

*Ministry of
Finance and
Associated Entities*

**2005/06
Annual Service Plan Report**



**BRITISH
COLUMBIA**

The Best Place on Earth

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Message from the Minister and Accountability Statement

The first year of the Government's renewed mandate saw the Ministry of Finance continue its record of sound fiscal management, balanced budgets, and strengthening British Columbia's economy.

A strong economy and responsible fiscal management provide British Columbians the opportunity to act on our shared priorities. This is evident in new budget funding for seniors and children; new investments in schools, hospitals and roads; and new reductions to keep taxes fair and competitive.

British Columbia's fiscal plan supports the Five Great Goals with additional funding to generate better education outcomes, nurture a healthier population, support people in need, and ensure we continue to enjoy a clean, sustainable environment. It also backs a new and flexible approach to negotiating public sector contracts, an approach that has seen unprecedented success.

British Columbia continues to lead in timely and transparent financial reporting that meets the rigorous standards of Generally Accepted Accounting Principles. This is the second consecutive year that the Public Accounts received an unqualified review from the Auditor General.

The Province's strong fiscal management and transparency are among the reasons Standard and Poor's improved British Columbia's credit rating for the second time in 18 months, raising it to AA+ from AA. The upgrade cited the robust performance of British Columbia's economy, larger-than-expected budget surpluses, and the Province's low and declining debt to gross domestic product (GDP) ratio.

The Province continues to ensure debt remains affordable while investing in key infrastructure projects to support our growing economy and population. British Columbia invested \$3 billion in schools, post-secondary and health care facilities, and transportation infrastructure and other capital projects in 2005/06. At the same time, B.C.'s taxpayer supported debt to GDP ratio declined from 18.2 per cent to 16.2 per cent.

A fair and competitive tax regime also contributes to the Province's robust economy. Over the past year, the budget supported tax reductions targeted to low and modest income earners and enhanced Medical Services Plan premium assistance. It also introduced measures to enhance economic competitiveness and support job creation, including a reduced corporate income tax rate.

The new \$6 billion negotiating framework contributed to the successful negotiation of all contracts that were set to expire on or before March 31st. At March 31st, more than 55 agreements are in place covering more than 230,000 union and non-union public sector employees. The success of this initiative rests with the dedicated negotiators from both sides of the table. They were creative and flexible in reaching agreements that meet the needs of employers and employees, and will serve to improve public programs and services.

Effective, accurate and timely public communication is essential to keep British Columbians informed about government priorities and programs. The Province fosters dialogue on public priorities, and ensures British Columbia's powerful story is told here, across the country and around the world.

On behalf of British Columbians, I thank all ministry staff for their dedication and hard work of the past year. They produced two budgets, helped meet or exceed ministry and government goals, and contributed to the overall success of B.C.'s high-quality public services.

The 2005/06 Ministry of Finance Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2005/06–2007/08 Service Plan Update. I am accountable for those results as reported.



Honourable Carole Taylor
Minister of Finance

June 30, 2006

*Ministry of
Finance*

**2005/06
Annual Service Plan Report**



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The Best Place on Earth

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Highlights of the Year

Fiscal Stewardship

- **Balanced Budgets:** The ministry played a central role in maintaining the government's balanced budget plan and achieving British Columbia's second consecutive budget surplus. The 2005/06 Public Accounts recorded a \$3.1 billion surplus, \$1.8 billion higher than originally estimated in the September Budget Update. The improvement reflected stronger than expected revenues, lower debt service costs and savings in ministry budgets, offset by negotiating framework incentive payments.
- **On-going Balanced Budgets:** The ministry continued to maintain government's commitment to balancing the budget on an ongoing basis. On February 21, 2006, government tabled a fiscal plan in the Legislature with planned surpluses of \$600 million in 2006/07, \$400 million in 2007/08 and \$150 million in 2008/09. These planned surpluses will be achieved while increasing funding for health care, education, services for children, and compensation for public sector employees, and ensuring a competitive taxation system in BC.
- **Debt Reduction:** For the second consecutive year, British Columbia's total debt declined. Total debt for 2005/06 was \$34.4 billion, a \$1.5 billion reduction from the year previous.
- **Taxpayer Supported Debt to GDP Ratio:** Lower debt levels and a robust provincial economy also served to reduce B.C.'s taxpayer supported debt to GDP ratio — a key measure of debt affordability. The debt to GDP ratio fell to 16.2 in 2005/06, down from 18.2 the year previous.
- **Credit Rating Upgrade:** The province received its fourth credit rating upgrade since 2004. Standard and Poor's upgraded its rating of British Columbia from AA to AA+, citing a robust economy, a low and declining debt to GDP, and larger than planned budget surpluses.

Support for a strong economy

- **Competitive Tax Environment:** The September Budget Update confirmed \$1.4 billion in tax reductions to keep British Columbia's taxes fair and competitive. These included new measures targeted to low and modest income earners, including the B.C. Tax Reduction, the lower PST rate, and enhanced MSP premium assistance. New measures to enhance British Columbia's economic competitiveness and support job creation included: a reduction in the general corporate income tax rate to 12 per cent from 13.5 per cent, an improvement to the small business income tax threshold, and a tax incentive for the international commercialization of life science patents to support B.C.'s growing stature as a centre for biotechnology research and development.
- **Increased Business Registrations:** Bolstered by the strong economy and availability of online business registration, new registrations increased by over 10 per cent.

- **Technological Innovation and Online Service Delivery:**

- By the end of 2005/06, nearly 98 per cent of the estimated 200,000 B.C. companies completed the transition to British Columbia's new electronic corporate registry. This two-year process successfully moved the registration of B.C. companies from a paper-based approach to a self-serve, electronic registry. The new registry provides significant cost savings for taxpayers, more timely and accurate filings, and real time registration for companies.
- OneStop is an integrated e-government service that allows businesses in B.C. to register with several government agencies at once, be numbered, seek name approval, and change their address. OneStop's 24 hours a day, seven days a week online service became available to the public in June 2005 and new partners and access providers joined the program. By the end of 2005/06, OneStop had already reached a milestone 100,000 filing transactions.

Financial Reporting

- **Accurate Financial Reporting:** The annual Public Accounts released in June 2005 were the first in eight years that did not contain a statement of qualification by the provincial auditor and were fully GAAP-compliant, including information from school districts, universities, colleges, and health authorities (the SUCH sector). Fiscal 2005/06 is the second year in succession that the Auditor General has accepted the accuracy of the Public Accounts of the government without reservation.

Financial Reporting and Resource Management

- **New Public Sector Negotiating Framework:** The ministry set out a \$6 billion, multi-year negotiating framework to guide public sector labour agreements. As of March 31, 2006 negotiators reached 55 agreements covering 75 per cent of British Columbia's 308,000 public sector workers. All agreements extended four years or more in duration and the vast majority received ratification approvals in excess of 90 per cent. Major components include:
 - \$1 billion as an incentive to reach new agreements before the expiry of current agreements;
 - \$4.7 billion over four year (2006/07 – 2009/10) for annual compensation increases; and
 - up to \$300 million dividend in 2009/10 for agreements that extend to March 31, 2010 or later, subject to the surplus exceeding \$150 million
- **Procurement Management Award:** The Office of the Comptroller General won the national Summit Award for the government's Procurement and Contract Management Program, and was selected as a finalist for the Premiers Award in the category "Promoting Innovation and Excellence" for a project that moved government toward a fully integrated Electronic Procurement system.

- **A Leader in Auditing:**

- The Payment Review Office (PRO) in the Office of the Comptroller General is a leader in Canada in performing post-payment expenditure reviews. In 2005/06, the PRO's review system saved the government in excess of \$10 million in accounts payable processing time.
- Internal Audit and Advisory Services conducted "first in Canada" joint audits with the federal government; joint audits reduced the disruption to government agencies, reduce costs, and provided a more comprehensive view to both governments.

- **Lower Debt Service Costs:** Debt service costs on the taxpayer supported debt portfolio were \$96 million lower than the prior year.

