delivery (ASD) Unit was successfully established as a result of a Strategic Program Review recommendation.*
- ◆ *The Comptroller's Office reported the annual Public Accounts, Volumes I and II.*

Performance measures

These are some of the department’s performance measures implemented as part of the performance excellence process and consistent with government’s priorities.

More jobs	Measures
Foster small business success.	Dollars invested in the Small Business Investor Tax Credit program.
Fiscal responsibility	Measures
Reduce expenditures.	Ratio of actual to budgeted expenditures.
Smarter government	Measures
Eliminate waste and duplication.	Improvement rate via continuous improvement.
Ensure transparency and accountability.	Percentage of SOMIA actions on track.
Enhance employee involvement, commitment and productivity.	Total number of paid sick days used.

More jobs

Objective of the measure

Foster small business success.

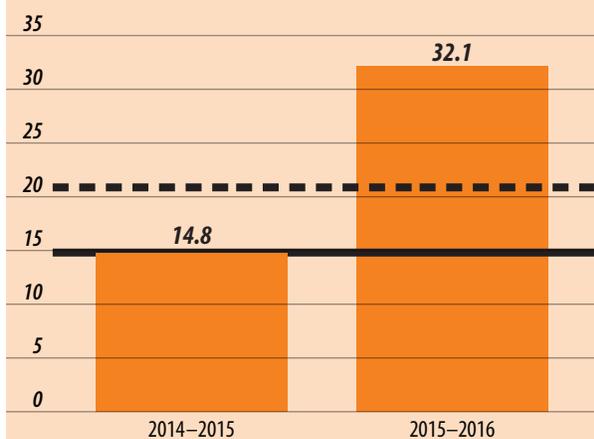
Measure

Dollars invested in the Small Business Investor Tax Credit program.

Description of measure

As a result of a GNB commitment, an amendment was made to the *Small Business Investor Tax Credit Act* in April 2015 to increase the tax credit from 30 per cent to 50 per cent for investments made by individuals in New Brunswick small businesses that qualify under the program.

Dollars invested in the SBITC program (\$M)



Overall performance

The amendment to the *Small Business Investor Tax Credit Act* resulted in a significant increase in the amount and number of investments in the program. Investments surpassed the 2014 level by 217 per cent. The number of investors increased by 42 per cent from 2014, which is a good indicator that the program is becoming more recognized as an effective tool to raise capital investments.



Why do we measure this?

The change in the program should stimulate investments in small business as it can provide a more generous tax credit.

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

Introduced legislation to increase the tax credit from 30 per cent to 50 per cent in the first quarter.

Fiscal responsibility

Objective of the measure

Reduce expenditures.

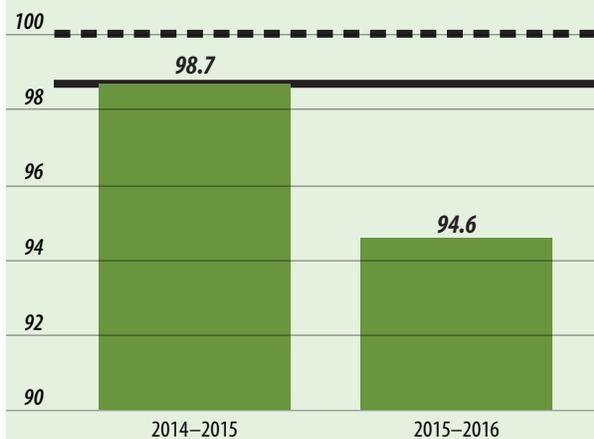
Measure

Ratio of actual to budgeted expenditures.

Description of measure

This measures whether the department is adhering to the expense budget that it tabled at the beginning of the fiscal year.

Ratio of actual to budgeted expenditures (%)



Overall performance

In 2015-2016, the department came in under budget by \$934,338.

— Baseline: 98.7%
- - - Target: 100%
Actual: 94.6%

Why do we measure this?

To ensure that expenditures are managed and do not exceed budget targets.

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

Early implementation of Strategic Program Review initiatives, including restructuring within the department as senior staff retired.

Smarter government

Objective of the measure

Eliminate waste and duplication.

