



Department of Finance

Annual Report
2012-2013



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The Honourable Graydon Nicholas
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, 2012, to March 31, 2013.

Respectfully submitted,



Blaine Higgs
Minister

Blaine Higgs
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 2012-2013.

Respectfully submitted,



Jane Garbutt
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 Province in the best interests of New Brunswick.

New Brunswick continues to face revenue challenges, though we have placed a strong focus on reducing expenses across government. The Department of Finance is leading by example, streamlining the number of positions, seeking efficiencies, and staying under budget. This is possible thanks to the professional calibre of our employees, who manage the challenges and demands of our day-to-day operations while taking on special projects and initiatives.

We believe that, by managing smarter today, we can ensure a brighter future for New Brunswick. That is why the performance excellence process has become a key focus within the department. We are one of six departments involved in the initial roll out of the program, which uses Lean Six Sigma and other business management principles to drive process improvement. In this first year, process improvement initiatives have saved over \$300,000.

One of the largest projects taken on by Finance in 2012-2013 involved changing the way we provide operational funds to the Regional Health Authorities to reduce their on-hand cash balances. By better matching the provision of funds to when the funds were being used, we achieved a savings of over one million dollars in 2012-2013. We expect to save over \$500,000 in 2013-2014 without any service reductions to our citizens.

This new annual report format is part of a pilot project undertaken with the Executive Council Office and presents the department's overall performance by demonstrating our internal measures. Not only will these measures help us to get better by driving our performance, they will also show the public, in a transparent way, how we have progressed towards our goals.

We are moving towards becoming a leaner, more efficient public service, while maintaining, and even improving, the level of service to our internal and external customers. I look forward to the additional successes that will be achieved in the coming year.

Hon. Blaine Higgs
Minister of Finance

Deputy Minister's Message

This year's Department of Finance Annual report is part of a pilot project undertaken with the Executive Council Office (ECO) to redesign the annual report with a focus on performance reporting.

Working with ECO and the Department of Transportation and Infrastructure, a review of the current report format was undertaken, and best practices from other jurisdictions and recommendations from previous Auditor General reports were considered.

The report now focuses on performance reporting, which provides the structure for the department to measure its progress on meeting its goals, in alignment with the strategic themes of the Province.

As one of the first departments to participate in the performance excellence process, the team has challenged itself to adopt the culture of continuous improvement and use Lean Six Sigma and other tools to increase efficiency and accountability, improve services to the public, and streamline administration.

We are proud of the early results, which have allowed the department to be under budget by \$1,235,000 through cost savings from continuous improvement projects, efficiencies of our internal processes and government renewal initiatives. We have a new focus on not only measuring, but on monitoring and adjusting throughout the year to ensure we are seeing solid results from our strategic initiatives.

Our future challenge is to ensure that continuous improvement is not simply an initiative, but a permanent shift in our business culture. We will continue to focus on this opportunity to invest in our people, to give them tools through Lean Six Sigma and other methodologies and remain focused on the priorities that give us the greatest results and the greatest value for taxpayers.

The team has done an exceptional job in transforming itself to a performance based organization and we look forward to reaching our new targets and goals as we prepare for the year ahead.

Jane Garbutt
Deputy Minister

Highlights

The Department of Finance was six percent under budget for department expenditures, for a savings of \$1.235 million in 2012-2013.



The department was instrumental in the development of the performance excellence process (PEP) for the Government of New Brunswick. Working with the newly created Office of Strategy Management, the Corporate Services and Fiscal Policy divisions worked on the development of the strategy maps, the creation of the corporate measures for the Province and for each department, and in supporting the implementation of PEP in other departments.



The department completed the background work for the establishment of the shared-risk pension model, and created the legislative framework to ensure the Province's pension plans are sustainable and affordable going forward. The background work allowed the conversion of two plans in 2012-2013. Work also began on the conversion of the Public Service Superannuation Act (PSSA).



The department developed and implemented its first strategy map and balanced scorecard.



The department developed and released "Improving New Brunswick's property tax system: A White Paper." In December 2012, legislation based on this white paper was introduced to make the property tax system more fair, equitable and transparent.



The property tax reforms ensure all properties across the province are paying their fair share with respect to policing costs, while ensuring farmers are not negatively impacted by the property tax changes and that all other properties will experience minimal to no increase in overall tax burden as a result of the reforms. All homeowners are also able to benefit from the option of equalized monthly property tax payments.



The department upgraded the corporate financial information system to the newest available version of the Oracle software. As well, hardware upgrades were undertaken to ensure the stability of the system. This project was completed almost entirely with in-house resources and less than two hours overall of system downtime. The systems are used by Parts I and II of the Public Service.



The department provided the data and analysis which became the foundation for the new corporate vehicle rental/travel policy project undertaken by the Department of Transportation and Infrastructure.



The department worked in concert with the Department of Energy and Mines on proposed new royalty regimes for oil, gas and potash. Work related to metallic minerals royalties is ongoing.



The department continued its increased collections efforts to bring in \$21.9 million, and begin collections on an outstanding \$101 million in monies owed to the Province as of March 31, 2013. The largest component of this is by Canada Revenue Agency Set-off program, with voluntary student loan repayments making up \$3.6 million, and money collected through CRA's program another \$15.2 million.

✱

The department was involved in consultations with federal and provincial governments on the five-year renewal of the federal Equalization Program, with a focus on protecting the province's financial interests. In December 2012, the federal finance minister announced technical changes to the equalization program as part of the 2014 renewal.

✱

The department developed 35 Memoranda to Executive Council, and processed 23 requests made under the *Right to Information and Protection of Privacy Act*, 11 regulatory changes and 18 legislative changes.

✱

The department is on target to meet its Smart Regulation Initiative commitment of a 20 percent reduction in regulatory burden by December 31, 2013.

Strategic Priorities

Strategy Management

The Government of New Brunswick (GNB) has implemented 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 in both public and private sectors to execute strategy.

The formal management system starts with a strategic vision. The government expresses its vision through the themes for **a stronger economy** and an **enhanced quality of life while living within our means**. This strategic vision is articulated through the strategy map, which is a tool to provide focus and overall direction for improvement.

The Perspectives of the Strategy Map

The strategy map focuses on what's important to citizens: stimulating job creation and getting more people working; access to necessary programs and services; and providing value for their tax dollars.