- **A progressive, engaged, knowledgeable workforce:** As part of its workforce planning strategy, the ministry has identified the need to develop innovative recruitment and retention strategies to meet forecasted retirement and succession planning requirements:

- By providing challenging, interesting work, supporting development opportunities and promoting employee involvement in planning activities the ministry improved organizational performance and employee job satisfaction through increased staff engagement. Connecting employees to the activities of the ministry through an integrated planning framework has strengthened the linkages between individuals and ministry objectives. The development of a detailed business plan has integrated day-to-day employee activities with the strategic direction of the ministry. Employees contribute to ministry planning activities through participation in program area planning sessions, attendance at informal discussion forums held by the ministry Executive and participation in ministry human resource planning initiatives. These strategies have resulted in a 14 per cent increase in performance relating to employee engagement across the ministry.
- The Graduate Development Program was developed and successfully piloted for Treasury Board Staff. This targeted approach recruits talented university graduates into a two-year program to prepare for management and leadership positions within the ministry and throughout the British Columbia Public Service. The Graduate Development Program provides development opportunities, including job rotation to allow candidates exposure and determine where they best fit. The ministry has also taken on a stronger outreach role, conducting site visits to BC universities to promote the GDP and co-op opportunities, as well as conducting visits to career fairs. In 2006/07 the ministry will continue to build partnerships with academic and financial institutions, including continuation of the Graduate Development Program.

Purpose, Vision, Mission and Values

Purpose

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies and continues to focus on the priorities that will ensure the Province's success in meeting its fiscal objectives and, thereby, supporting the achievement of the Five Great Goals.

Vision, Mission and Values

Vision

To be leaders in sound fiscal and economic management and governance.

Mission

To provide sustainable fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy.

Values

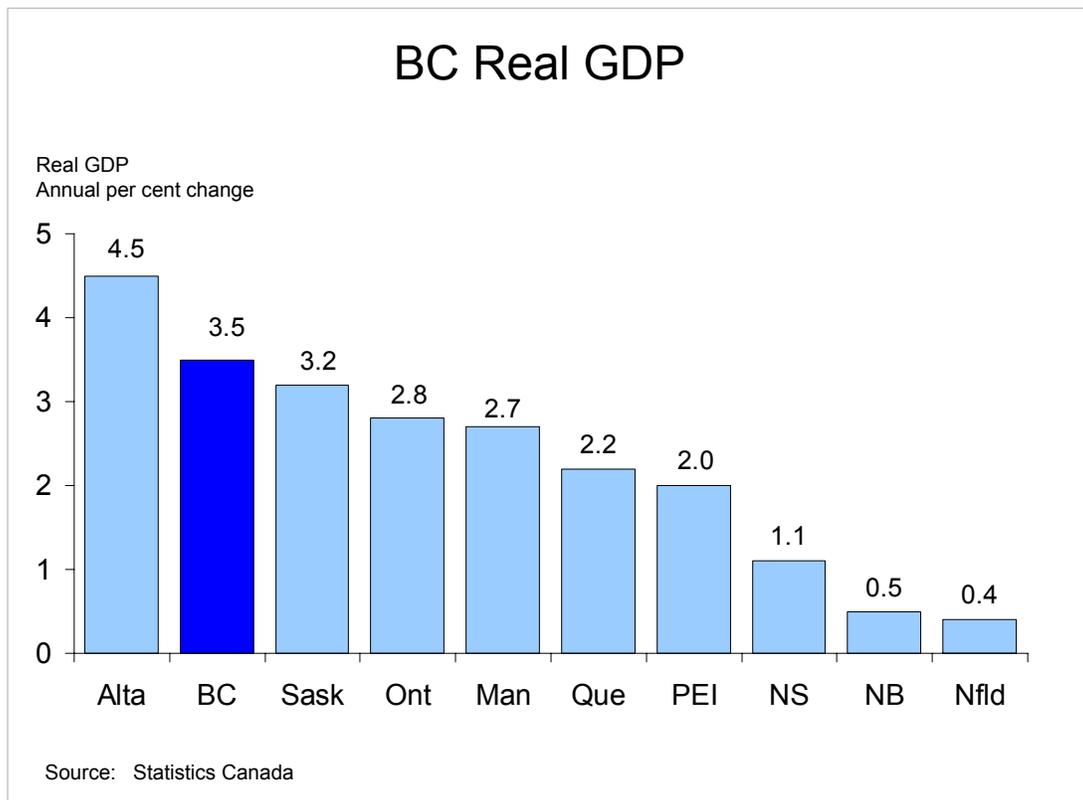
In pursuit of our vision and mission, members of the ministry will act in accordance with the following values:

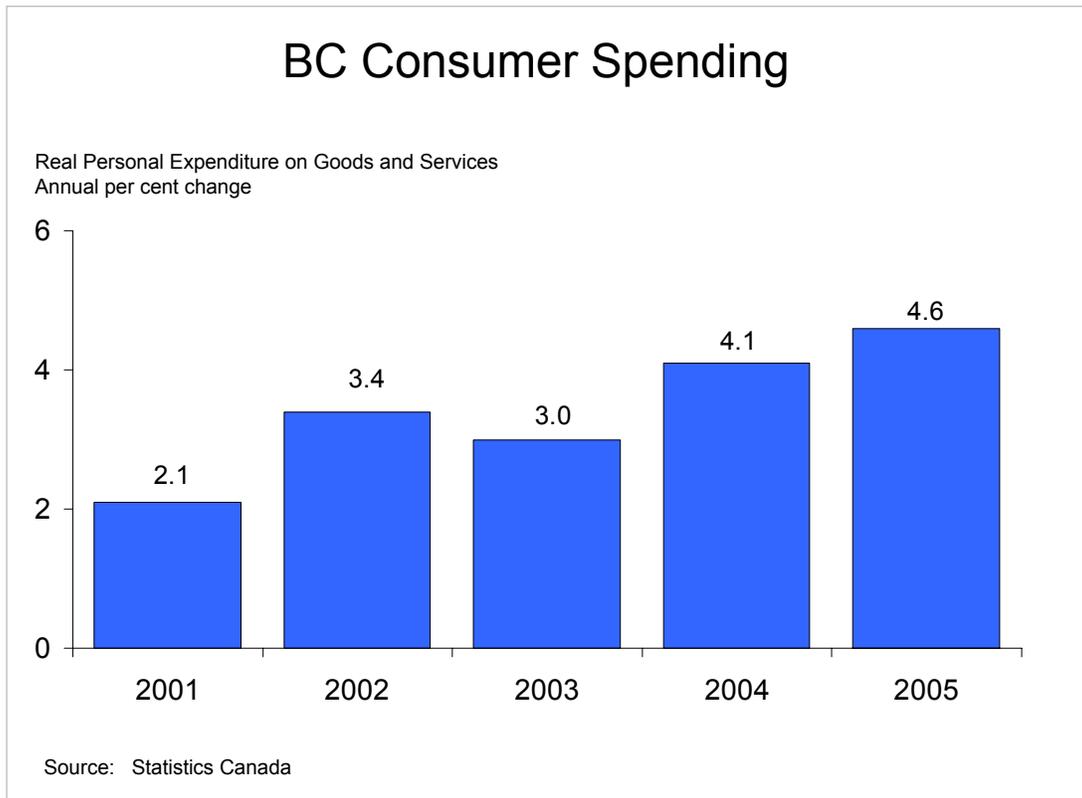
<i>Accountability</i>	<i>To enhance efficiency, effectiveness and value in public service.</i>
<i>Integrity</i>	<i>To conduct ourselves in an ethical, honest, consistent and professional manner.</i>
<i>Responsibility</i>	<i>To deliver affordable client-centred service and stewardship on behalf of citizens.</i>
<i>Respect</i>	<i>To treat those we serve, and each other, with courtesy, fairness, dignity and trust.</i>
<i>Innovation</i>	<i>To foster creativity and performance in the delivery of quality services.</i>

Strategic Context

Provincial Economy

British Columbia's real GDP grew by a solid 3.5 per cent in 2005, slightly faster than the 3.4 per cent growth rate forecast in the September Budget Update. Strong consumer spending and investment helped make B.C.'s growth the second fastest in the country, behind Alberta's 4.5 per cent expansion. B.C.'s economic growth was accompanied by a marked drop in the unemployment rate and strong labour income growth, supporting robust consumer spending and residential construction growth.





Further information on the B.C. financial and economic outlook may be found in the Budget and Three-Year Fiscal Plan released with the February Budget.

