

Department of Finance

Annual Report
2018–2019



Finance
Annual Report 2018-2019

Province of New Brunswick

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Transmittal letters

From the Minister to the Lieutenant-Governor
The Honourable Brenda Murphy

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, 2018, to March 31, 2019.

Respectfully submitted,



Honourable Ernie L. Steeves
Minister

From the Deputy Minister to the Minister
Honourable Ernie L. Steeves

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 April 1, 2018, to March 31, 2019.

Respectfully submitted,



Cheryl Hansen
Deputy Minister

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Minister's message

Fiscal 2018-2019 was a very busy year for the Department of Finance, and I would like to recognize the dedication and professionalism of all Finance staff, who are continually improving the way we deliver services in support of New Brunswick families and communities.

I am proud of the successes our government has achieved in only a few months, and we remain committed to manage our finances responsibly to ensure a sustainable future for all New Brunswickers.

During the next year, I look forward to working with all Finance employees as we serve the people of this beautiful province. We will continue to build on our successes while paying down the debt and moving our province towards economic prosperity and sustainability.

A handwritten signature in blue ink, appearing to read "Ernie L. Steeves". The signature is fluid and cursive, with a long horizontal stroke at the end.

Honourable Ernie L. Steeves
Minister of Finance

Deputy Minister's message

I am pleased to present the Department of Finance's 2018-2019 Annual Report. The mission of the department is to manage public finances in the best interests of New Brunswickers, and I want to salute the dedication and the hard work of the employees during this successful fiscal year.

The department coordinated the preparation of the quarterly reports, the 2018-2019 capital estimates, the 2018-2019 pre-budget consultation process and the main estimates.

I am immensely proud to be the Department of Finance Deputy Minister and I do not take this position lightly. The team at the department is committed to providing excellence in financial leadership, innovation and services in the best interests of New Brunswickers. Our team takes pride in this important role, which is central to government's priorities of fiscal responsibility and making life better for New Brunswick families. I know that by maintaining our focus, we will be able to help government to address the numerous challenges we face as a province.

A handwritten signature in black ink that reads "Cheryl Hansen". The signature is written in a cursive, flowing style.

Cheryl Hansen
Deputy Minister

Top Government Priorities

Strategy and Operations Management

The Government of New Brunswick (GNB) uses a Formal Management system built on leading business practices to develop, communicate and review strategy. This process provides the Public Service with a proven methodology to execute strategy, increase accountability and continuously drive improvement.

The development of the strategy, using the Formal Management system, starts with our government's roadmap for the future of New Brunswick that focuses on key priorities and the importance of public accountability.

Our Top Priorities:

Affordable and Responsive Government

Getting our financial house in order will make it possible for government to be responsive and provide sustainable high-quality public services for all New Brunswickers.

Dependable Public Health Care

New Brunswickers deserve a sustainable, high-quality health-care system where they are able to access the services they need when they need them.

World-class Education

New Brunswick's young people need access to a world-class education, so they can make the most of their lives and compete in future job markets.

Energized Private Sector

All New Brunswickers benefit from a thriving private sector. Increasing private sector investment, growing our labour force and being home to successful businesses of all sizes is good for our province.

Vibrant and Sustainable Communities

Vibrant communities are places people want to call home. More vibrant and sustainable communities make for a more resilient province.

High-performing Organization

All New Brunswickers benefit when engaged and empowered civil servants use their talents and skills to make our province a better place.

Highlights

During the 2018-2019 fiscal year, the Department of Finance focused on these strategic priorities:

- The Service of the Public Debt was \$26.7 million lower than the budgeted \$675.0 million due to several factors including higher interest income earned on short-term investments, lower than budgeted interest rates on funded debt and the timing of cash flows.
- The borrowing program included the first global transaction since 2011, a US \$500 million 5-year fixed rate bond issue that was exchanged into a Canadian dollar obligation.
- The *Pension Benefits Act* regulations were amended to provide multi-jurisdictional pension plan sponsors additional flexibility with regards to solvency requirements.
- Meeting New Brunswick's obligations to establish, with a number of other Canadian jurisdictions, the Capital Market Regulatory Authority.
- Implemented the recommendations from the Auditor General 2017-2018 Property Tax audit, including system changes to mitigate risk as well as a quarterly audit process on remissions and deletions.
- Developed an appropriate revenue framework for cannabis and responsible and effective wholesale and retail distribution model.
- Entered into a bilateral agreement for a coordinated cannabis duty with the federal government for an initial two-year period. The coordinated cannabis duty will be administered and collected by the federal government.
- Implemented a small business corporate income tax rate reduction from 3 per cent to 2.5 per cent, effective April 1, 2018.
- Announced the reinstatement of the New Brunswick tuition tax credit.
- Identified more than 800 cases of tax evasion with respect to vehicles assessed under the *Harmonized Sales Tax Act*.