The financial perspective addresses the financial requirements needed to sustainably support the commitment to citizens, stretching across all three themes of the vision. The financial perspective focuses on supporting the private sector to stimulate growth, ensuring the government lives within its means by achieving a sustainable budget, and funding priority programs to contribute to an enhanced quality of life.

The internal processes are government's direct role in achieving the vision. They are the strategic improvements government needs to successfully implement to achieve the vision. Each department sets its own goals and priorities within the strategic themes to match its programs and specialized needs.

The enablers ensure that GNB is ready to execute the strategy through internal processes. Leaders and employees need to develop and demonstrate behaviours that engage others to ensure the success of strategic projects. Leaders need the right information at the right time to make strategic decisions, and the culture must align and recognize those who contribute to achievement of the strategy.

Department of Finance Strategy Map

The Department of Finance was one of the first departments to participate in the performance excellence process. This process is part of a cultural change to increase efficiency and accountability, improve services to the public, and streamline administration. The strategy map on the following page is a blueprint for describing, measuring and aligning the department's focus. It provides the link with the strategic themes of the Government of New Brunswick and outlines the department's priorities for 2012-2013. All projects undertaken by the department each year align to one of the strategic themes set out by the province.

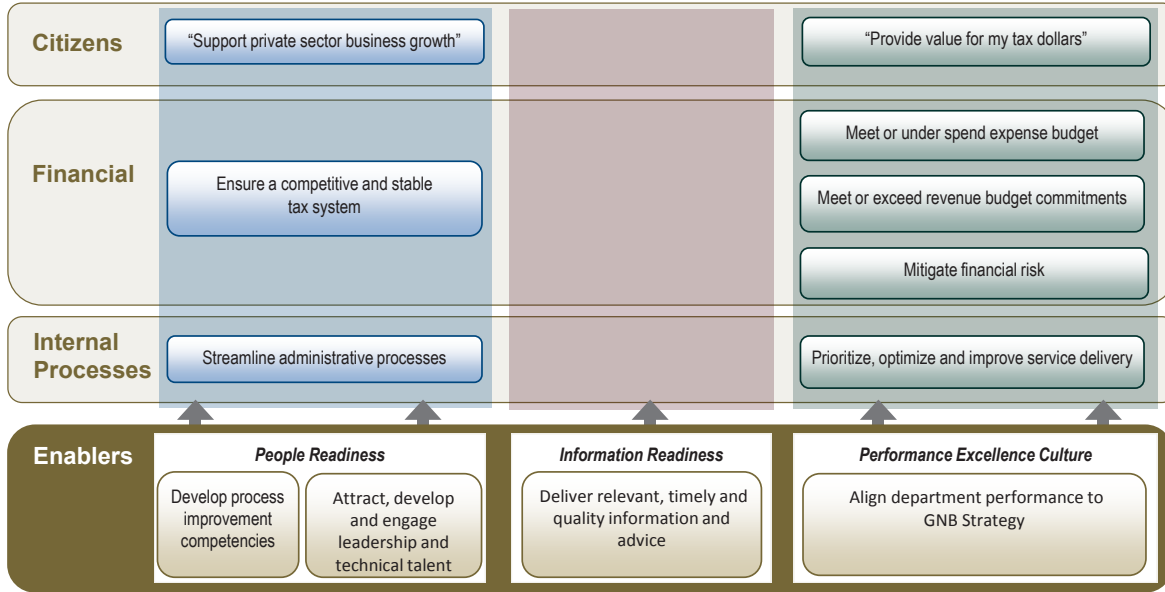
The map contains the department's mission statement, with specific objectives on where to focus improvement efforts.

GNB Mission: Providing quality services to support a prosperous, fair and just society for New Brunswick.

**VISION
2015**

A stronger economy and an enhanced quality of life, while living within our means.

Department mission: Support the management of the public finances of New Brunswick



NB PUBLIC SERVICE VALUES: COMPETENCE – IMPARTIALITY – INTEGRITY – RESPECT – SERVICE

Performance Measures

Based on the strategy map, a framework that translates the organization's strategy into a set of objectives and performance measures is developed. This allows the department to measure progress in meeting objectives. The performance measures do not reflect all of the day-to-day operations of the department, but rather the strategic areas where it needs to focus improvement efforts. The following table summarizes the performance measures for the Department of Finance for 2012-2013.

Strategic Theme: A Stronger Economy	Measures:
"Support private sector business growth"	Provincial property tax rates
Streamline administrative processes	Ratio of revenue to cost of tax collection
Strategic Theme: Living Within Our Means	Measures:
Meet or underspend expense budget	Ratio of actual to Finance budgeted expenditures
	Number of bondholder (lender) contacts
Meet or exceed revenue budget commitments	Revenue enhancements to bring balance to government finances
Prioritize, optimize and improve service delivery	Dollars saved per costs eliminated and controlled
	Dollars saved per continuous improvement
Enablers (HR, IT, Performance Excellence Culture):	Measures:
Deliver relevant, timely and high quality information and advice	Timely availability of GNB audited financial statements
Align department performance to strategic plan	Average number of paid sick leave days in Finance

A Stronger Economy: “Support private sector business growth”

Measure:

Provincial property tax rates

Description of measure:

The property tax rate for business properties is measured per \$100 of assessment.

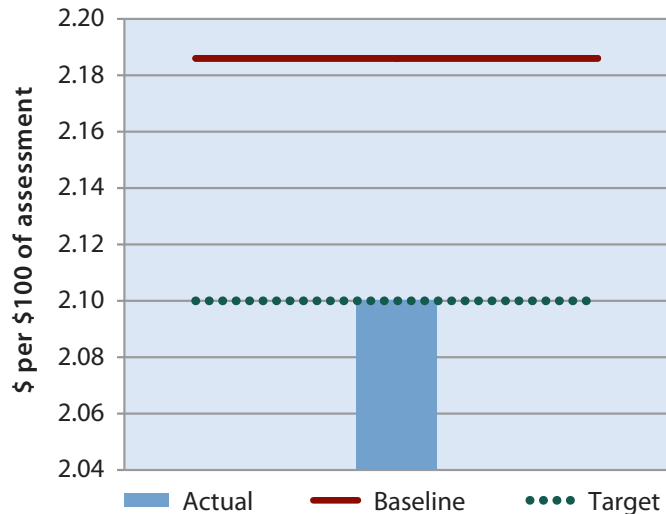
Overall performance:

The Department of Finance is on target to meet the four-year goal of \$1.8560 per \$100 of assessed value thanks to legislation tabled in 2012.