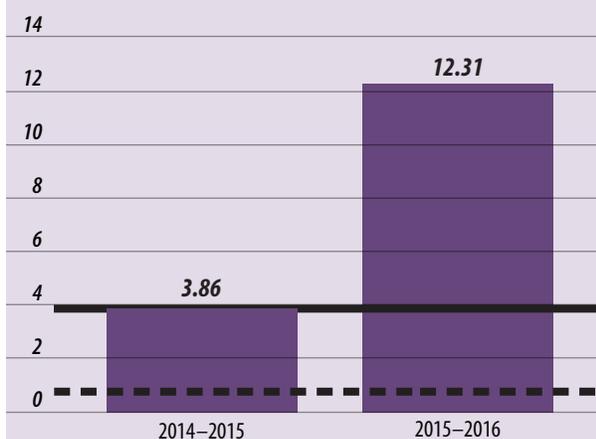
Measure

Improvement rate via continuous improvement.

Description of measure

This measure tracked the percentage of improvement in hard savings and soft savings versus the department's ordinary budget.

Improvement rate via continuous improvement (%)



Overall performance

By the end of 2015-2016, the department realized more than \$1.5 million in savings as well as increased revenue and cost avoidance through continuous improvement efforts.

— Baseline: 3.86%
- - - - - Target: 0.77%
Actual: 12.31%

Why do we measure this?

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

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:

- Tangible Personal Property Tax — created an efficient administrative process enabling the department to collect taxes due on boats purchased from a non-HST registrant.
- Cheque use — converted cheque payments to electronic transfer payments for suppliers.
- Property Tax Sale — improved process allowed for an increase in the amount of property taxes in arrears being paid prior to going to tax sale.
- Provincial Vehicle Tax (PVT) — enhanced legislation to decrease tax evasion.
- Waste Walks — multiple Waste Walks increased efficiency and reduced expenditures.

Smarter government

Objective of the measure

Ensure transparency and accountability.

Measure

Percentage of SOMIA actions on track.

Description of measure

The Balanced Scorecard has measures associated with internal processes for each strategic theme, which in turn have a number of initiatives and action plans in support of the achievement of these targets (captured in the SOMIA). All action plans have a due date by quarter. GNB departments and agencies report quarterly on the status of their action plans.

Percentage of SOMIA actions on track

92

90

88

86

84

82

80

87

2015–2016

Overall performance

The department undertook 52 actions to improve performance in strategic areas. Forty-five of the actions identified were completed as scheduled, two were postponed to another quarter and five were extended to 2016–2017, for a completion rate of 87 per cent.

————— Baseline: N/A
- - - - - Target: 90%
Actual: 87%

Why do we measure this?

The department measures its initiatives and actions because formally reviewing and posting status drives completion rates.

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

Initiatives taken by the department to support the Balance Scorecard measures include:

- GNB commitments.
- Strategic Program Review projects.
- Departmental meetings to achieve budget targets.
- Lean Six Sigma projects.
- Corporate GNB initiatives (i.e., Performance Management and Attendance Management).
- Gemini project (i.e., enhancing technology to deliver property tax services).
- Pension reform.

Smarter government

Objective of the measure

Enhance employee involvement, commitment and productivity.

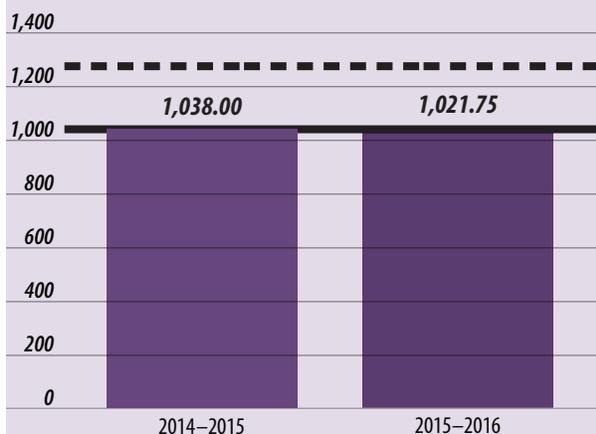
Measure

Total number of paid sick days used in the department.