Performance measures

Affordable and sustainable government	Measures
Manage our budget responsibly.	Track the ratio of actual to budgeted revenue for the department. Track the ratio of actual to budgeted expenditures for the department.
Energized private sector	Measures
Grow capital investment from the private sector.	Increase tax credit usage (forecast and actual value of Small Business Investors Tax Credit/Community Economic Development Corporation investments).

Affordable and sustainable government

Objective of the measure

Manage our budget responsibly.

Measure

Track the ratio of actual to budgeted revenue for the department.

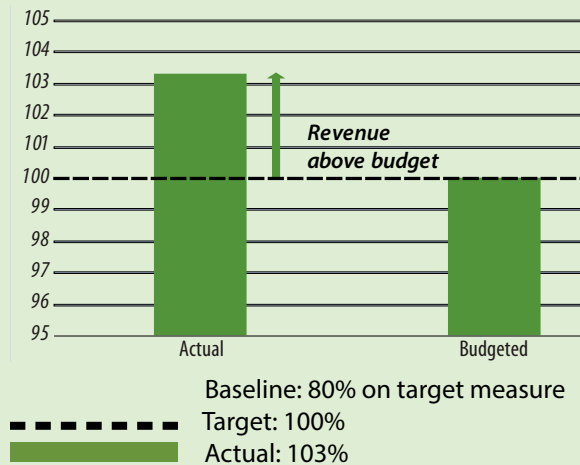
Description of measure

To measure the performance of our revenue goals relative to our budget, we follow these cash flows.

Overall performance

The department collected three percent more revenue than was forecast in the budget.

Ratio of Actual to Budgeted Revenue



Why do we measure this?

This provides an annual forecast of our department's fiscal position and is on the GNB Strategic Readiness Dashboard.

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

This measure is part of an ongoing effort to optimize efficiencies and maximize revenue potential through our revenue administration systems.

Affordable and sustainable government

Objective of the measure

Manage our budget responsibly.

Measure

Track the ratio of actual to budgeted expenditures for the department.

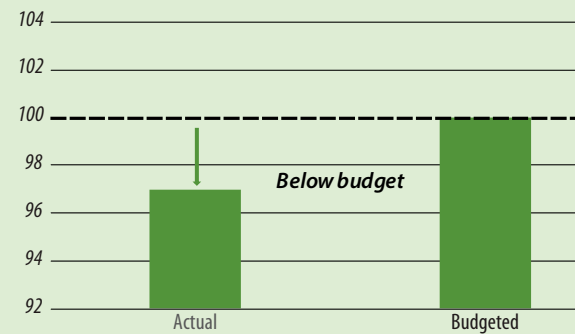
Description of measure

To measure the performance of our expenditure plan relative to our budget, we follow these cash flows.

Overall performance

The department finished 2018-2019 three per cent under budget – spending only 97 per cent of what was budgeted.

Actual to Budgeted Expenditure



Baseline: 86% on target measure
Target: 100%
Actual: 97%

Why do we measure this?

This provides an annual forecast of our department's fiscal position and is also reported on the GNB Strategic Readiness Dashboard.

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

This measure is part of an ongoing effort to optimize efficiencies and monitor our spending.

Energized private sector

Objective of the measure

Grow capital investment from the private sector.

Measure

Increase tax credit usage (forecast and actual value of Small Business Investor Tax Credit/Community Economic Development Corporation investments).

