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# Table of Contents

<b>Premier's Letter to the Minister</b> .....	3
<b>Message from the Minister</b> .....	5
<b>Accountability Statement</b> .....	7
<b>Ministry Overview</b> .....	9
<b>Resource Summary</b> .....	10
<b>Core Business Areas</b> .....	12
<b>Goals, Objectives, Strategies and Results</b> .....	17
<b>Appendix 1. Strategic Context</b> .....	30
<b>Vision, Mission and Values</b> .....	30
<b>Planning Context</b> .....	31
<b>Changes from the Previous Service Plan</b> .....	33
<b>Consistency with Government Strategic Plan</b> .....	34
<b>Appendix 2. Supplementary Performance Information</b> .....	35
<b>Appendix 3. Summary of Related Planning Processes</b> .....	36
<b>Appendix 4. Other Ministry Initiatives</b> .....	39





January 26, 2004

Honourable Gary Collins  
Minister of Finance

Dear Colleague:

Since June 2001, our government has been working to implement our *New Era* vision to revitalize the economy, restore sound fiscal management, and put patients and students first.

Our *New Era* platform contained 201 specific commitments that our government would undertake on behalf of British Columbians. These included a commitment to “establish service plans that include measurable performance standards and targets for all programs that are annually audited and published, for all taxpayers to see.”

On June 25, 2001, I sent you a letter of instruction setting out the key priorities for your Ministry, including a list of the *New Era* commitments assigned to your Ministry. These commitments were also included in the Government Strategic Plan and Ministry Service Plans that were tabled in the Legislature in February 2002, covering fiscal years 2002/03 through 2004/05.

The Service Plan you are tabling today represents the final year of the first three-year plans. And it shows that we have made significant progress toward honouring our commitments. Specifically, of the 29 *New Era* commitments that involved your Ministry, the province has now completed or begun work on 28 of these. Accomplishments in your Ministry over the past two-and-a-half years include:

- Since June 2001, introduced 27 tax relief measures resulting in \$830 million in net tax relief for individuals and \$360 million in net tax relief for British Columbian businesses.
- Passed real balanced budget and ministerial accountability legislation to make balanced budgets mandatory and hold individual ministers, and Cabinet collectively, accountable for financial results.
- Brought in new tax credits and streamlined regulations for the mining sector.
- Introduced targeted tax credits for high-technology business in British Columbia such as credits for film/television, digital animation and new media.

.../2

In the coming year, the province will continue work on a number of priorities to honour the commitments that we have made. These are detailed in your Ministry Service Plan, and include:

- Balance the budget beginning in 2004/05.
- Continue to build a competitive tax and regulatory climate that stimulates economic growth.
- Ensure comprehensive, timely and transparent financial and performance planning and reporting.

It is important to note that all of the province's achievements to date, and our priorities for the year ahead, will be accomplished while balancing the budget in 2004/05, and having significantly increased funding for health care and education.

Clearly, we will do more if we can, as new resources are available, to build on the funding priorities detailed in this Service Plan — in a way that is consistent with our balanced budget commitment.

As our measures to revitalize the economy continue to create new jobs, growth and investment, this will allow us to continue strengthening public services for the benefit of British Columbians. Opportunities like the 2010 Olympic and Paralympic Winter Games will showcase British Columbia to the world and generate economic benefits all across our province. Future service plans will further demonstrate those benefits.

I know that you will continue to build on the progress your Ministry has made. Let me conclude by thanking you for your commitment to serving the best interests of all British Columbians.

Yours sincerely,

A handwritten signature in black ink, reading "Gordon Campbell". The signature is written in a cursive, flowing style with a period at the end.

Honourable Gordon Campbell  
Premier



## Ministry of Finance



The introduction of a balanced budget for fiscal 2004/2005 and beyond is a key commitment of this Service Plan, and a significant accomplishment on behalf of British Columbians. It is built on the ministry's two main priorities: to restore sound fiscal management, and to revitalize British Columbia's economy.

I'm proud of our government's balanced budget plan, because no government can serve its citizens well unless it prudently manages its revenues and spending. It sends an important signal nationally and internationally that British Columbia has put its fiscal house in order and created the right environment for more economic growth and prosperity.

I am particularly proud of this achievement in light of the economic shocks that B.C. has recently endured: a record forest fire season, floods, SARS, BSE, and continuing global economic uncertainty. It points to the resiliency of our three-year plan, the value of prudent forecasting and planning, and our unwavering commitment to our goals.

This Service Plan builds on the work our government has done to improve B.C.'s economy and investment climate, including significant tax reductions and regulatory reforms. We have increased disposable incomes and boosted consumer confidence through personal income tax cuts averaging 25 per cent and by providing the lowest rates of personal income tax in Canada for the two lowest tax brackets. Our efforts to diversify the provincial economy have resulted in significant natural gas development spurred on by targeted royalty incentives and credits along with provincial sales tax exemptions for production machinery and equipment. The Ports Competitiveness Strategy has improved the tax structure for B.C. ports to help them attract new investment and compete globally. These are just a few examples of our government's ongoing commitment to make BC a better place to live, work and invest.

Now that we have introduced a balanced budget, we will work towards reducing the overall debt burden and improving the province's debt-to-GDP ratio. Other initiatives include streamlining and modernizing legislation governing the financial services and real estate sectors, and improving service to individuals and businesses by increasing electronic delivery of government services.

This service plan also delivers on our commitment to increase transparency and accountability by adopting Generally Accepted Accounting Principles (GAAP) as set by the Canadian Institute of Chartered Accountants. British Columbia is the only province to have legislated GAAP, and will now include, effective with the 2004/05 fiscal year, the full

operations of Schools, Universities, Colleges, and Health Authorities as part of its budget and financial reporting.

I would like to acknowledge the professionalism, dedication, and hard work of ministry staff in preparing and implementing this Service Plan. These plans are important tools in guiding ministry decisions and communicating government priorities to British Columbians. I am pleased to present this plan on behalf of the Ministry of Finance, and I look forward to the accomplishments it will bring over the next three years as we bring out the best in British Columbia.

A handwritten signature in black ink that reads "Gary Collins". The signature is written in a cursive style with a large, sweeping initial "G".

Honourable Gary Collins  
Minister of Finance

February 4, 2004

## Accountability Statement

The 2004/05 – 2006/07 Ministry of Finance Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. All material fiscal assumptions and policy decisions as of January 30, 2004 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.