Baseline: \$2.1860 per \$100 of assessment

Target: \$2.10 per \$100 of assessment

Actual: \$2.10 per \$100 of assessment



Why do we measure this?

New Brunswickers are concerned about property taxes. The property tax on business property is among the highest in Canada. As part of an overall reduction in provincial property taxes the property tax on business was lowered. A recent CD Howe report on property taxes across Canada confirmed that even after the property tax on business property adjustment, our rate is high relative to other jurisdictions. Property taxes on business properties will remain higher than in other jurisdictions even after the scheduled rate reductions.

What projects were undertaken in 2012-2013 to achieve the outcome?

Legislation was tabled and received royal assent. The tax rate was lowered to \$2.10 per \$100 of assessment effective January 1, 2013; legislation provides for the rate to reach the stretch target of \$1.8560 effective January 1, 2016.

A Stronger Economy: Streamline administrative processes

Measure:

Ratio of revenue to cost of tax collection

Description of measure:

The amount of revenue collected per dollar of cost of administration of the programs.

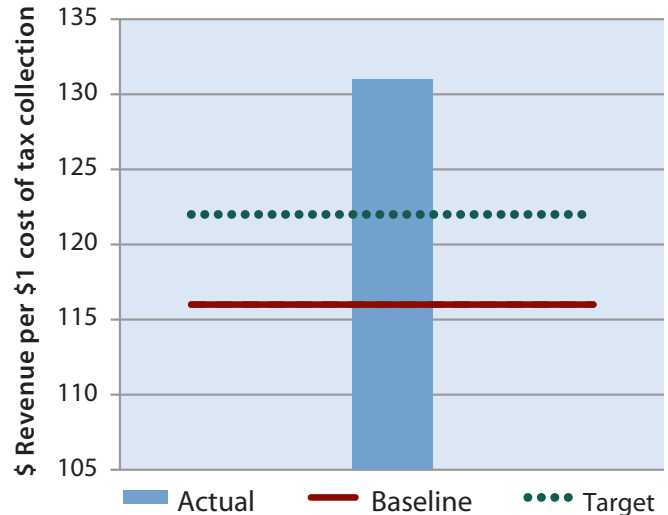
Overall performance:

The Department of Finance reduced overhead for tax collection through a number of waste reductions, raising the revenue collected per dollar of expense to \$131.

Baseline: \$116 of revenue per dollar cost of tax collection

Target: \$122 of revenue per dollar cost of tax collection

Actual: \$131 of revenue per dollar cost of tax collection



Why do we measure this?

This ratio shows the results of efficiency enhancements undertaken to lower the cost of collecting taxes.

What projects were undertaken in 2012-2013 to achieve the outcome?

Several vacant positions were eliminated as a result of administrative efficiencies. A number of administrative projects, such as altering the Renewal of Judgments process, reducing the number of Red Books purchased for SNB, increasing the Notice of Tax Sale threshold, and switching to regular mail delivery for Final Tax Sale letters, saved \$28,000.

Other waste walk projects were focused around overproduction of paper reports, which realized savings of approximately \$3,000 in printing costs per year.

Living Within Our Means: Meet or underspend expense budget

Measure:

Ratio of actual to Finance budgeted expenditures

Description of measure:

The ratio measures whether the department is over or under budget. The ratio will exceed 100 percent when spending is over-budget and be less than 100 percent when spending is under-budget.

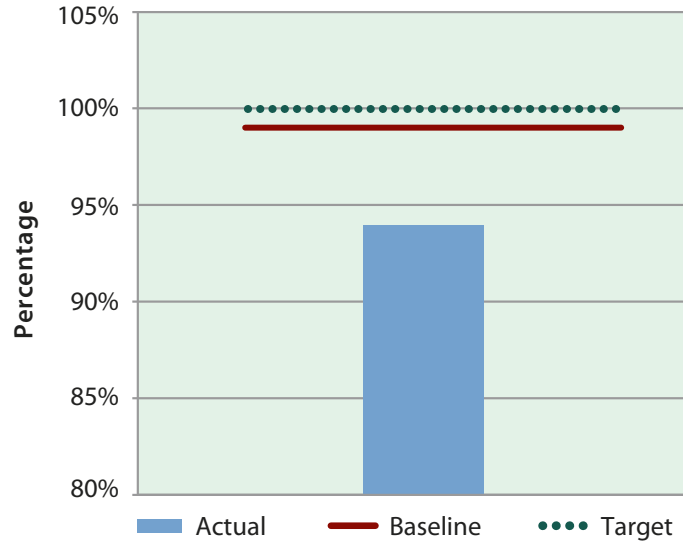
Overall performance:

The Department of Finance's 2012-2013 budget was set at \$20,206,000. After completion of several initiatives, along with close monitoring of expenditures, the department closed out the fiscal year 6%, or \$1,235,000 under budget.

Baseline: 99% on budget for 2010-2011

Target: 100% on budget for 2011-2012

Actual: 94% on budget for 2011-2012



Why do we measure this?

This indicator measures the ability of the provincial government to manage its overall expenses as compared to budget. The provincial government must ensure that expenses are managed in accordance with the budget and be prepared to take corrective action if expenses are projected to be over-budget during the year.

What projects were undertaken in 2012-2013 to achieve the outcome?

In order to achieve this target, the Department of Finance completed the following projects:

- Government Renewal Initiatives
- Waste walk projects
- Telecommunications Lean Six Sigma Project

Living Within Our Means: Meet or underspend expense budget

Measure:

Number of bondholder (lender) contacts

Description of measure:

This measure focuses on the number of contacts the department makes with bondholders, or investors.