Description of measure

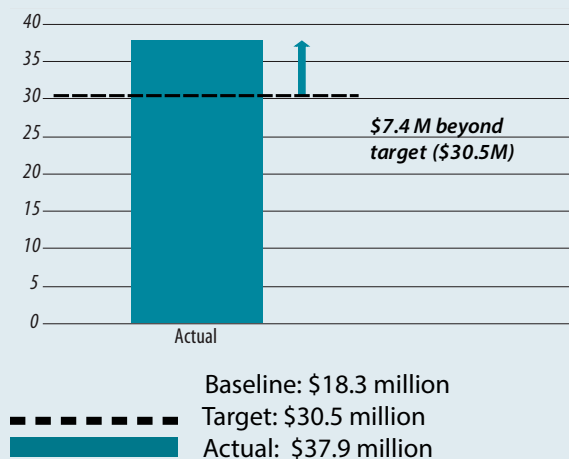
As a result of a government commitment, amendments were made to the *Small Business Investor Tax Credit Act* to increase the tax credit to 50 per cent for investments made by individuals in New Brunswick small businesses that qualify under the program.

Overall performance

The amendments to the *Act* continued to result in strong participation and investments in the program. Investments for the 2018 taxation year totaled \$37.9 million. As a result, the total value of tax credits issued for taxation year 2018 is \$18.1 million (\$17.8 million for individuals and \$354,750 for corporations/trusts).

The number of investors was 691 (individuals and corporations/trusts) demonstrating that the program is better known to the investment community and is becoming more recognized as an effective tool to raise capital investments.

Small Business Investors Tax Credit investments



Why do we measure this?

With the proclamation of the change to the *Act* and the regulation to include investors in community economic development corporations and cooperatives, more New Brunswickers are aware of this tax credit program. The department is measuring this to determine New Brunswickers' awareness of the Small Business Investor Tax Credit.

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

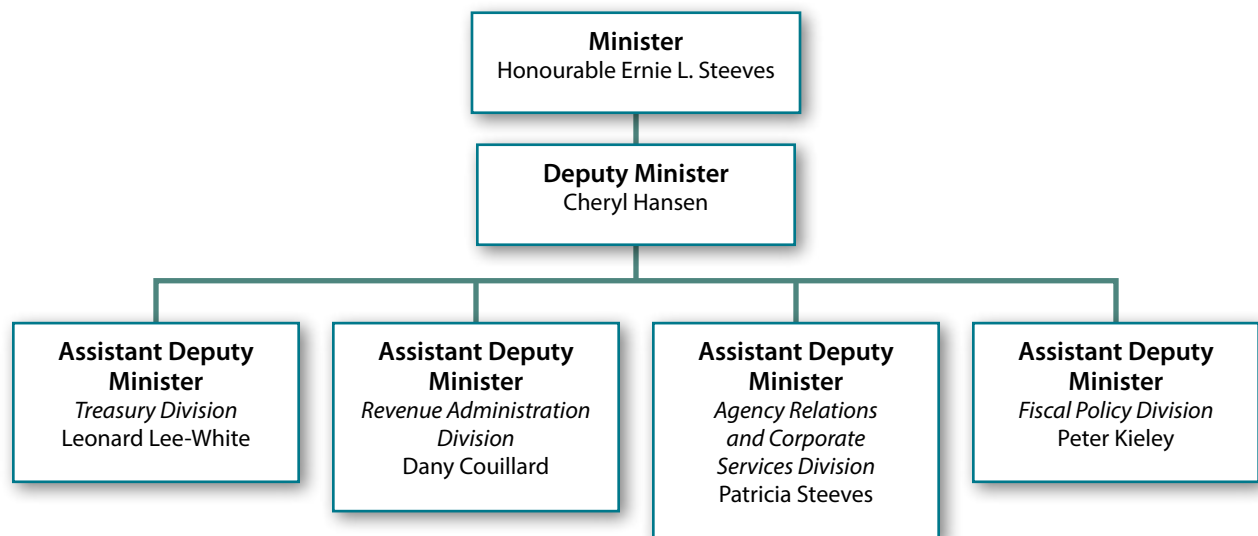
The department provided information sessions upon request to organizations across the province to promote the program.

Overview of departmental operations

The Department of Finance is a central agency of GNB whose mission is to provide responsible financial and innovative leadership, advice, programs and services to New Brunswick.