Description of measure

In 2012–2013, GNB set a target to reduce employees' sick leave use by 20 per cent over a three-year period in Parts 1, 2 and 3. Departments that met the 20 per cent target at the end of 2014–2015 were required to maintain their gains. (Sick leave usage for casual employees is not included.)

Total number of paid sick days used



Overall performance

The department exceeded the target by 250.25 days.

— Baseline: 1,038.00
- - - Target: 1,272.00
Actual: 1,021.75

Why do we measure this?

Lower absenteeism, and in particular, lower 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?

The Human Resources Branch actively monitors sick leave usage throughout the year to identify and address any concerns. The branch also provides coaching to managers on how to effectively discuss and address attendance concerns with their employees. The advice provided is modelled on the Attendance at Work Policy, which also provides the necessary templates for communicating with employees and medical professionals. The enhanced performance review process now includes a section on sick leave usage, which again reminds managers and employees to discuss the importance of good attendance on an ongoing basis.

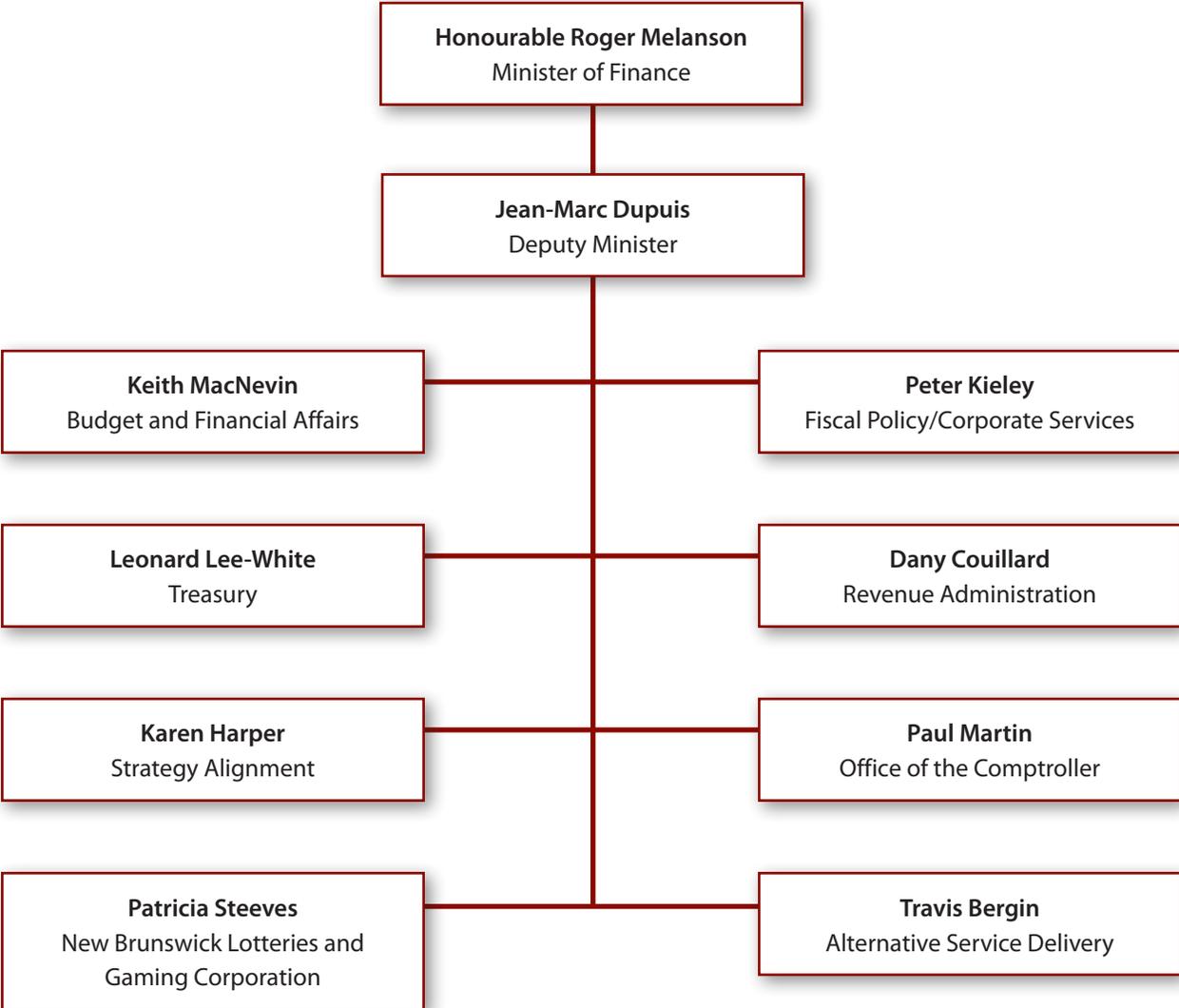
Overview of departmental operations

The Department of Finance is a central agency of GNB 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 GNB.

The number of employees in the Department of Finance (full-time, part-time and contract) in 2015–2016 was 195.

High-level organizational chart



Division overview and highlights

Budget and Financial Affairs Division

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.

The **Budget and Expenditure Monitoring Branch** 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 Branch** 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 2016–2017 capital estimates tabled on Dec. 17, 2015, and the expenditure portion of the 2016–2017 main estimates tabled on Feb. 2, 2016.*
- ◆ *Secretariat services were provided to about 50 Board of Management meetings, resulting in more than 185 decisions being issued to departments and agencies.*

Fiscal Policy Division

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 division consists of the Fiscal Policy and Revenue Branch, the Economic and Statistical Analysis Branch and the Tax Policy Branch.

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 and Revenue Branch provided economic and fiscal information and analysis that supported the Strategic Program Review process.*
- ◆ *The Economic and Statistical Analysis Branch completed eight bulletins using the 2011 National Household Survey results for Aboriginal Peoples, Immigration and Ethnocultural Diversity, and Education.*
- ◆ *The Tax Policy Branch undertook research and analysis and provided advice that supported the introduction of a number of revenue measures, including measures resulting from the Strategic Program Review.*