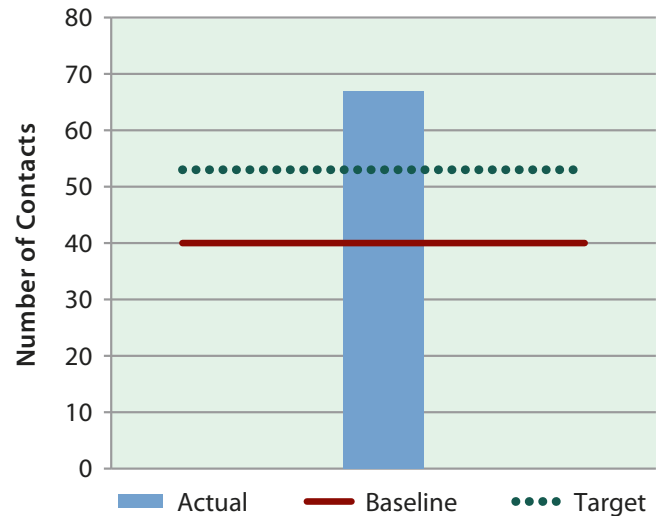
Overall performance:

The department was able to leverage several conferences and events to introduce the Province to new contacts and update contacts with existing lenders.

Baseline: 40 contacts

Target: 53 contacts

Actual: 67 contacts



Why do we measure this?

Increasing the quality and quantity of lender relationships helps the Province borrow on favourable terms to minimize interest costs and manage funding risks. By ensuring our lenders are familiar with the Province's fiscal policy, economic environment and ongoing initiatives, we build the relationship with the lenders to access better lending rates and terms to fund the Province's operational and capital budgets.

What projects were undertaken in 2012-2013 to achieve the outcome?

The Province leveraged credit conferences and investment dealer events to introduce the Province to new contacts and update existing lenders. The Province spoke to broader audiences at several conferences and events. The investor relations initiative was supported by improved presentation materials and a new, investor focused website.

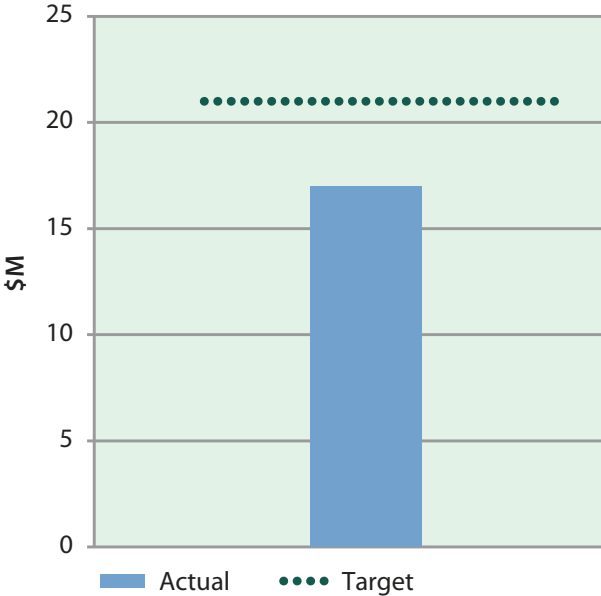
Living Within Our Means: Meet or exceed revenue budget commitments

Measure:
Dollars achieved through revenue enhancements to bring balance to government finances

Description of measure:
Revenue generated through government approved budget initiatives.

Overall performance:
The full financial impact of this measure was not realized in 2012-2013.

Baseline: New measure
Target: \$21 million in revenue enhancements
Actual: \$17 million in revenue enhancements



Why do we measure this?
As part of the 2012-2013 budget process, a number of revenue initiatives were approved to help bring greater balance between revenue and spending and improve government finances. These estimated revenue impacts were reflected in the budget.

What projects were undertaken in 2012-2013 to achieve the outcome?
Increases to Financial Corporation Capital Tax and Real Property Transfer Tax were implemented resulting in over \$13 million in additional revenue. Other minor changes to the tax system yielded over \$4 million.

Living Within Our Means: Prioritize, optimize and improve service delivery

Measure:

Dollars achieved through costs eliminated and controlled

Description of measure:

This measure focuses on departmental savings achieved as a result of implementing the 2011 Government Renewal exercise which identified areas for cost elimination and/or control.

Overall performance:

At the end of 2012-2013, the Department of Finance completed a number of government renewal initiatives to aid in achieving its target of \$692,000 in savings.

Baseline: New measure

Target: \$692,000 saved through costs eliminated/controlled

Actual: \$692,000 saved through costs eliminated/controlled

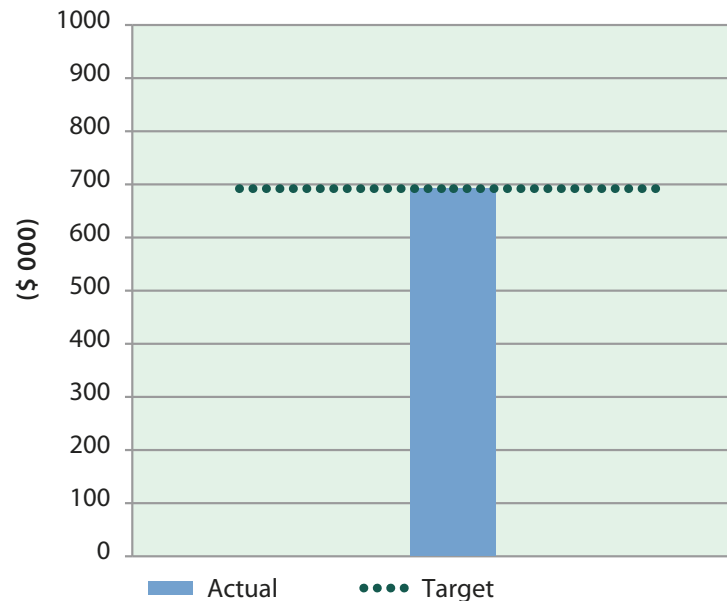
Why do we measure this?

In an effort to reduce expenditures and the province's deficit, the Government of New Brunswick completed a renewal exercise. This exercise resulted in a multi-year expenditure reduction plan for all departments.

What projects were undertaken in 2012-2013 to achieve the outcome?