The number of employees in the Department of Finance (full-time, part-time and contract) in 2018-2019 was 123.

High-level organizational chart



Division overview and highlights

Agency Relations and Corporate Services Division

The **Agency Relations and Corporate Services Division** integrates several specialized units and the financial services function into a single multi-faceted division that has complex and diverse roles, responsibilities and services delivered within the department as well as to central government and to internal and external client organizations. The Agency Relations and Corporate Services Division consists of three branches: Agency Relations and Gaming Policy, Financial Services and Strategic Services.

The **Agency Relations and Policy Branch** is responsible for policy direction and oversight of the provincial agencies operating in the gaming, beverage alcohol and retail cannabis sectors that provide more than \$330 million in annual revenue to the province. The branch has operational responsibilities for two Crown corporations- the New Brunswick Lotteries and Gaming Corporation (NBLGC) and the Cannabis Management Corporation (CMC). The NBLGC was established under the *Gaming Control Act* as the conduct and manage entity responsible for provincial gaming activities and is the New Brunswick shareholder in Atlantic Lottery Corporation (ALC). The branch provides secretariat services to the board of directors of the NBLGC and manages its day-to-day operations, including managing the casino service provider agreements with two private service providers, the relationship with ALC and gaming revenue sharing arrangements with First Nations. The CMC was established by the *Cannabis Management Corporation Act* to organize, conduct and manage the purchase, distribution and sale of recreational use cannabis in New Brunswick. The branch provides secretariat services to the board of directors of CMC and is responsible for the management of the service provider agreement with Cannabis NB for the operation of the retail cannabis network in the province. In addition, the branch undertakes policy development, research, analysis and provides advice and recommendations to government in regard to provincial gaming, cannabis and alcohol policy. The branch provides support and manages the accountability relationship with agencies that report to the Minister of Finance, including the Financial and Consumer Services Commission of New Brunswick (FCNB) and the New Brunswick Liquor Corporation (ANBL).

The **Financial Services Branch** provides accounting services, financial advice, analysis and control functions, asset management, risk management and financial monitoring and reporting services for 16 departments

and agencies with a combined budget of \$36.5 million. It ensures that annual budget development is consistent with the policies, priorities and spending targets defined within GNB's fiscal framework and is responsible for the preparation of the annual budget reporting materials. It provides accounting services to CMC and the NBLGC, including preparation of the corporation's annual financial statements. The branch manages telecommunications requirements for the department and its client groups.

The **Strategic Services Branch** provides facilitation, guidance and coaching in the development and execution of the department's strategic plan and direction, coordination and management of the legislative planning process for the department and its related agencies. It coordinates, reviews and monitors all matters related to submissions for the Cabinet committees (e.g., Memorandum to Executive Council, Notices of Intent) for the department and its related agencies. The branch provides project management services and manages the implementation of the Performance Excellence process through the Formal Management system within the department (the department's alignment champion role resides within the branch). The branch administers the management of electronic records and scanning systems and provides leadership in the management of the department's numerous and complex Information Management programs. The branch also provides liaison services regarding the FCNB.

Highlights:

- ◆ Implementation of the governance, legislative and policy framework regarding the oversight of the retailing of legalized cannabis in New Brunswick.
- ◆ Development of options regarding a renewed, strategic approach to New Brunswick gaming policy.
- ◆ Participation in the Craft Alcohol Producers (CAP) Lab initiative.
- ◆ Development and implementation of shareholder responses to Auditors General joint audit of the ALC.
- ◆ Processed 58 Memorandum to the Executive Council; 33 Right to Information requests; and three Order in Council appointments to agencies, boards and commissions.

- ◆ Participation in the Federal, Provincial and Territorial Alcoholic Beverages Working Group (ABWG) under the Canada Free Trade Agreement.
- ◆ Collaboration with Department of Public Safety to undertake stakeholder consultation with respect to potential amendments to the *Liquor Control Act*.
- ◆ Underwent FINTRAC compliance exam and the development of a follow-up action plan.

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 and risk management 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 and 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 are 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.

Highlights:

- ◆ The service of the public debt was \$26.7 million lower than the budgeted \$675.0 million due to higher interest income earned on short-term investments, lower than budgeted long-term interest rates and the timing of cash flows.