Corporate Services Division

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 division consists of the Financial Services Branch, the Human Resources Branch and the Information Management and Technology Branch.

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 and 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.

HIGHLIGHT

- ◆ *The division played a key role in supporting Strategic Program Review initiatives and IT and human resources centralization.*

Treasury Division

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

The division consists of the Capital Markets Branch and the Banking and Cash Management Branch.

The **Capital Markets Branch** is responsible for developing annual long-term debt borrowing strategies as well as securing, negotiating, executing, settling and reporting of debenture debt. This includes execution and management of related instruments as necessary, such as interest rate and foreign currency hedges derivatives and hedges. Integral to debt management is ongoing stakeholder and investor relations and communications. The branch is responsible for developing policies, strategies, investing and reporting for sinking and trust funds and providing financial and accounting policy analysis and advice.

The **Banking and Cash Management Branch** is responsible for the management and reconciliation of the cash flow for the Consolidated Fund and various dedicated funds. The branch acts as the receiver of revenue for GNB, initiates foreign exchange transactions, issues short-term debt in the form of Treasury bills, negotiates and manages banking arrangements, operates Crown financing corporations, forecasts Service of the Public Debt, ensures interest and principal payments on debt are made on a timely basis, liaises with credit rating agencies and provides financial policy analysis and advice.

HIGHLIGHT

- ♦ *The division is responsible for the fourth-largest departmental expense in government, the Service of the Public Debt. It was less than budgeted last year as a result of a number of factors including timing of cash flows, lower interest rates and efforts of staff in managing the borrowing and investor relations programs and enhancing liquidity management.*

Revenue Administration Division

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 division consists of the Research and Tax Administration Policy Branch, the Account Management Branch and the Audit and Investigation Services Branch.

The **Research and Tax Administration Policy Branch** 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 **Account Management 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.

The **Audit and Investigation Services Branch** 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.