External Factors

Risk	Mitigation
Globalization of economic and financial markets will increase competition for investment.	<p>Develop taxation and financial and corporate regulatory policy, which reinforces British Columbia's position as an attractive place to invest and create jobs.</p> <p>Build upon the Province's strong fiscal and economic record by maintaining at least a Aa1 credit rating (second highest available), and continue to employ an investor relations program to ensure the domestic and international financial community is fully apprised.</p>
Economic shocks and commodity price fluctuations (e.g., natural gas and oil prices, rapid appreciation of the Canadian dollar, the mountain pine beetle infestation, forest fires, labour shortages, booming construction markets and trade disputes such as softwood lumber) could affect forest revenues, personal and corporation income taxes and other revenues as well as increase government expenditures.	Use prudent assumptions in the preparation of the budget.
The legislated implementation of Generally Accepted Accounting Principles (GAAP) means that the Province will need to continue to keep up with the most recent accounting standards, which are set by the independent national Public Sector Accounting Board.	Continue to work closely with the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Auditor General of British Columbia and the Accounting Policy Advisory Committee on early identification of accounting issues and develop a strategy to appropriately implement GAAP.

Internal Factors

Risk	Mitigation
<p>An aging workforce presents significant succession and recruitment challenges.</p>	<p>Continue to support staff professional and career development, including tailored development programs; training courses; employee exchange programs; mentoring programs; and Employee Performance and Development Plans for all employees.</p> <p>Continue to implement recruitment and retention plans, including marketing of interesting and progressive career opportunities; university outreach; partnering with institutions and financial communities; continuing the Graduate Development Program; recognition programs; career planning; and flexible work arrangements.</p>

Opportunity	Initiative
<p>Technological innovations provide opportunities for greater efficiencies and productivity.</p>	<p>Systematic reviews of existing and future information management systems to realize economies of scale, reduced duplication and cost savings.</p>
<p>The Government of British Columbia has adopted Enterprise-wide Risk Management as the framework for strategic and operational decision-making to effectively manage potential opportunities and adverse effects.</p>	<p>Continue to integrate Enterprise-wide Risk Management practices into ministry's operational and decision-making activities including the development of the service plan and audit plan.</p>
<p>The ministry's Integrated Planning Framework consolidates and streamlines the various planning activities, enhancing the ministry's resource capacity.</p>	<p>Apply the Integrated Planning Framework to the ministry's operational planning activities.</p> <p>Continuously seek opportunities to improve efficiencies in planning activities.</p>

Linkage to the Five Great Goals

The Ministry of Finance contributes to the Five Great Goals by creating a sustainable fiscal environment and supporting a strong and vibrant economy that attracts investment, creates jobs, and provides government with the means to address its education, health, support system and environmental sustainability priorities as set out in the following Five Great Goals:

1. Make British Columbia the best-educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.
3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

Cross Ministry Initiatives

The ministry plays an integral role in multiple cross ministry initiatives through its overarching fiscal, economic and governance responsibilities. Major cross ministry initiatives include:

Public sector negotiating framework

- Establish appropriate and sustainable compensation levels.

2010 Olympic and Paralympic Winter Games

- Provide support to the Ministry of Economic Development by:
 - a) Providing support to the Olympic Games Secretariat to assist with implementation and ongoing management of appropriate risk management systems.
 - b) Acting as the primary contact with the Auditor General, assist with issue identification, and management and resolution of accounting and audit items.
 - c) Assisting ministries and Crown agencies to ensure they have appropriate business continuity plans to support their involvement in the Games.

Service Delivery and Core Business Areas

Service Delivery

Key financial statutes for which the ministry is administratively responsible include the: *Financial Administration Act*, *Budget Transparency and Accountability Act*, *Balanced Budget and Ministerial Accountability Act* and *Financial Information Act*. These statutes: establish the framework and limits for accounting and financial activity; ensure the right of the public to open and accountable annual budgets and complete disclosure of all the assumptions upon which fiscal forecasts and provincial budgets are based; prohibit annual deficits commencing with the 2004/05 fiscal year, require ministries and Crown corporations to annually release three-year service plans, with concrete goals and performance measures, and to report publicly against those plans each year; and require certain Crown corporations and other public bodies to annually publish information on employee remuneration and supplier payments.

The ministry provides banking, accounting, financial and economic planning and reporting, internal audit, risk and debt management services. The ministry also develops tax policy and policy related to intergovernmental fiscal relations, develops policy for regulating the financial and real estate sectors, develops the framework for government's management of its Crown corporations, sets public sector bargaining mandates, is developing a fiscal framework to support the new relationship with First Nations, oversees effective financial and management practices and controls, serves as the registrar of corporate entities, personal property and manufactured homes, supports performance management and provides other related services. Ministry publications include the annual Budget and Fiscal Plan, Financial and Economic Review, *Estimates*, Budget Consultation Paper, Public Accounts and quarterly reports for the Province. These documents are available at:
<http://www.fin.gov.bc.ca/pubs.htm>.

Ministry clients include: Treasury Board, Cabinet, ministries, agencies, boards, and commissions (see Appendix 2 for a list of agencies, boards, and commissions for which the Minister of Finance is responsible), businesses, investors and financial-sector agencies and public sector employers' associations. Through its support of the government's Strategic Plan, the ministry also broadly serves the people of British Columbia.

Core Business Areas Overview

Following the 2005 election the ministry was structured into eight core business areas each of which had specific responsibilities for the provision of programs and services to achieve its goals and objectives. Information in this report is presented according to the September 2005 Service Plan Update. In October 2005, a new Strategic and Corporate Policy Division was created in the Ministry (Appendix 4).

1. Crown Agencies Secretariat

Develops a framework for government's management of its Crown corporations and provides advice, information and support to improve good governance and accountability for results. During 2005/06 this area was supported by \$1.5 million and 10 FTEs.

2. Financial and Economic Performance and Analysis

Provides fiscal, economic and tax policy analysis and advice that supports the achievement of balanced budgets, improves the province's competitiveness and sustains cost-effective public services. This area is led by Treasury Board Staff and in 2005/06 was supported by \$6.4 million and 65 FTEs.

3. Financial Governance, Accounting and Reporting

Assures the accuracy and integrity of provincial public sector financial reporting and maintains a framework of best practices, including internal audit, for financial and procurement management. This area is led by the Office of the Comptroller General and in 2005/06 was supported by \$6.7 million and 117 FTEs.

4. Treasury

Provides British Columbians with the benefits of cost-effective cash and debt management and banking services, resulting in lower expenditures and improved online government services through electronic banking support. Recoveries are from ministries, government bodies and other organizations receiving those services. This area is led by Provincial Treasury Operations and during 2005/06 was resourced through a \$1,000 Vote with the support of 74 FTEs.

5. Financial and Corporate Sector Services

Ensures that the province's financial services sector is reliable, competitive and enjoys the confidence of British Columbians. Personal property and corporate registry services that meet the needs of the marketplace are also provided. This area is led by the Financial and Corporate Sector Policy Branch, the Financial Institutions Commission and Corporate and Personal Property Registries and during 2005/06 was supported by \$1.6 million and 144 FTEs.

6. Public Sector Employers' Council

Fosters an efficient and effective workforce through the coordination of public sector labour relations policies and practices and establishes an affordable mandate for public sector compensation and ensures compliance with it. This area is led by the Public Sector Employers' Council and affiliated Employers Associations and during 2005/06 was supported by \$14.6 million and 13 FTEs.

7. Risk Management

Reduces accidental and business losses in the provincial public sector through the development of comprehensive risk management and self-insurance programs. This area is led by Risk Management Branch, which recovers all of its expenses from clients, and during 2005/06 was supported by 46 FTEs.

8. Executive and Support Services

Provides strategic leadership and corporate support services that contribute to the success of all core business areas. During 2005/06 this area was supported by \$15.8 million and 145 FTEs.

Ministry Organization



Report on Performance

Overview of Ministry Goals and Linkage to Government Strategic Goals

The ministry supports the Five Great Goals by creating a strong economy and balanced budgets; thereby, providing the means to develop excellence in education, promote healthy living, support people at risk, protect our environment and create jobs for British Columbians. The figure below illustrates how the ministry's goals and objectives are aligned with, and contribute to, the success of government's Five Great Goals.