Honourable Gary Collins  
Minister of Finance

February 4, 2004



# Ministry Overview

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies. The ministry provides a variety of functions and activities including banking, accounting, financial and economic reporting, risk and debt management, capital project oversight, regulating the financial and real estate sectors, and serving as the registrar of corporate entities, personal property and manufactured homes. Through the Public Sector Employers' Council, which is chaired by the Minister of Finance, the ministry also helps to co-ordinate labour relations policies and practices across the public sector.

The ministry's clients include Treasury Board, Cabinet, Government Caucus Committees, ministries, agencies, boards, commissions, Crown corporations, businesses, investors and financial-sector agencies. Through its support of the government's *New Era* commitments, the ministry also broadly serves the people of British Columbia.

# Resource Summary

Core Businesses	2003/04 Restated Estimates <sup>1</sup>	2004/05 Estimates	2005/06 Plan	2006/07 Plan
<b>Operating Expenses (\$000)</b>				
<b>Financial and Economic Performance and Analysis</b> .....	6,482	5,946	5,946	5,946
<b>Financial Governance, Accounting and Reporting</b> .....	6,674	6,313	6,313	6,313
<b>Treasury</b> .....	1	1	1	1
<b>Financial and Corporate Sector Services</b> .....	8,157	4,236	4,433	4,433
<b>Public Sector Employers Council</b> .....	14,812	14,693	14,693	14,693
<b>Executive and Support Services*</b> .....	15,275	14,801	14,625	14,637
<b>Total</b> .....	<b>51,401</b>	<b>45,990</b>	<b>46,011</b>	<b>46,023</b>
<b>Full-time Equivalents (FTEs)</b>				
<b>Financial and Economic Performance and Analysis</b> .....	67	63	63	63
<b>Financial Governance, Accounting and Reporting</b> .....	119	117	117	117
<b>Treasury</b> .....	76	74	74	74
<b>Financial and Corporate Sector Services</b> .....	179	148	133	133
<b>Public Sector Employers Council</b> .....	13	13	13	13
<b>Executive and Support Services*</b> .....	99	99	99	99
<b>Total</b> .....	<b>553</b>	<b>514</b>	<b>499</b>	<b>499</b>

<sup>1</sup> Amounts have been restated, for comparative purposes only, to be consistent with Schedule A of the 2004/05 *Estimates*.

\* Provides support to the Ministry of Finance, Ministry of Management Services, Ministry of Provincial Revenue, Office of the Premier, BC Public Service Agency and other public sector entities.

*Ministry of Finance*

Core Businesses	2003/04 Restated Estimates <sup>1</sup>	2004/05 Estimates	2005/06 Plan	2006/07 Plan
<b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b>				
<b>Financial and Economic Performance and Analysis</b> .....	45	45	45	45
<b>Financial Governance, Accounting and Reporting</b> .....	140	215	215	215
<b>Treasury</b> .....	1,848	2,032	1,533	2,249
<b>Financial and Corporate Sector Services</b> .....	2,754	2,301	2,614	2,114
<b>Public Sector Employers Council</b> .....	253	98	3	3
<b>Executive and Support Services*</b> .....	826	830	826	827
<b>Total</b> .....	<b>5,866</b>	<b>5,521</b>	<b>5,236</b>	<b>5,453</b>
<b>Risk Management</b>				
<b>Operating Expenses</b>	0	0	0	0
<b>Full-Time Equivalents (FTEs)</b>	43	43	43	43
<b>Ministry Capital Expenditures (CRF)</b>	670	725	240	240
<b>Consolidated Capital Plan (CCP)</b>				
<b>Other Financing Transactions</b>				

<sup>1</sup> Amounts have been restated, for comparative purposes only, to be consistent with Schedule A of the 2004/05 *Estimates*.

\* Provides support to the Ministry of Finance, Ministry of Management Services, Ministry of Provincial Revenue, Office of the Premier, BC Public Service Agency and other public sector entities.

## Core Business Areas

The ministry provides a wide range of functions related to our mandate of promoting sound fiscal management and governance in the provincial government. In order to efficiently and effectively deliver these functions, the ministry has been structured into seven core business areas. Each of these core business areas has specific responsibilities for the provision of programs and services. The core business areas include:

1. Financial and Economic Performance and Analysis.
2. Financial Governance, Accounting and Reporting.
3. Treasury.
4. Financial and Corporate Sector Services.
5. Public Sector Employers' Council.
6. Risk Management.
7. Executive and Support Services.

Collectively, these core business areas include all of the ministry's programs and services and directly contribute to at least one of our goals.

### **Core Business Area 1:** *Financial and Economic Performance and Analysis.*

Purpose:

- To provide prudent fiscal analysis and advice that supports the achievement of balanced budgets, improves the province's business climate and sustains cost-effective public services.

Core Activities:

- Develop the government's three-year fiscal plan and identify, assess, monitor and manage significant risks and opportunities relating to the plan
- Provide financial, economic, revenue, capital, taxation, and intergovernmental fiscal relations advice to the minister, Treasury Board, Cabinet, Government Caucus Committees, government ministries and agencies, and other stakeholders
- Manage the government budget and estimates reporting process
- Produce the budget, estimates, quarterly reports, and the budget consultation document; as well as internal reports and related analysis.

**Core Business Area 2:** *Financial Governance, Accounting and Reporting.*

Purpose:

- To assure the accuracy and integrity of provincial public sector financial reporting and maintain a framework of best practices for financial and procurement management.

Core Activities:

- Provide accounting policy advice and analysis to ministries, Crown corporations, agencies and the schools, universities, colleges and hospitals (SUCH) sector, resulting in financial information that is consistent with Generally Accepted Accounting Principles
- Provide accounting advice on public private partnerships (P3s) and financing proposals
- Provide financial and procurement management regulation by establishing policy, procedure and legislation that define the framework for government, and provide assurance that the framework is operating as intended using a risk-based approach; process legal encumbrances for government
- Provide internal audit services to support ministry and cross-government performance, risk management, and control activities
- Provide financial reporting by preparing and publishing the public accounts and contributing to other financial reports for timely reporting, decision-making, and financial transparency, and by working with the Auditor General and accounting standards organizations on appropriate accounting standards and their application to the province.

**Core Business Area 3:** *Treasury.*

Purpose:

- To provide British Columbians with the benefits of cost effective debt management and banking resulting in lower expenditures and to improve online government services through electronic banking support.

Core Activities:

- Deliver cost effective banking, cash management, and electronic banking services to ministries, Crown corporations and government agencies
- Ensure the borrowing needs for the provincial government and its agencies are met, provide support for corporate and project finance initiatives, and efficiently manage debt, settlement operations, and reporting
- Manage investor relations initiatives and act as the primary liaison with domestic and international credit rating agencies.