HIGHLIGHTS

- ◆ *The department completed the roll-out of the Release II of the new Real Property Tax Information System (Gemini), which allowed for the implementation of the last property tax policy changes introduced in 2012.*
- ◆ *The department launched an initiative on the collection of Tangible Personal Property Tax in November 2014. This initiative focused on unpaid provincial HST on pleasure crafts. With a recovery target of \$150,000 per year, at the end of 2015–2016, after only 16 months into the project, the department has collected more than \$569,000 in unpaid taxes.*
- ◆ *The department introduced changes to the Provincial Vehicle Tax (PVT) regulation and improved some of the administrative policies to better establish the fair value of vehicles sold by non-HST registrants for the purpose of taxation. The changes were introduced on Nov. 30, 2015. After the first four months of implementation, as of March 31, more than \$1.35 million of additional PVT was collected.*
- ◆ *The Account Management Branch proceeded with a major reorganization of all its units and sections in support of its budget reduction target for the Strategic Program Review. The reorganization allowed for the elimination of five positions and created a structure that will be more conducive to business continuity planning and will eliminate work silos.*

Key Performance Indicator (KPI)

One of the division's objectives for 2016–2017 is the implementation of daily management. A project plan was put in place in March 2016 which will see the implementation of weekly huddles and the weekly tracking of a number of KPIs and measures for each branch. This management approach will provide staff with regular opportunities for bringing forward process improvement ideas.

Strategy Alignment Division

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: to provide guidance and coaching in the development and execution of the department's strategic plan, to provide leadership and coordination for legislation and policy initiatives, and to provide project facilitation expertise in continuous improvement projects.

HIGHLIGHTS

- ◆ *Ensured strategic action items and continuous improvement projects remained on target.*
- ◆ *Coordinated 59 requests under the Right to Information and Protection of Privacy Act and 95 Memorandums to Executive Council (MECs).*

Key Performance Indicators (KPIs)

- Surpassed continuous improvement rate goal (goal – 0.77 per cent; actual – 12.31 per cent).
- All legislative activities were on track as per schedule (includes legislation, MECs and house briefings).

Office of the Comptroller

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 the Government of New Brunswick. 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 the province 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 consists of Administrative Services; Accounting Services; and Audit and Consulting Services.

Administration Services 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 information management support for the office.

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

Accounting Services is responsible for the ongoing operation of corporate financial systems used to record the transactions reported in the consolidated financial statements of the Government of New Brunswick.

Accounting Services provides accounting advice to departments, Board of Management staff and government agencies; provides interpretation of emerging accounting standards and their impact on the Government of New Brunswick; provides information

for the prospectus for Government of New Brunswick bond issues; and operates and maintains the corporate financial information system.

Audit and Consulting Services 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. 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, Volumes I and II.*
- ♦ *Quarterly public reporting of senior executive travel.*
- ♦ *Assistance to Common Services and Strategic Review projects.*
- ♦ *Participated in the annual federal, provincial and territorial Comptrollers' conference and the Eastern Comptrollers conference.*
- ♦ *Made a presentation to the Moncton and Fredericton Chapter of the Financial Management Institute on government transformation.*
- ♦ *Participated as a member on the CPA Canada, Public Sector Accounting Board, and Employment Benefits Task Force.*

Key Performance Indicator (KPI)

Issuance of the March 31, 2015, annual audited financial statements by Sept. 30 as set out in legislation.

New Brunswick Lotteries and Gaming Corporation

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;
- it manages the business relationship with Atlantic Lottery Corporation and receives, monitors, audits and analyzes Atlantic Lottery Corporation financial and operational reports;
- it 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*;
- it manages the relationship with casino operators; and
- it 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

- ♦ *Developed, undertook and completed the due diligence process on the transfer of the casino service provider agreement to facilitate the sale of Casino New Brunswick.*
- ♦ *Monitored and managed the relationship with the gaming service providers, which generate about \$142 million in gaming revenue annually.*
- ♦ *In partnership with the Department of Health, published the 2014 New Brunswick Gambling Prevalence Study.*

Key Performance Indicators (KPIs)

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

Alternative Service Delivery Unit

The **Alternative Service Delivery** (ASD) Unit was established in November 2015 to provide ASD assessments of existing government programs, new programs and projects, and unsolicited proposals from third parties. The objective is to improve programs, manage risks, reduce costs and provide greater focus on strategic priorities. The team consists of an executive director and four senior program advisors who collaborate with clients and subject matter experts across government in the delivery of strategic ASD assessments.