Performance Plan Summary Table

Synopsis of Ministry Performance Measure Results

Five Great Goals	Ministry Mission To provide sustainable fiscal policies and regulatory frameworks that support a strong and vibrant provincial economy.					
	Ministry Goals	Ministry Objectives	Performance Measures / Indicators	Results		
Continuing government's commitment to affordability and fiscal responsibility, and, thereby, positioning the province to achieve the Five Great Goals. ¹	1. Maintain a balanced budget annually.	1. Effective management of government's fiscal plan.	Achieve annual targets for provincial budget. Taxpayer supported debt to GDP ratio. Provincial credit rating.	Achieved Achieved Achieved		
		2. A tax and regulatory climate that supports a strong and vibrant economy.	1. A fair and competitive tax environment.	Provincial ranking of personal income tax rates for the bottom two tax brackets. Provincial ranking of the top personal marginal tax rate.	Achieved Achieved	
	3. Effective financial and resource management and reporting.		2. Efficient and effective financial and corporate regulatory frameworks and services that protect the public interest.	Number of regulatory requirements. Percentage annual growth in business registrations. Percentage of company incorporations and registrations filed electronically.	Exceeded Exceeded Achieved	
		3. Effective financial and resource management and reporting.	1. Effective risk-based cash and debt management.	Debt service costs.	Achieved	
			2. Enhance risk-based management of government's resources.	Annual savings from self insurance. Risk-based savings. Risk Management Maturity Model Rating.	Exceeded Exceeded Achieved	
	3. Effective financial and resource management and reporting.	3. Transparent and accountable financial and procurement policies and practices.	3. Stakeholders' satisfaction with the policy framework for financial and procurement management. Percent responses to ministerial correspondence within two weeks.	Mostly Achieved Missed		
				4. Meet statutory reporting requirements and comply with GAAP in all material respects.	Full implementation of GAAP. Delivery date for annual Public Accounts.	Achieved Achieved
					5. Crown corporations are publicly accountable to taxpayers both in the delivery of their programs and services and in fiscal management.	Shareholder's Letters of Expectations in place or proposed to Responsible Ministers and Chairs for all Crown corporations.
	4. A leader in innovative business and people practices.	6. Effective management of public sector labour relations and human resource strategies.	Public sector cost changes over 2002/03 compensation base.	Exceeded		
				1. Performance-focused workforce.	Percentage of staff with a formal Performance Review.	Missed
					2. Learning and innovative organization.	Percentage of staff who agree they have adequate opportunities to develop their skills.

¹The Five Great Goals are:

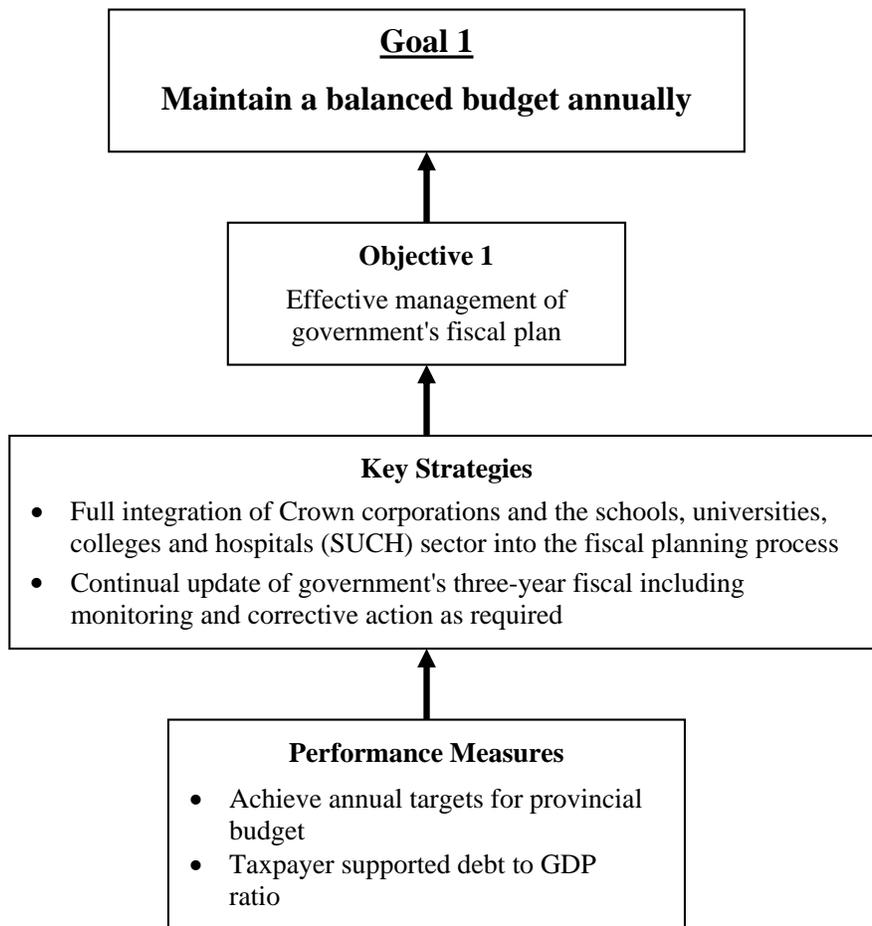
1. Make British Columbia the best educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.
3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

Goals, Objectives, Strategies and Performance Measures

Ministry Goal 1

Maintain a balanced budget annually.

The *Balanced Budget and Ministerial Accountability Act* requires that all provincial budgets must be balanced (i.e., either a positive surplus or zero balance; budget deficits are prohibited). This requirement supports sound fiscal management and is a cornerstone in maintaining confidence in British Columbia's economy as well as providing a stable foundation on which to sustain and enhance the delivery of public services. It supports a strong and vibrant economy and provides the means to develop excellence in education, promote healthy living, support people at risk, protect our environment, and create jobs for British Columbians. Fiscal responsibility today means that the cost of current public services will not be passed on to future generations.



Objective 1. Effective management of government's fiscal plan.

Core Business Area: Financial and Economic Performance.

Development and maintenance of a prudent and resilient fiscal plan is critical to government's ability to balance the provincial budget annually. The ministry plays a critical role in overseeing the fiscal plan and works closely with ministry and other public sector partners to ensure that government's annual and three-year revenue and expenditure targets are met.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. full integration of Crown corporations and the schools, universities, colleges and hospitals (SUCH) sector into the fiscal planning process:
 - a. the fiscal planning process in 2005/06 included the establishment of revenue and expenditure targets for Crown corporations and SUCH sector agencies.
2. continual update of government's three-year fiscal plan including monitoring and corrective action as required:
 - a. the ministry prepared a three-year fiscal plan, which government tabled in the Legislature on February 21, 2006. This plan included projected surpluses of \$600 million in 2006/07, \$400 million in 2007/08 and \$150 million in 2008/09.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Achieve annual targets for provincial budget.	\$2.6 billion deficit	\$1.2 billion deficit	\$2.7 billion surplus	The balanced budget target in the September Budget Update was a \$1.3 billion surplus ¹	\$3.1 billion surplus	\$1.8 billion	Target exceeded
<p>Selection Rationale</p> <p>1. The “balanced budget” performance target is defined as the amount in the September Budget Update, a \$1.3 billion surplus.</p> <p>Government’s ability to balance the budget and adhere to its fiscal plan is measured by a comparison of actual expenses and revenues (as detailed in the Public Accounts) with budgeted spending and revenue targets (as detailed in the <i>Estimates</i>) at both the ministry and overall government levels.</p> <p>If the actual surplus meets or exceeds budgeted surplus for year, then the performance measure has been achieved.</p> <p>The achievement of annual and three-year targets outlined by ministries in their Service Plans provide a meaningful status report on the government’s commitment to maintain a balanced provincial budget.</p> <p>Treasury Board Staff will work with the respective ministries, Crown corporations, agencies, school districts, universities, colleges and institutes and health care organizations (the SUCH Sector) to monitor progress in meeting the approved spending and revenue targets.</p>							
<p>Variance Explanation</p> <p>The target was exceeded, mainly due to stronger than expected taxation revenues supported by improvements in natural resource revenues, lower interest costs and other expenditure savings.</p>							
<p>Data Sources</p> <p>Budget and Three-Year Fiscal Plan</p> <p>Ministry and Crown corporation and agency Service Plans and SUCH sector forecast — overall spending targets <i>Estimates</i> — detailed spending information for the year ahead</p> <p>Quarterly reports — forecast prepared by Ministries, Crown corporations and agencies and the SUCH sector</p> <p>Public Accounts — annual summary of actual government spending and revenues</p> <p>The Office of the Auditor General will audit the year-end financial statements for government and thus validate the results reported in the Public Accounts.</p>							
<p>Changes to the Measure</p> <p>The baseline figures have been changed to reflect changes in accounting policy.</p>							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Taxpayer Supported Debt to GDP Ratio.	21.3%	20.6%	18.2%	Annually reduce the taxpayer supported debt to GDP ratio	16.2%	2.0%	Target achieved
<p>Selection Rationale Maintaining a relatively low taxpayer-supported debt to GDP ratio signifies a healthy balance sheet and effectively means affordable debt levels. Rating agencies rely on this balance-sheet measure as a key credit rating consideration.</p> <p>Success in meeting the target is determined by comparing British Columbia's taxpayer supported debt to GDP performance from the current year to the previous year as calculated in the Public Accounts. The target is achieved if the current year's Taxpayer Supported Debt to GDP ratio is lower than the previous year's ratio.</p>							
<p>Variance Explanation This target was exceeded due to lower debt levels and higher economic performance than in the previous year.</p>							
<p>Data Sources The Public Accounts</p>							
<p>Changes to the Measure The measure has been renamed to "Taxpayer Supported Debt to GDP Ratio" from "Debt to GDP Ratio" to more accurately describe the measure.</p>							