- ◆ The long-term borrowing program raised over \$2.14 billion to fund the province and NB Power. The program continued to diversify by issuing debentures in four different currencies in fixed and floating rate formats and terms of maturity up to 46 years. The province issued its first ever Euro currency debt. All foreign currency debentures were exchanged into Canadian dollar obligations to reduce risks.
- ◆ The Investor Relations included group and individual presentations to investors in Toronto and Montreal;
- ◆ The Division hosted the annual national government borrowers conference.
- ◆ In response to the Auditor General's recommendation, the division drafted policies for which debt products the Province could issue and limits and authorities for staff who undertake borrowing and investing related transactions. These policies were presented to the independent Risk Management Committee for approval in 2019-20.

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, and it is involved with 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; coordinates 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 (CPP).

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 with 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 GNB'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 CPP.

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 GNB. It conducts its statistical function under the *Statistics Act* through the focal point office. It 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 it implements legislative measures in support of GNB's tax policy priorities. The policy work of the branch includes all areas of taxation: income tax (corporate and personal); consumption taxes (Harmonized Sales Tax [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 division supported government's objective of timely, transparent reporting with the release of the 2017 Economy in Review; a pre-election document, New Brunswick Economic and Fiscal Trends and Sensitivities report; 1st, 2nd and 3rd quarter economic and fiscal updates; a pre-budget consultation document; and, the 2019-2020 Budget and related documents.
- ◆ Formal consent was provided to support enhancements to supplemental benefits of the Canada Pension Plan emanating from the 2016-2018 triennial review process including: introducing child rearing and disability drop-in provisions in the enhanced CPP; addressing inequities for young survivors; extending disability benefits to early retirees; and enhancing the death benefit. These improvements do not require any change to the legislated contribution rates.

- ◆ Government signed a bilateral coordinated cannabis agreement with the federal government. Under the agreement, the province will receive 75 per cent of the cannabis duty attributable to the province for an initial two-year period, which will be collected by the Canada Revenue Agency and remitted to the province.
- ◆ The division supported government's commitment to lower the small business income tax rate by implementing a small business corporate income tax rate reduction from 3 per cent to 2.5 per cent, effective April 1, 2018.

Revenue Administration Division

The **Revenue Administration Division** ensures fair, effective and efficient administration of tax and regulatory programs. It offers policy and information in respect to federal-provincial-territorial tax administration relations. It participates on several inter-jurisdictional committees on issues of common interest and works in close collaboration with the Canada Revenue Agency (CRA). The division also provides timely information pertaining to tax revenue forecasts and estimates for main estimates. The division consists of the Research and Tax Administration Policy Branch, the Account Management, the Audit and Investigation Services Branch and the Revenue Accounting Unit.

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 branch provides compliance monitoring of business activities under the assigned acts, within the department and on behalf of other departments and agencies.

The **Revenue Accounting Unit** is responsible for forecasting and reporting for all revenue sources administered by the Revenue Administration Division as well as two expenditure programs related to revenues under General Government. The unit is also responsible for year-end activities, monitoring financial controls within the division and performing financial analysis on programs when required.

Highlights:

The Research and Tax Administration Policy Branch:

- ◆ Worked with Service New Brunswick (SNB) to develop a Provincial Vehicle Tax (PVT) calculator, a web application that allows for a determination of the PVT due based on minimal inputs. The implementation of this application allows for a more efficient process at SNB offices and streamlines frontline interactions with customers.
- ◆ Provided the research and tax interpretation required by the Tax Commissioner to render decisions on 132 objections and the Minister of Finance to render decisions on five appeals in the fiscal year.
- ◆ Identified more than 800 cases of tax evasion with respect to vehicles assessed under the *Harmonized Sales Tax Act*.

The Account Management Branch:

- ◆ The branch's newly implemented online quarterly tax reporting for licensed International Fuel Tax Agreement (IFTA) carriers, has had a successful first year, as 46 per cent of all eligible carriers have signed up for the service, in turn easing administrative burdens and reducing errors.
- ◆ The branch continues to improve licencing and refund activities, by implementing efficiencies in processes. The branch processed approx. 6,900 licences and permits with an average processing time of 4.5 days, and processed approximately 11,000 refunds with an average processing time of eight days.
- ◆ Continued to digitize records to enhance security and prolong their life. More than 67,000 records were scanned, bringing the total to 180,400 scanned documents to date.