The following projects helped the Department of Finance achieve the target:

- In-sourced technical support for our corporate financial system
- Reduced funding for vacant positions
- Reduced administrative costs (phone lines, tuition and courses, parking, leasing costs, subscriptions)



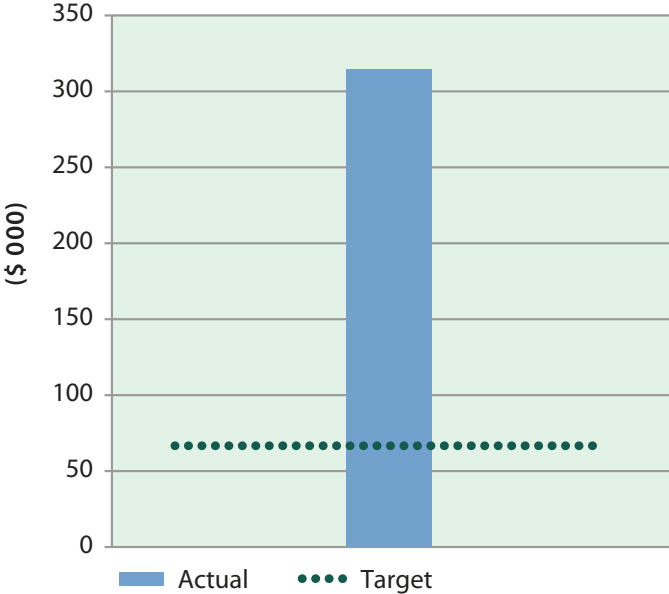
Living Within Our Means: Prioritize, optimize and improve service delivery

Measure:
Dollars achieved through continuous improvement

Description of measure:
This measure focuses on the dollars achieved via Lean Six Sigma continuous improvement initiatives.

Overall performance:
By the end of 2012-2013, the Department of Finance realized \$314,376 in savings or increased cash flow through formalized continuous improvement efforts.

Baseline: New measure
Target: \$66,667 achieved through continuous improvement
Actual: \$314,376 achieved through continuous improvement*



Why do we measure this?
The projects undertaken to eliminate and control costs indicate how well our process improvement programs are functioning. This is also a good measure of increased efficiency and smarter management.

What projects were undertaken in 2012-2013 to achieve the outcome?
The following projects assisted in meeting departmental continuous improvement targets:

- *Student Loan Debt* – improved processes associated with the collection of outstanding student loan debt held by GNB employees.
- *MEC Decision Making Process* – streamlined processes and improved processing time associated with Cabinet and Policy & Priorities submissions.
- *Administrative Monetary Penalties* – streamlined and standardized processes to ensure penalties were collected within a one year timeline.
- *Waste Walks* – a group of employees were educated on the 12 types of waste and were asked to apply this knowledge to find waste in their respective processes/work environment. These small waste walk improvements resulted in a savings of over \$20,000 in 2012-2013.
- *Telecommunications Project* – improved management processes, tightened monitoring controls, cancelled unused phone lines and reviewed all phone plans for cost efficiency.

* This figure does not include horizontal projects led by Finance, such as the cash management project undertaken with the Regional Health Authorities.

Enablers: Deliver relevant, timely and high quality information and advice

Measure:

Timely availability of GNB audited financial statements

Description of measure:

The number of days after fiscal year end that the audited financial statements are issued.

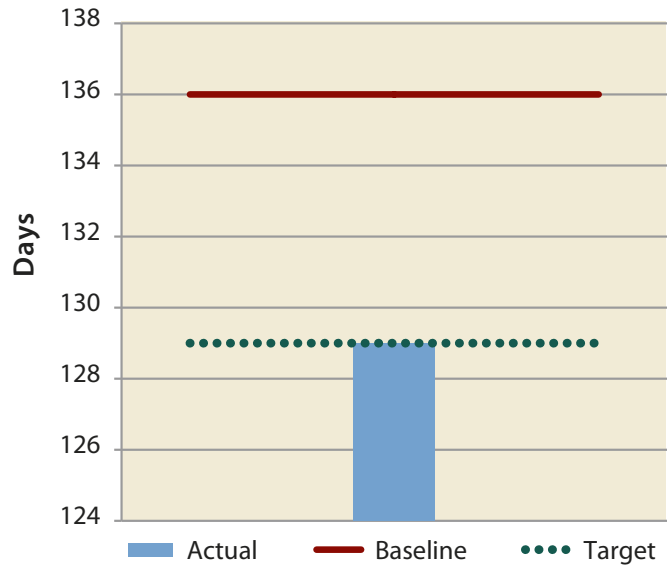
Overall performance:

The department was able to meet the deadline for the audited statements by streamlining internal processes.

Baseline: 136 days after fiscal year end

Target: 129 days after fiscal year end

Actual: 129 days after fiscal year end



Why do we measure this?

The government made a platform commitment to issue audited financial statements 60 days prior to fixed election dates. Since that time, the Office of the Comptroller has been working towards earlier releases of audited statements with a view to meeting this commitment.

What projects were undertaken in 2012-2013 to achieve the outcome?

The Office of the Comptroller collaborated with Fiscal Policy and Revenue and Taxation to reduce duplication in report analysis. As well, the Treasury Division provided support to the Comptroller in preparing the financial statements.

Enablers: Align department performance to strategic plan

Measure:

Average number of paid sick leave days in Finance

Description of measure:

The measure shows how many sick leave days were taken, on average, per full time employee.

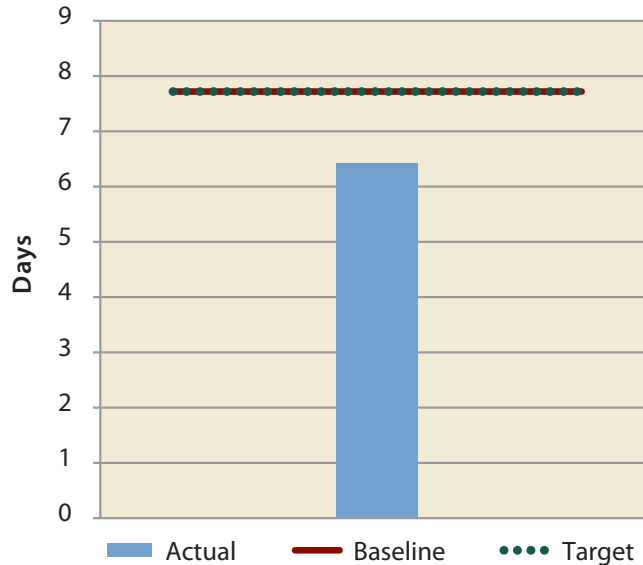
Overall performance:

At the end of 2012-2013, the Department of Finance reduced its average paid sick leave days from 7.72 to 6.42.

Baseline: 7.72 average sick leave days

Target: 7.72 days average sick leave days

Actual: 6.42 days average sick leave days



Why do we measure this?