Note: See provincial comparison of taxpayer supported debt as a percentage of GDP in Appendix 5.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Provincial credit rating (Moody's).	Aa2	Aa2	Aa1	Aa1	Aa1	None	Target achieved
<p>Selection Rationale</p> <p>The interest rate paid by the Province when it borrows in the domestic and international capital markets will be lower the higher the credit ratings supplied by third party agencies. In determining a credit rating, agencies consider the borrower's ability to promptly pay the interest and principal due based upon the borrower's balance sheet and income statement. In the case of the Province, rating agencies evaluate debt as a percentage of GDP, and the significance of interest owing as a percentage of gross receipts.</p> <p>Moody's rates bonds in descending alphabetical order from A to C - highest to lowest. (Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C) The Aa rating is provided to those public and private sector organizations that offer excellent financial security and are generally considered high investment-grade entities. The Aa rating is further subdivided into Aa1, Aa2 and Aa3, with Aa1 being a higher rating than Aa2, and Aa2 higher than Aa3.</p> <p>If the provincial credit rating is equal to or better than the target level for the Moody's rating, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>No variance — target met. Note: Moody's confirmed the Province's Aa1 credit rating with a stable outlook in April 2006. Standard and Poor's increased the Province's credit rating from AA to AA+ in March 2006, in line with Moody's rating of the Province.</p>							
<p>Data Sources</p> <p>Moody's Investors Service ratings</p>							
<p>Changes to the Measure</p> <p>None</p>							

Note: See table of comparative provincial credit ratings in Appendix 5.

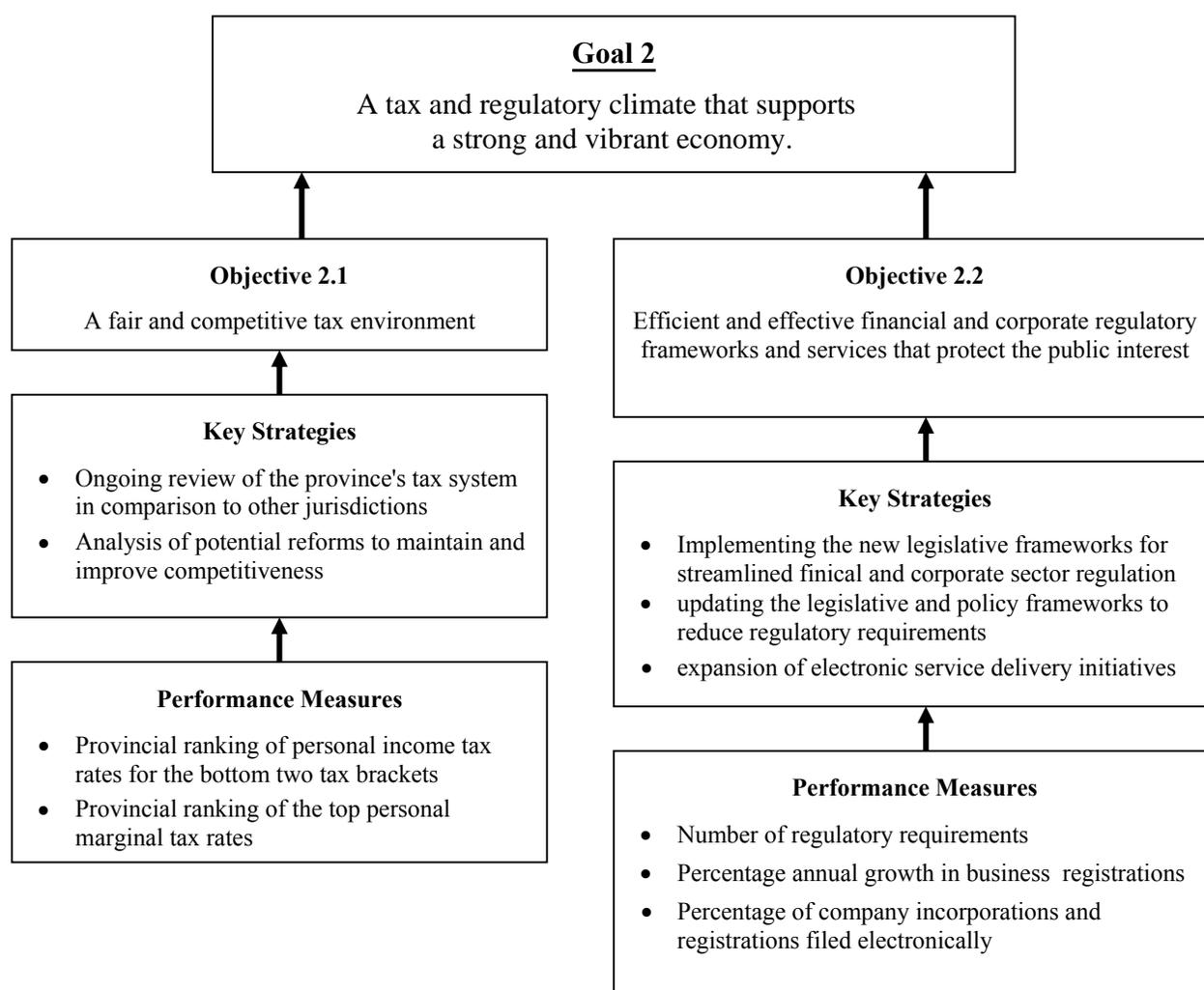
Ministry Goal 2

A tax and regulatory climate that supports a strong and vibrant economy.

The Ministry of Finance plays an essential role in the creation and maintenance of a tax and regulatory climate that supports economic development and employment opportunities. The ministry continuously reviews provincial tax policies, including business tax policies, to ensure the province remains competitive. Since 2001, the ministry has delivered a series of tax reductions targeted to individuals and businesses. These initiatives include a 25 per cent reduction in personal income taxes ensuring individuals in the bottom two-tax brackets now have the lowest personal income tax rates in the country. The province has also introduced an 18 per cent reduction in the general corporate income tax rate, eliminated the capital tax for general corporations and provided an exemption from provincial sales tax for production machinery and equipment. Other more targeted initiatives include property tax relief for small hydroelectric projects and the province's major port operators, new incentives for digital animation and visual effects and an increase in the threshold for the

small business tax rate. As a result of these steps, the province's businesses can now rely on a tax environment that allows them to compete and succeed on the international stage while creating jobs at home.