- ◆ The branch successfully completed three tax sales. 961 properties were involved in the tax sale process, for which more than \$2.5 million in outstanding taxes were collected.

The Audit and Investigation Services Branch:

- ◆ During the fiscal year the branch continued to conduct audits of the Provincial Vehicle Tax (PVT) under the *Provincial Harmonized Sales Tax Act*. As part of the routinely selected vehicle transactions for review to ensure compliance with the act, some of these transactions were referred to the Audit and Investigation Services Branch for further review and investigation. In 2018-2019, 511 audits were conducted resulting in the assessment of \$598,921 in PVT.
- ◆ The branch successfully completed a total of 398 fuel tax audits or investigations. 199 educational files were completed for fuel consumers, retailers and wholesalers. 31 fuel tax refund requests were reviewed and the refunded amounts were reduced by over \$100,000. Most of exempt fuel sales made in New Brunswick were reviewed as part of the annual restricted audits on the Fuel Collectors to ensure they were made to qualifying consumers. 76 Fuel Collector audit units were completed for a total recovery of over \$300,000.
- ◆ As part of the continued focus to ensure compliance with the Tangible Personal Property Tax under the *Provincial Harmonized Sales Tax Act*, the audit unit completed 203 investigations and 403 audits during the 2018-2019 fiscal year. Based on these files, an additional tax amount of \$442,578 was assessed.

The Revenue Accounting Unit:

- ◆ Assisted an audit on segregation of duties performed by the Office of the Comptroller for the Gemini property tax system. All recommendations were implemented by the end of the fiscal year.
- ◆ Implemented all the recommendations from the Auditor General 2017-2018 Property Tax audit, including system changes to mitigate risk as well as a quarterly audit process on remissions and deletions.
- ◆ Forecasted and reported on over \$900 million in provincial revenues.

Financial information

	Budget	Actual
Personal services	8,132.7	7,346.8
Other services	2,289.9	2,973.8
Materials and supplies	157.9	84.0
Property and equipment	126.5	22.6
Contributions and grants	0.0	21.0
Debt and other charges	90.0	34.8
TOTAL	10,797.0	10,483.0

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 department(s). Please find below a summary of the staffing activity for 2018-2019 for the Department of Finance.

Number of permanent and temporary employees as of Dec. 31 of each year		
Employee type	2018	2017
Permanent	110	114
Temporary	5	8
TOTAL	115	122

The department advertised 20 competitions, including 12 open (public) competitions and eight closed (internal) competitions.

Pursuant to sections 15 and 16 of the *Civil Service Act*, the department made the following appointments using processes to establish merit other 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: – 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)	0
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) ou 16(1)(c)	5
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*, zero complaints alleging favouritism were made to the Deputy Head of the Department of Finance and zero complaints were submitted to the Ombud.

Summary of legislation and legislative activity

The House was closed from March 16, 2018 until November 20, 2018. Consequently, the department proposed no new legislation in the 2018-19 fiscal year.

The acts for which the department was responsible in 2018-2019 may be found at:
<http://laws.gnb.ca/en/deplinks?subjectnumber=9>

Summary of Official Languages activities

Introduction

The department based its Official Languages plan on the new Government Plan on Official Languages introduced in 2015. The department's action plan includes strategic means for each of the four sectors of activity found in 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 the department implements the measures necessary to fulfil its obligations under the *Official Languages Act*.

Focus 1

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

- Objective: Ensuring that the department maintained and updated appropriate linguistic profiles. Ensuring when the department hires a bilingual compliment for a linguistic team, it has them evaluated through Service New Brunswick.
- All linguistic profiles were updated and maintained regularly to ensure the linguistic requirements set forth in each work group 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: All personnel services and other administrative services provided to employees must be offered and provided in the employees' Official Language of choice. As part of its action plan, the department is ensuring that new hires, employees transferring from other departments and current employees are aware that they can work in the Official Language of their choice. During the hiring process the department is using the new letter of offer template that provides the new hired employees the changes to advise HR and management in which Official Language they prefer their written and oral communication to be in.