The Department of Human Resources determined there is a high absenteeism (sick leave) rate in Parts I, II and III of the Public Service resulting in high costs to government. A reduction in absenteeism would help reduce costs associated with lost productivity as well as staff replacement. As a result, Parts I, II and III were asked to target a reduction in absenteeism in 2012-2013.

What projects were undertaken in 2012-2013 to achieve the outcome?

The following projects assisted in meeting sick leave targets:

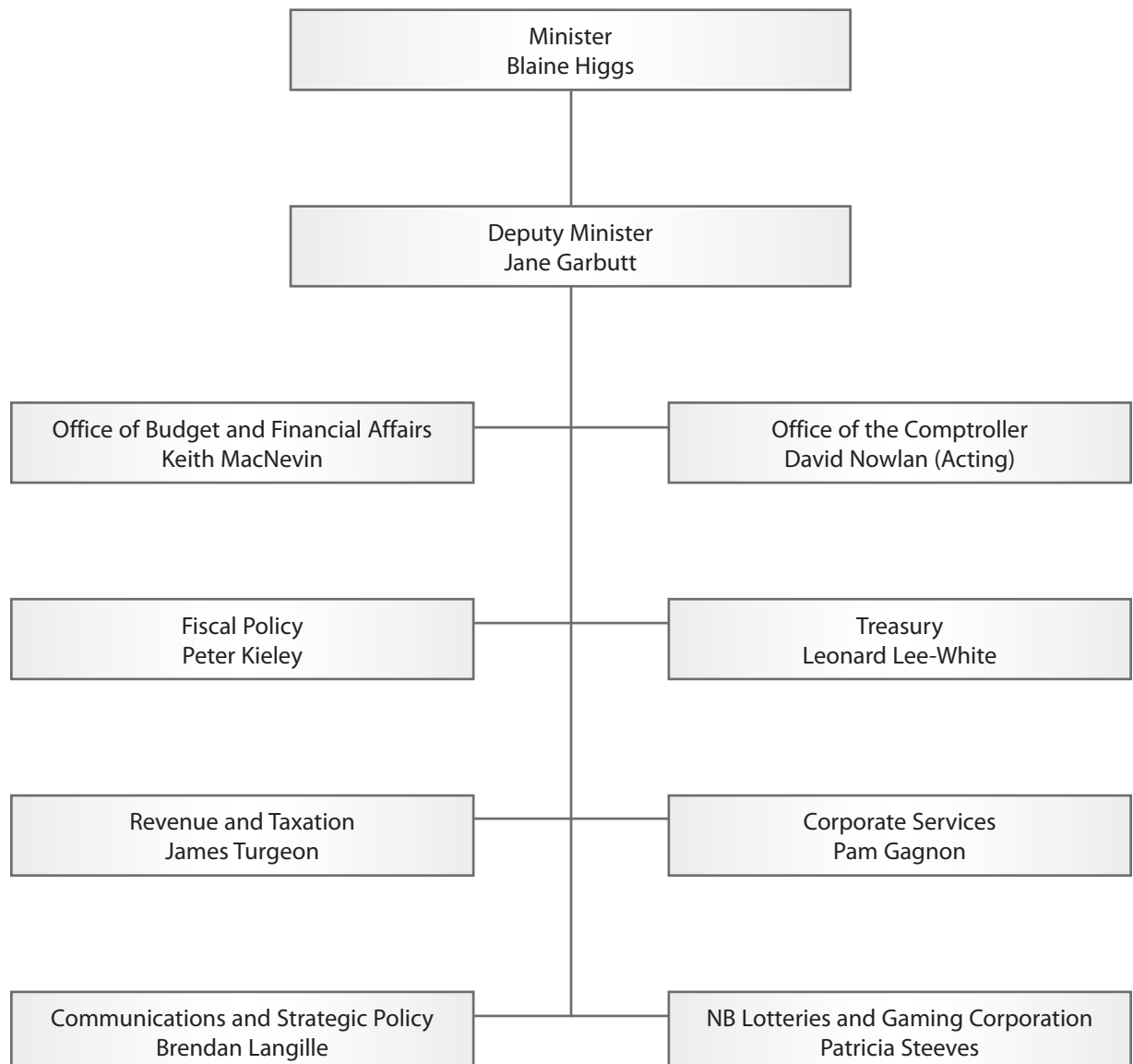
- Developed an attendance management tool kit to aid managers and employees in understanding their roles and responsibilities in managing absenteeism.
- Educated managers on the attendance management toolkit.
- Enhanced management reporting on sick leave days.

Overview of Departmental Operations

The Department of Finance is a central agency of government whose mission is to support the management of the public finances of the Province in the best interests of New Brunswick.

In 2012-2013, the department employed up to 199 individuals on a full time, casual or contract basis. This was down from 205 in 2011-2012.

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



November 2013

Communications and Strategic Policy

The **Communications and Strategic Policy** branch has two primary objectives: 1) To communicate the Department of Finance's initiatives to the public and departmental staff; and, 2) To provide leadership and expertise in the development of major legislation and policy initiatives in support of the operational divisions of the Department of Finance.

Communications and Strategic Policy is responsible for:

- developing both internal and external communications strategies;
- monitoring and analyzing media coverage;
- managing media relations;
- writing speeches and issuing news releases;
- providing advice to the minister and senior managers on communications and policy issues;
- supporting the minister during the legislative session;
- coordinating the department's legislation;
- providing translation analysis services for the department's divisions;
- administering the department's web site and intranet site;
- facilitating and organizing the minister's pre-budget tour;
- providing strategic direction for policy development; and
- promoting an understanding of departmental performance excellence objectives and successes.

Communications and Strategic Policy Highlights

The annual fees report was prepared and tabled.

The branch organized pre-budget consultations for stakeholders and the public in eight locations around the province.

Corporate Services Division

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

The **Financial Services Branch** is responsible, at the strategic level, for working with departments, agencies and commissions to ensure 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, analysis and control functions, assets and risk management, and financial reporting services.

The **Human Resources Branch** is responsible for delivering comprehensive strategic human resource services for the department, as well as its shared services organizations. It works closely with clients and is committed to actively offer and provide quality services in both official languages.

Corporate Services Division Highlights

Financial Services Branch ensured that the department was under budget by \$1.2 million.

Human Resources Branch completed and rolled out an attendance management program and completed 350 position competency profiles.