The ministry will continue to reduce unnecessary regulation and red tape in the province to improve the effectiveness of regulatory frameworks and strengthen consumer confidence. The ministry is undertaking a broad review of the *Insurance Act*, which sets out statutory requirements applying to contracts of life insurance and of property and casualty insurance (such as for fire and liability), other than automobile insurance. Other initiatives include an expansion of e-government that will improve service, expand accessibility and reduce cost.



Objective 1. A fair and competitive tax environment.

Core Business Area: Financial and Economic Performance.

The province's ability to develop a strong and vibrant economy is dependent upon having a tax environment that is competitive both nationally and internationally. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment. Taking advantage of these opportunities enhances economic development and increases the revenues available to support critical government services like health care and education. In addition, a tax system that is perceived to be fair increases the confidence of British Columbians in their government.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. ongoing review of the Province's tax system in comparison to other jurisdictions
 - a. Budget 2006 included a number of announcements / changes directed at maintaining and improving competitiveness:
 - i. Enhanced dividend tax credit;
 - ii. extension of B.C. Mining Flow-Through Share Tax Credit;
 - iii. extension of enhanced film tax credit rates to 2008;
 - iv. new provincial sales tax (PST) exemption for services to maintain or modify software;
 - v. expansion of PST exemption for production machinery and equipment;
 - vi. increase in motor vehicle surtax threshold to \$55,000;
 - vii. expansion of eligible uses of lower-taxed coloured fuel;
 - viii. allocation of \$90 million over three years for new training and skills development tax credits; and
 - ix. increase in budget for venture capital programs.
2. analysis of potential reforms to maintain and improve competitiveness

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Provincial ranking of personal income tax rates for the bottom two tax brackets.	Lowest	Lowest	Lowest	Lowest	Lowest	None	Target achieved
<p>Selection Rationale</p> <p>This performance measure stems from the government's commitment to cut the base personal income tax rate for the bottom two tax brackets to the lowest rate of any province in Canada. Keeping these tax rates low is consistent with the objective of maintaining a competitive tax system that encourages investment and innovation.</p> <p>Comparison of British Columbia's bottom two bracket rates with those of the other 10 provinces. If British Columbia has the lowest personal income tax rate for the bottom two tax brackets the performance measure has been achieved. With annual indexing British Columbia's bottom two tax brackets have risen to \$66,123 in 2005 from \$60,009 in 2000.</p>							
<p>Variance Explanation</p> <p>No variance — target met.</p>							
<p>Data Sources</p> <p>Personal income tax legislation and budgets from all 10 provinces.</p>							
<p>Changes to the Measure</p> <p>None</p>							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Provincial ranking of the top personal marginal tax rate.	In the Lowest 3	In the Lowest 3	2nd Lowest	Remain in the Lowest 3	2nd Lowest	None	Target achieved
<p>Selection Rationale</p> <p>Comparison of provincial top marginal personal income tax rates is a key component in the decision making processes of investors, in choosing where to invest, and firms in choosing where to locate.</p> <p>Inter-provincial comparison of top marginal personal income tax rates. If the top personal marginal tax rate is equal to, or lower than the target, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>No variance — target met.</p>							
<p>Data Sources</p> <p>Personal income tax legislation from all 10 provinces.</p>							
<p>Changes to the Measure</p> <p>This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

Objective 2. Efficient and effective financial and corporate regulatory frameworks and services that protect the public interest.

Core Business Area: Financial and Corporate Sector Services and Financial and Economic Performance and Analysis.

An efficient and effective regulatory and policy framework promotes investments and innovation in the Province. Unnecessary regulatory requirements increase the cost of doing business in the province resulting in wasted time and effort for both individuals and businesses. Conversely, streamlined legislative and policy frameworks supported by the electronic delivery of services can achieve the same outcomes while acting as a driver for further business development and investment and continuing to foster consumer confidence.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. updating and implementing new legislative frameworks for streamlined financial and corporate sector regulation
 - a. the ministry continued its work to complete the new legislative framework for auto insurance, including technical amendments to Bill 93, the *Insurance (Motor Vehicle) Amendment Act, 2003* that were passed during Spring 2006 legislative session.
 - b. in 2005/06, a broad review of the *Insurance Act* was initiated to modernize legislation that has not been updated for many years. Other provinces have indicated that they will be monitoring our review so that they may consider adopting harmonized provisions. This will be a major contribution to the updating of business framework law in B.C. and Canada.
 - c. new legislation was passed in the Spring 2006 legislative session to provide limited liability, similar to that available to shareholders of corporations, for investors in publicly traded income trusts. This will bring B.C. into line with Alberta, Manitoba, Ontario and Quebec, all of which have adopted this type of protection for investors in income trusts.
 - d. following the completion of a number of major policy reviews that were conducted from 2002 to 2004, the ministry also monitored the post-implementation phases of several new or substantially revised pieces of legislation, resulting in technical amendments to the *Real Estate Services Act*, *Real Estate Development Act*, *Financial Institutions Act*, *Credit Union Incorporation Act* and the *Business Corporations Act*.
 - e. legislation was also developed in consultation with other provinces for a uniform *Securities Transfer Act* based on the Uniform Law Commission's model statute, with consequential amendments to the *Personal Property Security Act*, *Business Corporations Act* and other statutes. This legislation, once enacted, will provide a sound legal foundation for the holding and transfer of security instruments, consistent with international recommendations and the legal rules currently in place in the United States.

- f. ministry staff continues to monitor issues relating to private pension plans, and is developing strategies to address emerging policy issues.
 - g. ministry policy and Registries staff played a key role in negotiating terms under the newly ratified Alberta-British Columbia Trade, Investment, and Labour Mobility Agreement to streamline business registration and reporting requirements.
2. expansion of electronic service delivery initiatives
- a. more than 98 per cent of estimated companies in British Columbia successfully filed a transition application by the March 28, 2006 deadline, as required under the *Business Corporations Act*.
 - b. the Corporate Online system was enhanced to allow for email notification of several filings to reduce the burden on businesses. First introduced in 2004, Corporate Online is nearing its 1,000,000 electronic filing transaction.
 - c. 96 per cent of partnership and proprietorship applications are now completed electronically through the OneStop Business Registry, up from 73 per cent in 2004. OneStop is now available to businesses and the public online, 24 hours a day and seven days a week, and surpassed the milestone of 100,000 electronic business transactions.
 - d. OneStop Business Registry added four new business number partners, four new municipal partners and five new service delivery partners.
 - e. OneStop Business Registry successfully launched the BizPal initiative in partnership with the City of Kamloops, Whitehorse, the Yukon Government, Ontario's Halton Region and the Government of Ontario. Also, OneStop successfully found a permanent business owner for BizPal in the Ministry of Small Business and Revenue and began transition of this program.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Number of regulatory requirements.	34,706	25,581	25,581	25,581	22,171	3,414 fewer regulations	Target exceeded
<p>Selection Rationale</p> <p>Regulatory burden is a key consideration for individuals and firms considering whether to invest in the Province. Reducing red tape by eliminating unnecessary regulations improves the competitiveness of British Columbia's business environment and contributes to its economic growth. An important indicator of the overall regulatory burden on business is the number of regulatory requirements.</p> <p>Total number of regulatory requirements maintained by the Ministry of Finance. If the Ministry's actual regulatory count is equal to or less than the target regulatory counts, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>The Ministry of Finance's regulatory reduction rate reached 43 per cent with the implementation of the <i>Real Estate Services Act</i> and <i>Real Estate Development Marketing Act</i> on January 1, 2005.</p> <p>As of May 2006, the Ministry of Finance has realized a further 7.5 per cent regulatory reduction to 22,171 largely due to further changes to the <i>Financial Institutions Act</i>.</p>							
<p>Data Sources</p> <p>Each division and agency within the ministry is responsible for reporting increases or decreases in regulatory requirements to the ministry Deregulation Contact who updates the government's Regulatory Requirement Database.</p>							
<p>Changes to the Measure</p> <p>The June 2004, baseline figure has been changed from 25,423 to 25,581 to reflect errors and omissions in the original regulatory count as well as the reassignment of statutes to different ministries following the June 2005 ministry reorganization.</p> <p>This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