**Core Business Area 4:** *Financial and Corporate Sector Services.*

Purpose:

- To ensure that the province's financial services sector is reliable, competitive and enjoys the confidence of British Columbians and to provide personal property and corporate registry services that meets the needs of the marketplace.

Core Activities:

- Oversee the financial services and real estate sectors including:
  - operation of the Financial Institutions Commission (FICOM) and the Credit Union Deposit Insurance Corporation
  - regulation of credit unions, trust companies, pension plans, insurance companies, captive insurance companies, and insurance licensees
  - regulation of real estate licensees and mortgage brokers.
- Operate registries services including:
  - registration of all business entities, non-profit organizations, and co-operatives that operate in British Columbia
  - maintenance of registries of security interests (liens) in personal property and of the ownership and location of manufactured homes in the province.
- Provide policy analysis and advice to government in support of legislative frameworks for the regulation of the province's financial services, real estate, corporate, and commercial sectors.

**Core Business Area 5:** *Public Sector Employers' Council.*

Purpose:

- To foster an efficient and effective workforce through the coordination of public sector labour relations policies and practices.

Core Activities:

- Set and coordinate strategic directions in human resource management and labour relations and advise government with respect to labour relations and pension and benefits issues in the provincial public sector.

**Core Business Area 6:** *Risk Management.*

Purpose:

- To reduce accidental and business losses in the provincial public sector through the development of comprehensive risk management and self-insurance programs.

Core Activities:

- Provide risk management services in the areas of risk identification and assessment processes, risk transfer, risk financing, risk mitigation, claims/litigation management, and security and business continuity planning
- Develop and manage comprehensive risk management programs that seek to minimize the risks the provincial public sector faces by virtue of its programs, operations and assets, including public education, health care, Crown corporations, and other public entities.

**Core Business Area 7:** *Executive and Support Services.*

Purpose:

- To provide strategic leadership and corporate support services that contributes to the success of all core business areas.

Core Activities:

- Executive and administrative support to the Minister and Deputy Minister's offices
- Strategic support to ministry operations, programs, and external clients including the Ministry of Management Services, Ministry of Provincial Revenue, Office of the Premier, BC Public Service Agency and other public sector entities. Service areas include finance, human resources, information management, and information access and records services
- Development of Enterprise-wide risk management frameworks to identify and cost-effectively manage the ministry's key risks and opportunities
- Funding in support of Government House
- Funding in support of *Partnerships British Columbia.*

**Ministry of Finance**  
**Core Business Area Composition**

**Financial and Economic  
Performance and Analysis**

- Treasury Board Staff

**Financial Governance, Accounting  
and Reporting**

- Comptroller General Operations
- Internal Audit and Advisory Services

**Treasury**

- Provincial Treasury Operations

**Financial and Corporate Sector  
Services**

- Financial and Corporate Sector Policy
- Financial Institutions Commission
- Registries

**Public Sector Employers' Council**

- Public Sector Employers' Council
- Employer Associations

**Risk Management**

- Risk Management

**Executive and Support Services**

- Minister's Office
- Deputy Minister's Office
- Corporate and Ministry Support Services

# Goals, Objectives, Strategies and Results

## Goals and Objectives

The Ministry of Finance has established five goals that will continue to guide our activities during the three years addressed in this Service Plan. These goals reflect the strategic shifts driven by government's *New Era* commitments and include:

1. Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05.
2. Creating a tax and regulatory climate that stimulates economic growth.
3. Effective and efficient financial and risk management.
4. Comprehensive, timely and transparent financial planning and reporting.
5. A progressive, innovative and knowledgeable workforce.

The following section provides further information on the purpose and intended outcomes associated with each of these goals. A number of high-level objectives are also linked to their respective goals to better illustrate the direction we are pursuing to successfully achieve our goals and realize our intended future.

---

### **Goal 1: *Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05.***

A strong and vibrant provincial economy is a key goal in the government's three-year strategic plan. The ministry will assist government in achieving this goal by maintaining a competitive tax regime and assisting ministries to meet their budget and service plan targets, thereby eliminating the structural deficit and balancing the budget. The ministry will also coordinate the management of labour relations policies and practices in the public sector to foster an efficient and effective workforce.

Once the provincial budget is balanced beginning in 2004/05, the ministry will assist in identifying opportunities to reduce the overall debt burden and improve the province's debt to GDP ratio, which is currently among the lowest of the Canadian provinces.

### **Objectives**

- 1.1 Balance provincial budget annually beginning in 2004/05.
- 1.2 Effective cash and debt management.
- 1.3 Effective management of public-sector labour relations and human resource strategies.

## **Goal 2: *Creating a tax and regulatory climate that stimulates economic growth.***

The Ministry of Finance plays a critical role in the development of a healthy investment climate in the province. Specifically, the ministry is responsible for delivering on the government's commitment to establish a competitive tax environment to support business development and investment. Initiatives that the ministry has undertaken to improve the province's business climate include:

- reducing the general corporate income tax rate by three percentage points
- introducing a provincial sales tax exemption for production machinery and equipment
- eliminating the corporation capital tax for general corporations
- several sector specific tax measures.

In addition to the tax cuts focused on increasing business investment, the ministry has also delivered on the government's promise to reduce personal income taxes and ensure the personal tax burden of British Columbians is among the lowest in the country.

The ministry also supports the government's goal of reducing regulation and red tape, thereby making it easier and more attractive for business to locate and invest in the province. Ministry initiatives include:

- review of legislation that regulates the financial services and real estate sectors, to reduce regulatory burden
- leadership in creating e-government solutions through the electronic delivery of all corporate and personal property registration services, as well as e-banking services for government programs.

### **Objectives**

2.1 Establish a tax environment that encourages economic growth.

2.2 Support business development and investment.

---

## **Goal 3: *Effective and efficient financial and risk management.***

The Ministry of Finance is responsible for government's overall financial and risk management framework. This involves the establishment of appropriate legislation, policies, procedures and training and reporting at a corporate level to ensure the province's resources and obligations are appropriately managed in support of effective service delivery.

The framework reinforces individual and corporate accountabilities for outcomes, maintains the corporate standards for stewardship of resources, management of liabilities and risk, and the collection and disbursement of public funds.

Key activities include financial, procurement and accounting policy development, internal audit and advisory services, risk management, and compliance monitoring. The policies

are risk-based to ensure they add value and are consistent with the risks they are intended to address. Programs focus on areas of greatest risk with a goal of making broad systemic change to improve performance. This ensures that finance and administration functions are provided using the optimal mix of resources and funding.