Information Management and Technology Branch completed a major upgrade to the computer system at the centre of all of the province's financial activities. They also implemented a system that allows business operations to scan and manage documents electronically and access them remotely.

The Continuous Improvement Unit, in partnership with other Finance divisions, facilitated four process improvement projects and found hard savings in excess of \$300,000. The unit also delivered a waste walk program to employees and led the department in the development and implementation of its first strategy map and balanced scorecard.

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 in the department and its shared services organizations to develop solutions to meet their business needs and provides ongoing maintenance and support for more than 60 business applications including the corporate Financial Information System (FIS).

The **Continuous Improvement Unit** is responsible for the performance excellence process in the Department of Finance. This process is a results-oriented, long-term approach to the way the department manages its business. It uses several best practice methodologies including a strategy map, balanced scorecard, and Lean Six Sigma process improvement.

Fiscal Policy Division

The **Fiscal Policy Division** provides policy advice, analysis and information in regards to fiscal and budget policy, intergovernmental fiscal relations and the economy. The division 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 the province's economic performance.

The division also has responsibility for economic and revenue forecasting, the provision of statistical data and analysis and federal-provincial consultations with respect to programs under the *Federal-Provincial Fiscal Arrangements Act* and the Canada Pension Plan.

Fiscal Policy Division Highlights

New Brunswick played a lead role as co-chair of the fiscal arrangements working group. Provincial and territorial ministries of finance continued to work together on issues of national importance, including preliminary discussions on modernizing fiscal arrangements.

The **Federal-Provincial Fiscal and Statistical Relations Branch** contributes to the protection of the Province's financial interests by providing policy advice, analysis and information with respect to intergovernmental fiscal relations. 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 branch also provides socio-economic and demographic research, analysis, and information services to 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 **Fiscal Policy and Economics Branch** provides policy advice, analysis, and information pertaining to fiscal and budget policy and the economy. The branch has key responsibilities in regards to the multi-year fiscal framework and provincial budget, preparation of the budget speech, fiscal and economic reports, monitoring the budget plan, coordinating the government's overall revenue forecast as well as economic forecasting, monitoring and analysis. The branch provides support to government in undertaking economic analysis and modeling.

Office of Budget and Financial Affairs

The mission of the **Office of Budget and Financial Affairs** 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

The division staff plays a key role in developing budgets and implementing multi-year expenditure plans that are in keeping with the stated fiscal objectives of government. These plans are continually monitored so that changes in the fiscal forecast can be anticipated and responded to appropriately. The division provides analysis, advice, and restraint options for consideration by government.

Board of Management Operations

The division provides secretariat services to the Board of Management and acts as the liaison between the board and all 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 analyzed to assess financial and human resource implications and to determine any additional information that board members may require to make informed decisions. The chair of the Board of Management is the Minister of Finance and the secretary of the board is the Deputy Minister of Finance.

Office of Budget and Financial Affairs Highlights

The Office of Budget and Financial Affairs successfully transitioned the distribution of Board of Management materials from printed copies to electronic files. Ministers and officials now receive meeting documents through secure software on iPads, which gives them quicker, easier access to the information and reduces photocopying.

Treasury Division

The **Treasury Division** is responsible for financing the Province 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 the Province 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.

Treasury Division Highlights

The division participated on the committee tasked with the integration of the NB Power group of companies, the NB Electric Finance Corporation and the NB System Operator.

The Regional Health Authorities Cash Balances reduction project worked to reduce the average bank balance of the two authorities and FacilicorpNB from \$80 million to \$42 million, reducing the cost of borrowing and managing the operational funds for the department.

Revenue and Taxation Division

The **Revenue and Taxation Division** provides advice, information, and recommendations with respect to the analysis, design and implementation of the Province's tax policies. It assures fair, effective and efficient administration of tax and regulatory programs. It also offers policy and information in respect of federal-provincial-territorial tax policy 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 (CRA). The Revenue and Taxation Division is made up of the Tax Policy Branch, the Office of the Tax Commissioner, Audit and Investigation Services, and the Program Delivery Branch.

The **Tax Policy Branch** researches and analyzes tax policy issues. It develops options, provides information, advice and recommendations, 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 **Office of the Tax Commissioner** ensures legislative compliance of assigned revenue and taxation statutes associated with real property and consumption taxes. Key responsibility areas 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 government departments and agencies. Also, the review and assurance of tax collection by the CRA, on behalf of the Province, falls within the mandate of Audit and Investigation Services (see page 23).

The **Program Delivery Branch** is responsible for the effective delivery of assigned revenue and taxation programs associated with real property and consumption taxes. The key responsibility areas 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 (see page 24).

Revenue and Taxation Division Highlights

PATS Renewal Project (Gemini)

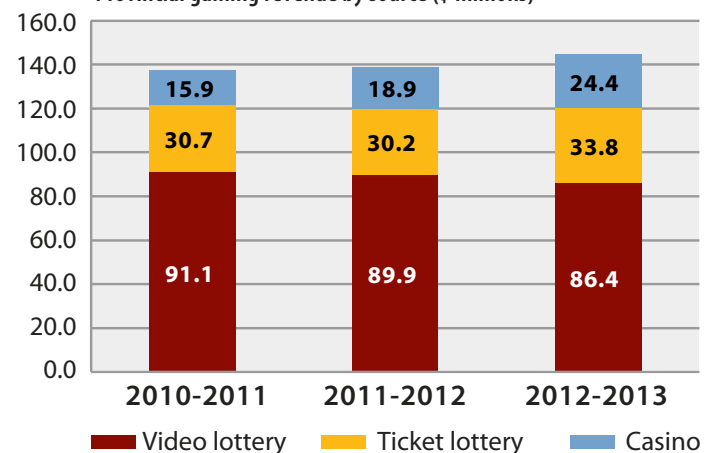
The PATS (Property Assessment and Taxation System) Renewal initiative was launched in 2009-2010 with a mandate of replacing the aging system with newer technology and introducing a number of business improvements and efficiencies. The new system, Gemini, will continue to support the operation of the real property taxation function and will house information pertaining to in excess of 455,000 accounts with associated property tax revenues of approximately \$1 billion. The anticipated implementation date is the fall of 2014. The new system will work jointly with the property assessment system, EvAN, administered by Service New Brunswick.