Focus 3

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

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

Focus 4

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

- Objective: During performance review meetings, managers ensure that employees are aware and have refreshed themselves with GNB's Official Languages obligations. When new employees are hired in the department, the Human Resources contact ensures they receive an email with the links to the Official Languages policies and tool kit.
- Strategy: Managers are aware that performance reviews are to take place in the Official Language of choice to comply with the Official Languages policies. A section was added to the performance reviews to indicate the employee's Official Language of choice for the meeting.
- The official language newsletter was distributed to all employees.

Conclusion

The department ensured ongoing promotion of Official Languages policies and continued to offer quality services to clients in their official language of choice. The department did not receive any Official Language complaints.

Summary of recommendations from the Office of the Auditor General

NEW: Section 1 – Includes the current reporting year and the previous year.

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
Report of the Auditor General Volume III Special Examination (2017) https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V3/Chap2e.pdf Chapter 2	2	

Adopted recommendations	Actions Taken
2.139 We recommend the Department of Finance propose to Cabinet that Finance assume responsibility for the administration of all: – property tax policy changes; and – property tax benefit and relief programs	The recommendations along with an action plan were presented and approved by Cabinet on February 14, 2018. The Department of Finance will assume the legislative oversight and the appropriate implementation of property tax related policies going forward.
2.146 We recommend the Department of Finance issue property tax bills separate from the assessment notice and clearly demonstrate how property taxes are calculated, including all the applicable credits, deductions, and exemptions.	The Department of Finance is currently working collaboratively with SNB to implement this recommendation. The first separate Assessment Notice will be issued in October 2020 and the first separate Tax Notice will be issued in March 2021.

Section 2 – Includes the reporting periods for years three, four and five.

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2016) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Chap4e.pdf Chapter 4, pages 92 and 101	2	2
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 *An independent risk management committee has been struck (2019). Two more recommendations were adopted in spring of 2019. The remaining four recommendations will be bundled up into a comprehensive proposal for government.	8	2*
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V3/Chap6e.pdf Chapter 6, page 142 and 144	3	3
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2014) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf Chapter 4, page 97 and 98	3	3
http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4f.pdf Chapitre 4, pages 108 et 109	2	2

* NOTE: this was the responsibility of the Office of the Comptroller

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 received no disclosures of wrongdoing in the 2018-2019 fiscal year.

Appendix A

Table 1: Audit and Investigation Services

The following table details the types of activities completed by the Audit and Investigation Service unit, within the Revenue Administration Division, for the 2018-2019 year.

Activity Volumes for 2018-2019

Program Activity or Service	Volume (number)
Audits	1,930
Compliance Reviews and Inspections	440
Investigations	990
Educational Visits	288
Delinquency Clearances	44
Objections or Appeals	1
Refunds	38
Administrative Penalties	114
Legal Actions and Roadside Checks	58
Subtotal	3,903
Warnings and Fines	42
Other Jurisdictional Audit Reviews	362
Total Volume	4,307

Table 2: Program services

The following table lists the activities for 2018-2019 and the corresponding expenditures or revenues for the key tax and benefit programs administered by the Revenue Administration Division.

Activity volumes for

Program or service	Volume (number)	Amount (\$000)
Financial Corporation Capital Tax payments	123	33,092
Financial Corporation Capital Tax refunds	16	5,664
Fuel payments made by collectors	1,178	311,869
Fuel Tax refunds	3,114	26,377
Harmonized Sales Tax refunds	63	549
Home Energy Assistance Program	41,837	4,184
Low-income Property Tax Allowance (January to December 2018)	24,722	6,263
Low-income Seniors' Benefit	44,236	17,694
Provincial Vehicle Tax payments	47,659	24,226
Provincial Vehicle Tax refunds	1,333	586
Real Property Tax Certificates	23,325	531
Real Property Tax payments	779,285	1,119,603
Real Property Tax refunds	5,877	6,531
Property Tax Deferral Program for Seniors (cumulative)	109	110
Small Business Investor Tax Credit	160	37,917
Tangible Personal Property Tax payments	1,041	1,035
Tobacco payments made by collectors	253	151,998
Tobacco Tax refunds	365	11,933