## Objectives

- 3.1 Implement a risk-based approach to managing government resources.
  - 3.2 Improve the government-wide accountability and responsibility framework for financial and procurement management.
- 

## **Goal 4: *Comprehensive, timely and transparent financial planning and reporting.***

Government is committed by legislation to fully move to Generally Accepted Accounting Principles (GAAP) beginning April 1, 2004. British Columbia currently leads all provinces and the federal government in this regard. Financial results and updated forecasts as compared to the budget are publicly reported quarterly and annually in accordance with legislated dates. Accounting practices, policies and procedures are developed and maintained in order to support the accuracy, completeness, timeliness and reliability of these reports. Accounting advice and assistance is provided on new initiatives, existing business operations and systems development.

## Objectives

- 4.1 Compliance with statutory reporting and budgeting requirements and with Generally Accepted Accounting Principles (GAAP) in all material respects.
  - 4.2 Increase transparency and accountability for both expenditures and revenues.
- 

## **Goal 5: *A progressive, innovative and knowledgeable workforce.***

We recognize each of our ministry goals is dependent upon the continued support and professionalism of a highly skilled and knowledgeable workforce. It is our staff who drive the quality and value of the services we provide to our clients, stakeholders and the people of British Columbia.

In keeping with government's *Public Sector Renewal Initiative*, our ministry will continue to identify opportunities to enhance the leadership, support and developmental opportunities our staff requires and deserves. We will foster a more proactive and visionary leadership at all levels of the organization. Employees will also continue to be actively involved in the development of the ministry's Human Resource Management Plan.

As we work towards achieving our ministry goals, we will be recognized by our clients and stakeholders as a progressive, innovative and knowledgeable workforce, that delivers our services efficiently, effectively, and with a clear sense of pride and purpose.

## **Objectives**

- 5.1 Proactive and visionary leadership.
  - 5.2 Performance-focused workforce.
  - 5.3 Learning and innovative organization.
- 

## **Strategies and Results**

This section details the specific strategies the ministry will pursue over the next three years as we work toward the realization of our five goals. Individual objectives and strategies have also been linked directly to the core business areas responsible and accountable for the delivery of the various initiatives.

The ministry has also selected performance measures and related three-year targets that will allow for an ongoing evaluation of our performance against expected results. Collectively these performance measures explore the outcome of our programs and the efficiency of our activities.

We remain committed to measuring the impact of our programs. Some of the selected performance measures, however, are also influenced by factors beyond the ministry's direct control (e.g., the level of GDP). Despite these limitations, we are confident a comprehensive measurement system that emphasizes outcomes will improve our organizational performance and ensure appropriate accountability to all British Columbians.

**Goal 1: Implementing government's three-year fiscal plan and balancing the budget beginning in 2004/05.**

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Balance provincial budget annually beginning in 2004/05	• Maintain a three-year planning framework for all ministries	✓						
	• Restructure policy and advisory resources to provide targeted advice on strategic risks and opportunities	✓						
Effective cash and debt management	• Develop models and systems to maximize investment returns on surplus cash and to minimize borrowing costs and requirements			✓				
	• Manage the provincial debt portfolio at minimum economic cost subject to risk policy parameters set by the Ministry of Finance Risk Committee			✓				
	• Provide comprehensive support for credit rating analysis and expand investor relations activities			✓				
	• Utilize technological advancements (e.g. e-banking services) to create financial and administrative efficiencies and savings within ministries			✓				
	• Negotiate banking services for government as a whole			✓				

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Effective management of public-sector labour relations and human resource strategies	<ul style="list-style-type: none"> <li>Develop a framework for executive compensation and for bargaining mandates that incorporate fiscal goals, policy, program decisions and labour market considerations</li> </ul>					✓		
	<ul style="list-style-type: none"> <li>Develop a long-term strategy for effective management of labour relations, including related performance measures</li> </ul>					✓		
	<ul style="list-style-type: none"> <li>Support a strategy for reducing shortages of critical skilled occupations in the public sector</li> </ul>					✓		

Objective	Performance Measure	Base 2003/04	Target		
			2004/05	2005/06	2006/07
Balance provincial budget annually beginning in 2004/05	• Achieve annual targets for provincial budget	\$2.3 B deficit	Balanced Budget	Balanced Budget	Balanced Budget
	• Debt to GDP ratio ( <i>Provincial ranking — Moody's</i> )	2nd Lowest <sup>1</sup>	In the Lowest 3	In the Lowest 3	In the Lowest 3
	• Debt service costs ( <i>Provincial ranking — Moody's</i> )	2nd Lowest <sup>1</sup>	2nd Lowest	2nd Lowest	2nd Lowest
	• Provincial credit rating ( <i>Moody's</i> )	Aa2	Aa2	Aa2	Aa2
Effective cash and debt management	• Total cost of provincial debt portfolio versus benchmark	Under Development	Exceed Benchmark Performance	Exceed Benchmark Performance	Exceed Benchmark Performance
	• Banking costs versus industry and public sector benchmark	25 % Lower	25 % Lower	25 % Lower	25 % Lower
	• Opportunity cost of holding non-zero cash balances	< \$300k	< \$300k	< \$300k	< \$300k
Effective management of public-sector labour relations and human resource strategies	• Compensation cost changes over 2002/03 compensation base <sup>2</sup>	\$16.09 B	TBD	TBD	TBD
	• Days lost due to labour disruption in the BC Public Sector (per employee over a three-year rolling average) <sup>3</sup>	30 % Higher than Cdn. Avg. (0.58 days)	+/-10 % of Cdn. Avg.	+/-10 % of Cdn. Avg.	+/-10 % of Cdn. Avg.

<sup>1</sup> Based on Moody's calculations using provincial 2003/04 budget estimates. Actual results will be available in August 2004.

<sup>2</sup> Compensation base numbers reflect settlement increases as well as some cost reductions resulting from Core Services Review.

<sup>3</sup> Baseline data provided is for 2000, 2001 and 2002. Actual results for 2003 will be available in June 2004.