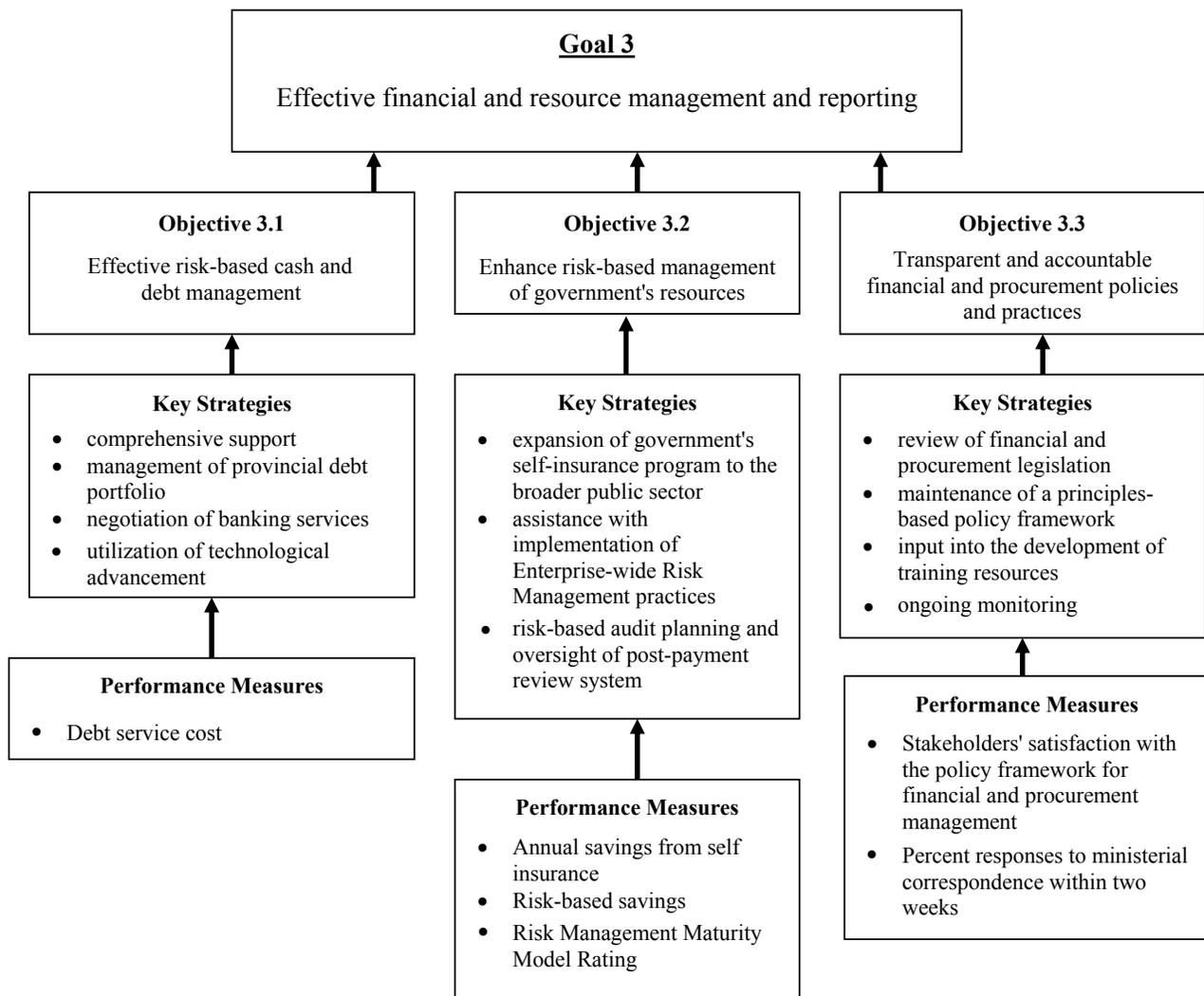
Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage annual growth in new business registrations.	12.6% (48,767)	5.4% (51,401)	4.4% (53,304)	5% (55,969)	10% (58,598)	5% higher growth rate	Target exceeded
<p>Selection Rationale An increase in the number of businesses operating in the province is an indicator of the Government's success in creating a tax and regulatory climate that stimulates economic growth. If the number of new business registrations increases is equal to or greater than the target, then the performance measure has been achieved.</p>							
<p>Variance Explanation Continued strong economic growth and ease of business registration facilitated by new web-based systems.</p>							
<p>Data Sources Ministry of Finance, Corporate and Personal Property Registries systems. Limitations of the data: Registries' data on newly created partnerships and proprietorships is not complete because such entities do not always register unless required to do so by third parties.</p>							
<p>Changes to the Measure This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

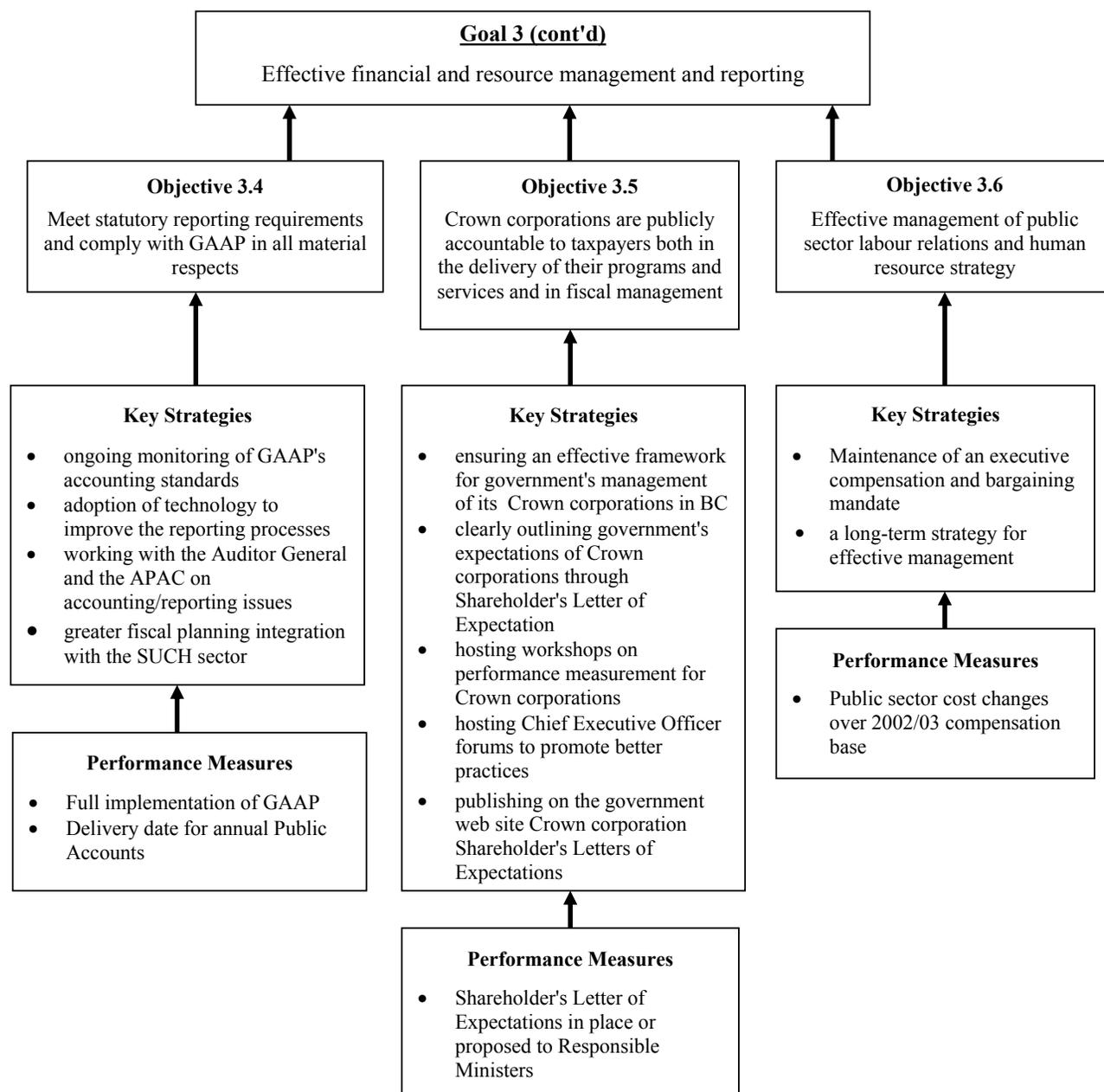
Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of company incorporations and registrations filed electronically.	77%	84.1%	95%	95%	95%	None	Target achieved
<p>Selection Rationale The transfer of paper-based company incorporations and registrations to electronic self-service over the Internet improves customer service at reduced costs. Registering parties are able to complete their transactions when they require it, pay for the service and obtain confirmation all online. Among the services offered electronically is the registration of business entities, encumbrances (liens) on personal property and ownership and location of manufactured homes in the province. If the percentage of company incorporations and registrations filed electronically is equal to, or greater than, the target levels the performance measure has been achieved.</p>							
<p>Variance Explanation No variance — target met.</p>							
<p>Data Sources Ministry of Finance Corporate and Personal Property Registries' monthly management reports.</p>							
<p>Changes to the Measure This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

Ministry Goal 3

Effective financial and resource management and reporting.