New Brunswick Lotteries and Gaming Corporation

The **New Brunswick Lotteries and Gaming Corporation (NBLGC)** is a small crown corporation within the department and is the business entity for provincial gaming. As such, the NBLGC manages the service provider agreement with the casino operator and is the Province's shareholder in the Atlantic Lottery Corporation (ALC). Responsibilities of the NBLGC include:

- the conduct and management of provincial gaming activities;
- the development and implementation of the Province's responsible gaming policy including managing the service provider contract for the Responsible Gaming Information Centre at Casino New Brunswick;
- development and implementation of provincial gaming legislation and regulations;
- monitoring, tracking and conducting analysis of provincial gaming revenues generated by service providers; provision of policy advice, information and liaison with First Nations with respect to revenue-sharing agreements; and,
- providing advice, information and analysis regarding the development, implementation, conduct and management of New Brunswick's provincial gaming policy.

Provincial gaming revenue by source (\$ millions)



Source: Numbers as appearing in LC and ALC annual reports

In fiscal 2012-2013, provincial gaming activities generated over \$144.5 million in revenue.

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 Province 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 independent 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** of the Office of the Comptroller is comprised 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** of the Office of the Comptroller is the preparation of the annual financial statements of the Province, 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; interpretation of emerging accounting standards and their impact on the Province; provides information for the prospectus for government of New Brunswick bond issues; and operates and maintains the corporate financial information system.

The **Audit and Consulting Services Section** of the Office of the Comptroller assists 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.

Office of the Comptroller Highlights

The Office created the model for the corporate balanced scorecard reporting and provided support for quarterly reporting across the Government.

The Office completed a corporate risk assessment, developing a survey for all departments and a scoring model to determine the highest risks for future project development.

The Office revised the corporate Tangible Capital Assets Policy, which determines what assets (buildings, roads, bridges, etc.) will be a capital expense and which will be operational expenses.

Financial Information

Table 1: Departmental Expenditure Status Report by Program/Primary

Fiscal Year Ending March 31, 2013

	Budget (\$000)	Actual (\$000)
Personal Services	14,165.3	12,685.5
Other Services	5,262.5	5,804.1
Materials and Supplies	262.8	136.4
Property and Equipment.	228.4	189.0
Contributions, Grants and Subsidies	187.0	103.2
Debt and Other Charges	100.0	52.8
TOTAL	\$20,206.0	\$18,971.0

The department was under budget by **\$1,235,000** as a result of savings in the wagebill and a reduction in operating costs due to government renewal initiatives and process improvement projects.

Table 2: Audit and Investigation Services

The following table is a summary of the activity volumes for the Audit and Investigation Services.

Activity Volumes for 2012-2013		
Program Activity or Service	Assignment Volume	Total
Audits	368	
Compliance Reviews and Inspections	721	
Investigations	234	
Educational Visits	382	
Delinquency Clearances	387	
Objections or Appeals	1	
Refunds	41	
Administrative Penalties	32	
Legal Actions and Roadside Checks	60	2226
Warnings and Fines		274
Other Jurisdictional Audit Reviews		729
Total Volume		3229

Table 3: Tax Accounting, Refunds and Financial Analysis Section

The following table provides the activities for 2012-2013 and the corresponding expenditures or revenues for the various tax and benefit programs administered by the Revenue and Taxation Division.

Activity Volumes for 2012-2013		
Number	Program or Service	(\$ 000)
12	Financial Corporation Capital Tax Refunds	1,600
1,450	Fuel Payments made by Collectors	256,300
2,461	Fuel Tax Refunds	20,600
89	Harmonized Sales Tax Refunds	3,900
46,869	Home Energy Assistance Program	4,700
28,976	Low-income Property Tax Allowance Adjustments (Jan. to Dec. 2012)	7,300
37,792	Low-income Seniors' Benefits	15,100
11	Multiple Sclerosis Assistance Program	26
8,377	N.B. Tuition Rebates	16,500
60,247	Provincial Vehicle Tax Payments	16,700
214	Provincial Vehicle Tax Refunds	80
16,248	Real Property Tax Certificates	387
543,854	Real Property Tax Payments	897,700
7,951	Real Property Tax Refunds	9,000
39	Property Tax Deferral Program for Seniors	8
107	Small Business Investor Tax Credits	5,400
282	Tobacco Payments made by Collectors	149,800
294	Tobacco Tax Refunds	7,050

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 their respective departments. Please find below a summary of the staffing activity for 2012-2013 for the Department of Finance.

The department advertised 29 competitions, including seven open (public) competitions and 22 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)	4
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)	4
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*, zero complaints alleging favouritism were made to the Deputy Head of Department of Finance and zero complaints were submitted to the Ombudsman.

Summary of Legislation and Legislative Activity

Received Royal Assent on June 13, 2012

Bill 25 - Chapter 8	<i>Tuition Tax Cash Back Credit Act</i>
Bill 32 - Chapter 11	<i>Gasoline and Motive Fuel Tax Act</i>
Bill 41 - Chapter 17	<i>Revenue Administration Act</i>
Bill 42 - Chapter 18	<i>Financial Corporation Capital Tax Act</i>
Bill 50 - Chapter 26	<i>Real Property Transfer Act</i>
Bill 51 - Chapter 27	<i>Real Property Tax Act</i>
Bill 52 - Chapter 28	<i>New Brunswick Income Tax Act</i>
Bill 53 - Chapter 29	<i>Loan Act 2012</i>
Bill 54 - Chapter 30	<i>Appropriations Act 2012-2013</i>
Bill 57 - Chapter 33	<i>Repeal of the Income Tax Act</i>
Bill 60 - Chapter 36	<i>Repeal of the Social Services and Education Tax Act</i>
Bill 67 - Chapter 40	<i>Gasoline and Motive Fuel Tax Act</i>

Received Royal Assent on December 20, 2012

Bill 2 - Chapter 43	<i>An Act Respecting Property Tax Reform</i>
Bill 16 - Chapter 53	<i>Tobacco Tax Act</i>
Bill 17 - Chapter 54	<i>Gasoline and Motive Fuel Tax Act</i>
Bill 18 - Chapter 55	<i>Financial Administration Act</i>
Bill 22 - Chapter 59	<i>Supplementary Appropriations Act 2011-2012 (1)</i>

To view all Department of Finance Acts and Regulations, visit:
<http://laws.gnb.ca/en/deplinks?subjectnumber=13>