**Goal 2:** *Creating a tax and regulatory climate that stimulates economic growth.*

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Establish a tax environment that encourages economic growth	<ul style="list-style-type: none"> <li>Review the tax system on an ongoing basis and consider changes to maintain and improve competitiveness</li> </ul>	✓						
Support business development and investment	<ul style="list-style-type: none"> <li>Streamline and update the legislative and policy frameworks to reduce regulatory requirements and enable the electronic delivery of services</li> </ul>				✓			

Objective	Performance Measure	Base 2003/04	Target		
			2004/05	2005/06	2006/07
Establish a tax environment that encourages economic growth	• Provincial ranking of personal income tax rates for the bottom two tax brackets	Lowest	Lowest	Lowest	Lowest
	• Provincial ranking of the top personal marginal tax rate	In the Lowest 3	In the Lowest 3	In the Lowest 3	In the Lowest 3
Support business development and investment	• Number of regulatory requirements (2004/05 target is a 1/3 reduction from 2001/02 baseline of 41,382) <sup>1</sup>	31,000 (-25%)	27,700 (-33%)	27,700 (-33%)	27,700 (-33%)
	• Per cent annual growth in business registrations	5% (51,069)	5% (53,622)	5% (56,303)	5% (59,119)
	• Percentage of company incorporations and registrations filed electronically	85%	90%	95% <sup>2</sup>	98%

<sup>1</sup> The regulatory baseline has been adjusted to reflect 1,075 additional regulatory requirements assumed from the *Pension Benefits Standards Act* and *Public Sector Pension Plans Act*.

<sup>2</sup> The target for company incorporations and registrations filed electronically has been reduced by 5 percentage points in 2005/06. This reduction is due to the fact that some low-volume filings are either complex or require paper documentation, such that the cost of automation would exceed the cost of manual processing.

**Goal 3: Effective and efficient financial and risk management.**

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Implement a risk-based approach to managing government resources	<ul style="list-style-type: none"> <li>Expand the mandate of government's self-insurance program to the broader public sector</li> </ul>						✓	
	<ul style="list-style-type: none"> <li>Develop and implement a government-wide Enterprise Risk Management strategy</li> </ul>						✓	
	<ul style="list-style-type: none"> <li>Develop risk-based management control recommendations for ministries and utilize post-payment reviews</li> </ul>		✓					
	<ul style="list-style-type: none"> <li>Implement Enterprise Wide Risk Management to identify and manage key strategic ministry risks</li> </ul>							✓
Improve the government-wide accountability and responsibility framework for financial and procurement management	<ul style="list-style-type: none"> <li>Revise financial and procurement policy and procedures to ensure an effective management framework</li> </ul>		✓					

Objective	Performance Measure	Base 2003/04	Target		
			2004/05	2005/06	2006/07
Implement a risk-based approach to managing government resources	<ul style="list-style-type: none"> <li>Annual savings from self-insurance (five-year rolling average)</li> </ul>	\$32.1 Million	\$35.4 Million	\$43.2 Million	\$43.2 Million
	<ul style="list-style-type: none"> <li>Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring of expenditures and by management implementing Internal Audit and Advisory Services recommendations</li> </ul>	\$5.2 Million	\$5.2 Million	\$5.2 Million	\$5.2 Million
	<ul style="list-style-type: none"> <li>Ministry implementation of Enterprise-wide Risk Management (Risk Management Maturity Model Rating — 5 point scale)</li> </ul>	2	3	3	4
Improve the government-wide accountability and responsibility framework for financial and procurement management	<ul style="list-style-type: none"> <li>Stakeholders' satisfaction with the policy framework for financial and procurement management</li> </ul>	N/A	Determine Baseline	Exceed Baseline Performance	Exceed Baseline Performance

**Goal 4: Comprehensive, timely and transparent financial planning and reporting.**

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Compliance with statutory reporting and budgeting requirements and with Generally Accepted Accounting Principles (GAAP) in all material respects	• Full implementation of Generally Accepted Accounting Principles	✓	✓					
	• Use technological advancements to simplify reporting process		✓					
	• Continue to refine the ministry's website and publications with a particular focus on investors and credit rating agencies			✓				
Increase transparency and accountability for both expenditures and revenues	• Timely response to correspondence							✓

Objective	Performance Measure	Base 2003/04	Target		
			2004/05	2005/06	2006/07
Compliance with statutory reporting and budgeting requirements and with Generally Accepted Accounting Principles (GAAP) in all material respects	• Full implementation of GAAP	Partial	Full	Full	Full
	• Delivery date for annual Public Accounts	June 27	June 30	June 30	June 30
Increase transparency and accountability for both expenditures and revenues	• Percentage of responses to ministerial correspondence completed within two weeks	47%	80%	80%	80%

**Goal 5: A progressive, innovative and knowledgeable workforce.**

Objective	Strategy	Responsible Core Business Area						
		Finance and Econ Performance	Financial Governance	Treasury	Fin and Corp Sector Services	PSEC	Risk Management	Executive and Support
Proactive and visionary leadership	<ul style="list-style-type: none"> <li>Establish, define and communicate management leadership competency requirements</li> </ul>	✓	✓	✓	✓	✓	✓	✓
Performance-focused workforce	<ul style="list-style-type: none"> <li>Communicate to staff on a regular basis about the status of the ministry's human resources plan and how it integrates with the ministry's service plan</li> </ul>	✓	✓	✓	✓	✓	✓	✓
	<ul style="list-style-type: none"> <li>Supervisors to review Employee Performance and Development Plans (EPDP) annually with each of their staff</li> </ul>	✓	✓	✓	✓	✓	✓	✓
Learning and innovative organization	<ul style="list-style-type: none"> <li>Provide staff with information and access to development, training and learning opportunities</li> </ul>	✓	✓	✓	✓	✓	✓	✓

Objective	Performance Measure	Base 2003/04	Target		
			2004/05	2005/06	2006/07
Proactive and visionary leadership	<ul style="list-style-type: none"> <li>Percentage of staff satisfied that leadership learning and development strategies and/or opportunities are available</li> </ul>	55%	70%	80%	85%
Performance-focused workforce	<ul style="list-style-type: none"> <li>Percentage of staff with a current Employee Performance and Development Plan (EPDP)</li> </ul>	59%	100%	100%	100%
Learning and innovative organization	<ul style="list-style-type: none"> <li>Percentage of staff who agree that learning and development opportunities are accessible</li> </ul>	44%	75%	80%	85%

# Appendix 1. Strategic Context

## Vision, Mission and Values

### Vision

To be a responsive organization that is a model for leadership in promoting sound fiscal management and governance in an open and accountable public-sector environment.

### Mission

To develop a sustainable fiscal plan, to prudently manage government finances, and to create a sound policy and regulatory framework that supports the creation of a strong and vibrant economy.