The primary deliverables from this work include an ASD Screening Report to determine if a project has favourable ASD characteristics and, if required, a more comprehensive ASD Assessment Report that includes market sounding, risk, value-for-money, stakeholder and jurisdictional analysis. The team also provides procurement and implementation support to client departments as required.

HIGHLIGHTS

- ♦ *The ASD Unit was successfully established as a result of a Strategic Program Review recommendation.*
- ♦ *Standard operating procedures, tools and templates for ASD assessments were developed based on public and private sector best practices.*
- ♦ *Between November 2015 and March 2016, the team commenced ASD assessments on 20 initiatives, nine of which were completed during this term.*

Key Performance Indicator (KPI)

Due to the nature of this work (i.e., pre-procurement, advanced planning), financial savings targets will only commence in fiscal year 2017–2018. In the interim, a lead indicator tracking the number of completed ASD assessments is being used; a combined 14 ASD Screening Reports and ASD Assessment Reports were completed between November 2015 and March 2016.

Financial information

	Budget	Actual
Personal Services	12,901.6	11,821.3
Other Services	3,935.1	4,447.6
Materials and Supplies	230.5	101.3
Property and Equipment	189.1	50.4
Contribution and Grants	37.0	0.0
Debt and Other Charges	100.0	38.3
TOTAL	17,393.3	16,458.9

The figures are in thousands of dollars.

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 2015–2016 for the Department of Finance.

Number of permanent and temporary employees, as of December 31 of each year		
Employee type	2015	2014
Permanent	174	175
Temporary	7	12
TOTAL	181	187

The department advertised 15 competitions, including four open (public) competitions and 11 closed (internal) competitions.

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

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)	1
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)	2
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part 1, 2 (school boards) and 3 (hospital corporations) of the Public Service.	16(1) or 16(1)(c)	1
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)	0
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 the 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
22	<i>An Act to Amend the Maritime Provinces Harness Racing Commission</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-13.pdf	June 5, 2015	The amendment provided for the Province of Newfoundland and Labrador to join the commission. The amendment also allowed for the Minister responsible for the Act to be any member of the Executive Council charged with its administration, giving government flexibility in the selection of the Minister responsible for the Act.
24	<i>Supplementary Appropriations Act 2013–2014 (1)</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-15.pdf	June 5, 2015	The Act provided legislative authority for moneys spent in the fiscal 2013–2014. Three departments required additional funding in 2013–2014.
27	<i>Loan Act 2015</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-18.pdf	June 5, 2015	The Act provided authority in accordance with Section 4 of the <i>Provincial Loans Act</i> for the Lieutenant-Governor in Council to raise sums not exceeding in the aggregate \$800 million.
34	<i>An Act to Amend the New Brunswick Income Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-25.pdf	June 5, 2015	The amendment implemented income tax changes announced in the 2015–2016 budget.
35	<i>An Act to Amend the Small Business Investor Tax Credit Act</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-26.pdf	June 5, 2015	The amendment implemented changes announced in the 2015–2016 budget. The amendment also fulfilled GNB's commitment to enable small businesses to get better access to needed capital. Effective for eligible investments made after March 31, 2015, the Small Business Investor Tax Credit rate for individuals was increased from 30 per cent to 50 per cent.
52	<i>An Act to Amend the Gasoline and Motive Fuel Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-42.pdf	June 5, 2015	The amendment implemented the gasoline and motive fuel tax changes announced in the 2015–2016 budget. Effective midnight on March 31, 2015, the fuel taxes covering gasoline increased by 1.9 cents/litre to 15.5 cents/litre and diesel fuel increased by 2.3 cents/litre to 21.5 cents/litre.
53	<i>An Act to Amend the Tuition Tax Cash Back Credit Act</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-43.pdf	June 5, 2015	The amendment was required to eliminate the New Brunswick Tuition Rebate Program, effective Dec. 31, 2015.
54	<i>Appropriations Act 2015–2016</i> http://www.gnb.ca/0062/acts/BBA-2015/Chap-47.pdf	June 5, 2015	The Act closed the main estimates and the capital estimates tabled by the government.