### Values and Leadership Philosophy

Our Values are:	Our Leadership Philosophy is to:
Accountability	<ul style="list-style-type: none"> <li>• be accessible and responsive to our client needs</li> <li>• measure and report on our performance at all levels</li> <li>• recognize achievement and learn from our mistakes</li> <li>• support a risk-based management system that encourages competency and performance based excellence</li> <li>• focus resources and analysis on those activities that present the greatest opportunities or pose the greatest risk to the government's fiscal and economic plan</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>• explore new partnerships and ideas about how we do our business</li> <li>• embrace technological change to capture new opportunities</li> <li>• make strategic investments in our people</li> </ul>
Respect and Integrity	<ul style="list-style-type: none"> <li>• focus on our customers and clients</li> <li>• provide leadership and encourage teamwork</li> <li>• value diversity and differences of opinion</li> <li>• protect confidentiality of information</li> </ul>
Trust and Honesty	<ul style="list-style-type: none"> <li>• keep our activities and outputs open and transparent</li> <li>• respond to feedback from the public and our clients</li> <li>• ensure clear and open communication</li> </ul>

## Planning Context

As the Ministry of Finance pursues its mandate over the next three years it faces an environment characterized by both risks and opportunities. A critical factor in the ministry's ability to achieve its goals and objectives is the state of the province's economy.

The BC economy grew 1.7 per cent in 2003, slower than the 2.7 per cent expected at the time of last year's budget, according to BC's independent economic forecast council. The Council now expects growth in BC's economy to pick up to 2.9 per cent in 2004. Further information on the BC outlook may be found in the Budget and Three-Year Fiscal Plan released with the budget.

Within this broader context the ministry is implementing an Enterprise-wide Risk Management program to identify and manage internal and external risks, and to realize new opportunities. Other strategies being undertaken in response to specific risks include:

### Cross-Government Environment

Risk	Mitigation
<ul style="list-style-type: none"> <li>Economic fluctuations and unexpected shocks (I.e. SARS and BSE/Mad Cow) could affect forest revenues, personal and corporation income taxes and other revenues</li> </ul>	<ul style="list-style-type: none"> <li>Use prudent assumptions in the preparation of the budget</li> </ul>
<ul style="list-style-type: none"> <li>Demand for public services may increase</li> </ul>	
<ul style="list-style-type: none"> <li>The addition of the schools, universities, colleges and hospitals (SUCH) sector into the government reporting entity may introduce forecasting errors</li> </ul>	
<ul style="list-style-type: none"> <li>Globalization of economic and financial markets will increase competition for investment</li> </ul>	<ul style="list-style-type: none"> <li>Develop taxation policy which reinforces British Columbia's position as an attractive place to invest and create jobs</li> <li>Maintain competitive tendering of treasury business functions to obtain optimal pricing and certainty of service delivery</li> </ul>
<ul style="list-style-type: none"> <li>Government's commitment to encourage alternative public service delivery, including public-private partnerships may impact internal resources</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the ministry has the necessary capacities and skill sets to effectively support public-private partnerships initiatives</li> </ul>

## Ministry Environment

Risk	Mitigation
<ul style="list-style-type: none"> <li>An aging workforce presents significant succession and recruitment challenges</li> </ul>	<ul style="list-style-type: none"> <li>Support staff professional and career development</li> <li>Ensure current succession plans for key positions</li> </ul>
<ul style="list-style-type: none"> <li>Full implementation of Generally Accepted Accounting Principles (GAAP) may result in additional workloads within both core government and affected broader public sector organizations</li> </ul>	<ul style="list-style-type: none"> <li>Work closely with Auditor General and Accounting Policy Advisory Committee on accounting interpretations, and with program ministries to coordinate our joint efforts of data collection arising from the inclusion of the SUCH sector</li> </ul>
<ul style="list-style-type: none"> <li>Implementation of government's shared services system requires adjustment to roles and responsibilities of governance functions for financial and procurement services</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with Solutions BC to define roles and responsibilities</li> </ul>
<ul style="list-style-type: none"> <li>Interruption of critical ministry functions due to catastrophic loss or malicious software viruses/worms</li> </ul>	<ul style="list-style-type: none"> <li>Continue to update ministry business continuation plans and information management security</li> <li>Investigate alternative processing sites for mission critical activities</li> <li>Utilize multiple financial institutions for external banking and cash management systems</li> </ul>
Opportunity	Initiative
<ul style="list-style-type: none"> <li>Technological innovations provide opportunities for greater productivity and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Systematic reviews of existing and future information management systems to realize economies of scale, reduced duplication and cost savings</li> </ul>
<ul style="list-style-type: none"> <li>Implement Enterprise-wide Risk Management (ERM) to identify key risks, optimize risk taking within the ministry and improve resource allocations</li> </ul>	<ul style="list-style-type: none"> <li>Establish a systematic ERM process to identify key risks at the ministry and program levels and integrate the results into the ministry's decision-making processes</li> </ul>

## **Changes from the Previous Service Plan**

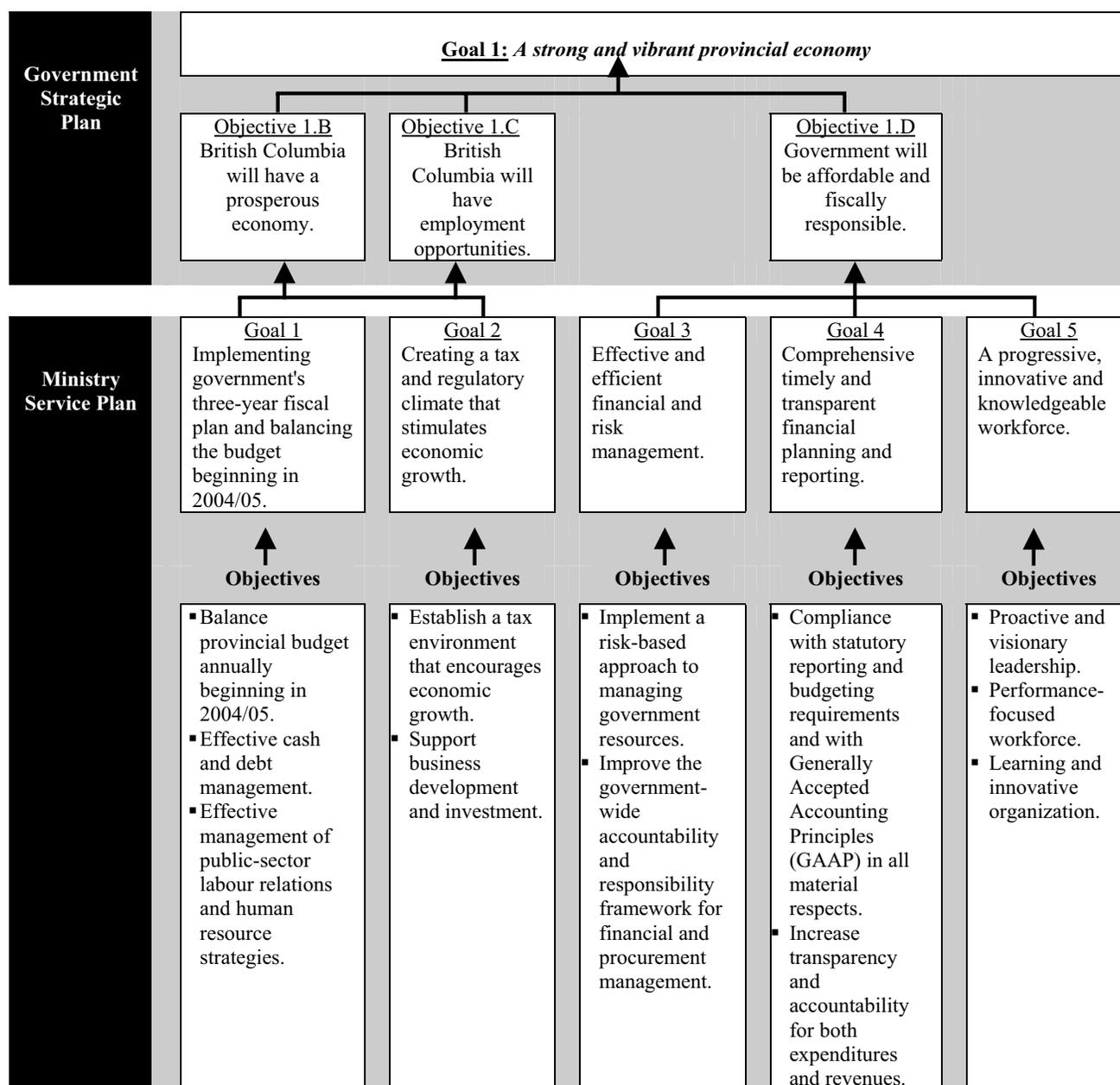
The Ministry of Finance has experienced minimal change in our mandate or key activities resulting in few revisions to the goals, objectives, strategies or performance measures outlined in our previous service plan. However, in several instances the ministry has updated elements of the plan to better reflect new responsibilities and initiatives or to clarify the standards against which we will be measured. These changes include:

- The performance measures included in last year's plan under the 'Effective cash and debt management' objective have been moved to the first objective addressing a balanced budget in 2004/05. In their place, three new performance measures have been added that better reflect the ministry's activities in the areas of cash and debt management.
- The two performance measures associated with effective management of public sector labour relations have been revised. The measure exploring compensation cost changes no longer excludes previously existing contracts. This change more accurately reflects actual budgetary requirements in each fiscal year and includes the costs of settlements negotiated in other years, but implemented in the reporting year. Measurement of the days lost due to labour disruption in the BC Public Sector was also updated to reflect the relative size of the public service and utilize a rolling three-year average to reduce spikes associated with the bargaining cycle.
- The objective addressing government-wide responsibility and accountability frameworks has been revised to better reflect both the ministry's role in approving the frameworks and new responsibilities for procurement management. The related performance measure has also been revised to investigate stakeholder satisfaction with the financial and procurement management policy frameworks.
- The fourth goal related to financial planning and reporting and its associated objective of transparency and accountability for expenditures have been revised to eliminate references to "performance". This change reflects the ministry's shift away from managing the service planning and reporting process for government as a whole given the substantial internal capacity and expertise that has developed in the provincial public sector.
- A new strategy and related performance measure related to the implementation of Enterprise-wide Risk Management within the ministry have been added.
- The objective of compliance with statutory reporting and budgeting requirements and with Generally Accepted Accounting Principles now includes a reference to "in all material respects" in order to more accurately reflect accounting principles.
- The strategy and performance measure seeking alignment of Estimates, Budgets and core business areas have been discontinued given the ministry's successful conclusion of the initiative in 2003/04.

Inclusion of the above material reflects the ministry's commitment that the service plan continues to accurately reflect our activities and intended results. Efforts have also been made to ensure that the plan and particularly its measures and targets remain consistent in order to provide British Columbians with a basis for evaluating our performance over time.

## Consistency with Government Strategic Plan

Each Ministry of Finance goal and objective is consistent with and directly contributes to the achievement of the Government Strategic Plan goal of a “*strong and vibrant provincial economy*”. The ministry’s role in contributing to the success of the Government Strategic Plan is illustrated below.



## Appendix 2. Supplementary Performance Information

The Ministry of Finance remains committed to reporting on our progress in achieving the intended results detailed in our service plan. In identifying specific performance measures the ministry has worked to ensure that the data is accurate, comprehensive, timely and transparent. While the performance information is selected with these attributes in mind several limitations can exist including issues of:

- **Frequency:** A number of data sources particularly those external to the ministry can offer independent benchmark information. However, these sources may not be available on the same reporting cycle as required for the service plan and service report.  
An estimate based on the historical trend for the previous period is provided for those selected measures where the actual figures are not immediately available.
- **Consistency:** Data collected may vary considerably due to the influence of a number of factors that are beyond the ministry's control. In these instances readers can receive a more accurate impression of organizational performance by looking at the ministry's performance as a trend over several years.
- **Cost-effectiveness:** Some measures cannot be collected cost-effectively relative to the value that they would provide to improved decision-making or accountability. These instances are monitored and efforts are made to adjust future business practices to assist in their collection.

As part of the Ministry of Finance's commitment to transparency and accountability detailed performance measure methodologies have been provided in an accompanying document. The methodology explores the rationale for each measure as well as data sources, calculations and limitations and other key information. The complete inventory is available at:

<http://www.fin.gov.bc.ca/serviceplan0405/methodologies.htm>

## Appendix 3. Summary of Related Planning Processes

### Human Resource Management Plan Summary

In September 2003, the ministry initiated its second annual employee satisfaction survey to measure the results of the year's HRMP initiatives and any change in employee satisfaction. Members of the ministry's HRMP working group, comprised of both management and staff, will utilize the results of the survey to develop specific action plans to address areas of employee concern or potential opportunity. Survey results are also being shared with all members of the ministry to foster ongoing communication and support organizational development.