The acts and regulations for which the Department of Finance is responsible can be found online at: <http://laws.gnb.ca/en/deplinks?subjectnumber=13>

Summary of Official Languages activities

Introduction

The Department of Finance has developed an action plan and includes strategic means for each of the four sectors of activity (focus) found in the GNB's **Plan on Official Languages — Official Bilingualism: A Fundamental Value**. 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 *Official Languages Act*.

Focus 1

Ensure access to service of equal quality in English and French throughout the province:

- Objective: Maintaining and updating appropriate linguistic profiles.
- 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.

Focus 2

An environment and climate that encourages, for all employees, the use of the Official Language of their choice in their workplace:

- Objective: Personnel services and other administrative services provided to employees must be offered and provided in the employees' Official Language of choice.
- Strategy: As part of the action plan, the department is ensuring new hires and current employees are aware they can work in the Official Language of their choice.

Focus 3

Strategic means to ensure that new and revised government programs and policies take into account the realities of the province's Official Language communities.

Some of the department's ongoing efforts related to the promotion of Official Languages included:

- ensuring that Official Languages is a key consideration in the development of any internal and external policies;
- ensuring written and oral communications to employees were offered in both Official Languages and delivered at the same time;
- conducting performance review meetings in the employees' Official Language of choice; and
- promoting on an ongoing basis Official Languages in various training and all staff events.

Focus 4

Ensure Public Service employees have a thorough knowledge and understanding of the *Official Languages Act*, relevant policies, regulations, and GNB's obligations with respect to Official Languages:

- Objective: Ensure the employee performance review process includes a review of GNB's Official Languages obligations.
- Strategy: Ensure that managers understood that all performance reviews were to take into account the proper application of Official Languages policies. When new employees are hired, the human resources contact sends an email with the links to the Official Languages policies.

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 did not have any Official Language complaints.

Summary of recommendations from the Office of the Auditor General

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
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
Province of New Brunswick Audit: Observations on Pension Plans (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V3/Chap3e.pdf Chapter 3, pages 64 to 69	6	3
Department of Finance – Public Debt (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V4/Chap2e.pdf Chapter 2, pages 18 to 19	8	0

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 disclosure(s) of wrongdoings in the 2015–2016 fiscal year.

Appendix

Table 1: Audit and Investigation Services

Activity volumes for 2015–2016

Program activity or service	Assignment volume
Audits	835
Compliance reviews and inspections	439
Investigations	414
Educational visits	291
Delinquency clearances	87
Objections or appeals	5
Refunds	29
Administrative penalties	107
Legal actions and roadside checks	37
Subtotal	2,244
Warnings and fines	11
Other jurisdictional audit reviews	375
Total volume	2,630

Table 2: Program services

The following table lists the activities for 2015–2016 and the corresponding expenditures or revenues for the various tax and benefit programs administered by the Revenue Administration Division.

Activity volumes for 2015–2016

Program or service	Volume (number)	Amount (\$000)
Financial Corporation Capital Tax payments	112	29,712
Financial Corporation Capital Tax refunds	18	2,840
Fuel payments made by collectors	1,544	302,485
Fuel Tax refunds	2,433	22,064
Harmonized Sales Tax refunds	85	7,751
Home Energy Assistance Program	44,987	4,498
Low-income Property Tax Allowance (January to December 2015)	27,413	6,956
Low-income Seniors' Benefit	41,423	16,569
N.B. Tuition Rebate	11,635	25,709
Provincial Vehicle Tax payments	59,671	18,747
Provincial Vehicle Tax refunds	368	125
Real Property Tax Certificates	21,730	514
Real Property Tax payments	708,448	1,050
Real Property Tax refunds	6,667	14,005
Property Tax Deferral Program for Seniors	83	49
Small Business Investor Tax Credit	153	32,135
Tangible Personal Property Tax payments	864	569
Tobacco payments made by collectors	231	152,930
Tobacco Tax refunds	605	17,023