The ministry has the following goals:

1. **To establish, define and communicate management leadership competency requirements.** The survey measures the percentage of staff satisfied that leadership, learning and development strategies and opportunities are available. In the September 2003 survey, 55 per cent of ministry staff were satisfied or very satisfied that leadership learning and development opportunities were available. Our target is to see an increase to 70 per cent in 2005/06 and 80 per cent in 2006/07 as management works to create this environment.
2. **To create a performance-focused workforce.** Achievement of this goal is linked to employees in the ministry having and using a personal Employee Performance and Development Plan and receiving a regular flow of information on the ministry HR plan and how it links to the service plan. In September 2003, 59 per cent of staff had a personal EPDP. Expansion of the performance and development planning initiative to include all management and staff within the ministry is scheduled for completion by March 2004.
3. **To develop a learning and innovative organization.** This goal will be achieved by providing staff with information and access to development, training and learning opportunities. Success will be measured by the percentage of staff who are satisfied that learning and development opportunities are accessible to them. The September 2003 survey indicated that 44 per cent of employees were satisfied with achievement of this goal. Future year targets are to increase satisfaction to 70 per cent in 2004/05 and 75 per cent in 2005/06.
4. **Flexible and motivating workplace.** Continuing to exceed our clients' needs requires the extraordinary commitment of our employees. The ministry has adopted a number of initiatives in order to better balance the work contributions of our staff with their

personal and professional needs including expansion of flexible work hours, job sharing, lateral transfers and staff recognition programs. This collaborative and individualized approach is expected to build upon the results of the September 2003 survey, which found that 68 per cent of staff found purpose and meaning in their work and 75 per cent were satisfied with their current work arrangements. Targets have been established over the next three years to increase staff satisfaction with both of these issues by 5 percentage points annually.

Human Resource Management continues to be an important element of ministry administration and receives regular executive attention.

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## Information Resource Management Plan Summary

Information management and technology planning is critical to achieving the objectives in this service plan. The Ministry of Finance will undertake the following strategic information management and technology investments to improve services to the public:

- OneStop Business Services: provides integrated information and registration services for business primarily designed to allow British Columbia entrepreneurs, owners and operators to interact more easily, expediently and efficiently with government at all levels
- Corporate Online (COLIN): development to support the new *Business Corporations Act*. This system will integrate with other services, such as OneStop Business services and BC government authentication services to provide more seamless service to businesses
- Electronic Banking Initiatives: projects to (i) increase government use of e-banking services such as Internet payments, telephone/PC banking services, and pre-authorized debit; (ii) increase the functionality of these services; and (iii) investigate new services such as Internet debit card payment. As British Columbia's government departments make use of these services, citizens and businesses will be able to complete more transactions and obtain more services completely online
- Migration of web content to the enterprise portal: to allow easier access to information and services to the public sector, businesses and the public.

The ministry will support government initiatives to provide electronic service delivery to the public, while being mindful of security management requirements. This will be accomplished through implementation of a self-service model for access to business services, provision of financial and economic reports, conversion from paper forms to electronic forms, and facilitation of electronic financial transactions. The ministry will also promote greater access to information of public interest through electronic means.

The Ministry of Finance will undertake the following strategic information management and technology investments to improve internal operations within the public sector for improved money management, increased efficiency, and improved management of risk:

- Debt Management System: will support proactive debt and derivative portfolio management and performance measurement
- Payment Review System: expand the post-payment auditing of payments to include both high and low risk payments to vendors and employees, in addition to travel payments. This includes post-payment review of electronic payments made within the new expenditure authority control framework
- Enterprise Risk Management System: continue to support implementation of enterprise-wide risk management practices and processes
- Internal sharing of data for more efficient financial reporting.

The ministry will continue to support and promote government information sharing initiatives and cross-government systems for increased efficiencies and to better serve the public. Integration of business systems, internal sharing of data, and development of a framework for adoption of the government wide Electronic Document and Records Management System are examples of this support.

The ministry supports the use of information management and information technology to drive better service to the public, improve our performance, and better manage business risk.

## Appendix 4. Other Ministry Initiatives

### Deregulation

In support of government's goal of reducing regulation and red tape, several initiatives and regulatory reviews have been completed and others are well underway.

During 2003/04, the Ministry of Finance reviewed and revised the *Manufactured Home Act* and *Miscellaneous Registrations Act, 1992*, as well as the related regulations, to streamline Registry processes by expanding electronic service delivery. The ministry updated the new *Business Corporations Act*, which will replace the outdated *Company Act* before the end of 2003/04. The new Act eliminates regulatory overlap, enhances efficiency, and provides greater flexibility for companies.

The ministry has undertaken a major deregulation project to consolidate three policy manuals for government-wide financial management and general administration into a single core policy manual, followed by the consolidation of financial procedures with the resulting core policy manual. By the end of 2003/04, the project will be complete.

Well underway are regulatory reviews that consider the regulatory burden imposed by statutes and regulations that regulate the province's financial services sector and real estate sector. During 2004/05, the ministry intends to complete the work necessary to allow for significant regulatory reductions in the *Credit Union Incorporation Act* and regulations, *Financial Institutions Act* and regulations, and the *Real Estate Act* and regulations. These reductions are expected to contribute to the ministry meeting its three-year deregulation target in 2004/05.

Beyond 2004/05, the ministry will continue to identify ways in which regulatory burden can be reduced, and will continue to be cognizant of the regulatory impact of all proposed changes to policies, legislation and regulations, to ensure that the ministry's three-year deregulation target is maintained.

## **Enterprise-wide Risk Management**

The Ministry of Finance has begun to implement an Enterprise-wide Risk Management program designed to identify and manage key risks at the ministry, program and operational levels of the organization. Specifically, ERM is expected to provide the ministry with an improved:

- ability to recognize and manage key risks which can impact business performance
- allocation of resources based on the effectiveness of alternative strategies in bringing specific risks into balance with established risk tolerances
- accountability for program results
- stakeholder awareness of the potential risks and opportunities confronting the ministry.

The ministry also plays an important leadership role in the development and implementation of ERM within the provincial public sector. A number of organizations including the Ministry of Management Services have adopted the risk management framework and processes developed by the Ministry of Finance. The ministry's Risk Management core business area has also actively supported ERM through the selection and distribution of a risk management software application to all provincial public sector entities. The software application provides an integrated risk management solution supporting risk identification, analysis, treatment as well as ongoing monitoring at all levels of the organization.

These initiatives both internal and external to the ministry reflect our commitment to ERM as a valuable tool for continuous improvement and a best practice in both the public and private sectors.