The Ministry of Finance is responsible for government’s overall financial and risk management framework. This involves the establishment of appropriate legislation, policies and procedures and reporting at a corporate level to ensure the Province’s resources and obligations are appropriately managed in support of effective service delivery. This framework reinforces individual and corporate accountabilities for outcomes, maintains 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, compliance monitoring and financial and economic reporting.





Objective 1. Effective risk-based cash and debt management.

Core Business Area: Treasury.

In 2005/06, government managed cash flows of approximately \$100 billion. During the same year, debt service cost for the taxpayer supported debt portfolio was \$1.5 billion. Ongoing improvement in the management of these cash and debt activities offers significant opportunities to reduce costs and redirect government resources to priority services.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. development of models and systems to maximize investment returns on surplus cash to minimize borrowing costs and requirements:
 - a. all three performance measures for cash management services were met.
The opportunity cost of holding non-zero cash balances at each major financial institution was \$256,249 (target is less than \$300,000 annually); accuracy in forecasting consolidated cash position at each major financial institution was 76 per cent (benchmark is minimum 70 per cent accuracy); and, performance of the Province's money market fund as compared to Scotia Capital 30 day-T-Bill Index was matched at 2.6 per cent (target is to meet or outperform the Index).
 - b. converted to a new business banking platform for cash management and wire payment services (June 2005). The benefits realized include enhanced reporting and online access/viewing capabilities, and flexible payment setup and release options.
2. comprehensive support for credit rating analysis and investor relations activities:
conducted a Fall 2005 investor tour to Toronto and a spring 2006 investor tour to New York, Montreal and Toronto. Following the September Budget Update, the Second Quarterly Update released in November 2005, and the February 2006 Budget, an investor conference call was convened to brief investors on the fiscal and economic status of the Province. Following the February 21, 2006 Budget, day-long meetings were held with each of the three credit rating agencies: Moody's Investors Service, Standard and Poor's and Dominion Bond Rating Service. In March 2006, Standard and Poor's upgraded the Province's credit rating to AA+ from AA.
3. negotiation of banking services for government as a whole:
 - a. the ministry achieved competitive rates by leveraging economies of scale for banking services. In comparing banking fees charged to the Province against an industry survey (Stewart Associates), the ministry achieved 74 per cent of the industry average rate for general banking fees – 26 per cent lower than market.
 - b. the ministry migrated to a new debit and credit card processor (TD Merchant Services) and lowered fees payable during a period of increasing average credit card transaction size.
4. use of technological advancements (e.g., e-banking services) to create financial and administrative efficiencies and savings within ministries:
 - a. implemented nine e-payment services with client ministries in 2005/06, and launched a new refund enhancement for Internet payments, thus ensuring a secure and reliable refund process for credit card transactions.
 - b. implemented a new state-of-the-art straight-through-processing debt management system, replacing a number of legacy systems and spreadsheets. The new system significantly enhances the ability to manage the portfolio. It also significantly reduces the risk of errors, as data is entered once only, and is stored in a single database.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Debt service costs (Provincial ranking).	2nd Lowest	None	Target achieved				
<p>Selection Rationale</p> <p>A relatively low ratio of taxpayer-supported debt service cost to taxpayer-supported revenues or “interest bite” demonstrates fiscal prudence and an affordable debt burden. Rating agencies will rely on this measure as one among a number of important credit rating considerations.</p> <p>For every dollar of revenue that the government collects, Moody’s estimated in May 2006 that as of March 31, 2006 approximately 5.3 cents goes towards debt servicing costs.</p> <p>If Moody’s Investors Service’s ranking of British Columbia’s debt service costs relative to the other provinces is equal to or lower than the target level, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>No variance — target met.</p>							
<p>Data Sources</p> <p>Moody’s Investors Service. The final report is available by July/August of each year.</p>							
<p>Changes to the Measure</p> <p>None</p>							

Note: See provincial comparison of the ratio of taxpayer supported debt service costs to taxpayer-supported revenue in Appendix 5.

Objective 2. Enhance risk-based management of government’s resources.

Core Business Area: Financial Governance, Accounting and Reporting and Risk Management.

Creation of risk-based frameworks that reinforce individual and corporate accountabilities provides opportunities to reduce unnecessary constraints, realize efficiencies and improve outcomes. Risk-based practices are adopted only if they can demonstrate consistency with government priorities and add value using an optimal mix of resources and funding.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. expansion of government’s self-insurance program to the broader public sector:
 - a. transitioned assets of the former British Columbia Buildings Corporation into a self-insured program.
2. assistance with implementation of Enterprise-wide Risk Management (ERM) practices:
 - a. completed a risk culture survey across government.
 - b. piloted and implemented an ERM implementation workshop for ministries.

3. risk-based audit planning:
 - a. a risk-based approach is used in developing all ministry and cross-government corporate audit plans. The Deputy Ministers' Committee on Internal Audit ensures audit resources are focused in the value added areas.
4. oversight of a comprehensive post-payment review system targeting high-risk transactions:
 - a. a new statistical sampling methodology was implemented in April 2005. The Office of the Comptroller General conducts quarterly reviews of payments to employees and reimbursement of travel expenses. There are also monthly reviews of payments to vendors and, more recently, compliance with procurement policy. Work is underway to develop a system of computer-based, continuous on-going monitoring of controls.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Annual savings from self-insurance (five year rolling average).	\$30.1 million	\$43.1 million	\$47.5 million	\$43.2 million	\$60.5 million	\$17.3 million	Target exceeded
<p>Selection Rationale</p> <p>The Ministry of Finance's coordination of public sector self-insurance programs allows the provincial government to cost-effectively retain selected risks rather than transfer them at a premium to third parties. Self-insurance involves government assuming the role of a traditional insurer by investigating, defending and paying claims. Since 1986 self-insurance programs have saved the Province more than \$650 million. These cost savings allow participating ministries, hospitals, health care agencies, school boards and social service agencies to direct their resources instead to the delivery of core services.</p> <p>If the annual savings from self-insurance is greater than, or equal to the target, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>Private insurance costs increased significantly during the past five years, reflecting the cyclical nature of the insurance industry and lower returns on investments. The self-insurance program has not experienced the same cyclical downturn and as a result has generated savings in excess of the target. Further claims experience, in 2005/06, as represented by incurred values, was lower than expected.</p>							
<p>Data Sources</p> <p>Ministry of Finance Risk Management Branch.</p> <p>Limitations of the data: N/A.</p>							
<p>Changes to the Measure</p> <p>None</p>							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring and Internal Audit and Advisory Services recommendations.	\$5.7 million	\$13.8 million	\$24 million	\$5.7 million	\$14.4 million	\$8.7 million	Target exceeded
<p>Selection Rationale The ministry's delivery of cross-government risk-based financial transaction review through the Payment Review Office and independent management audit services, through Internal Audit and Advisory Services, provide a basis for evaluating government's adoption of best practices. Savings are achieved through management implementation of audit recommendations and more cost effective payment review procedures.</p>							
<p>Variance Explanation Additional savings were identified by using a new model to evaluate the benefits of post-payment review and calculating savings attributable to Activity Based Management</p>							
<p>Data Sources Post-payment sampling results and audit recommendations.</p>							
<p>Changes to the Measure This measure has been changed to "Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring and Internal Audit and Advisory Services and Activity Based Management recommendations" to more accurately describe the measure.</p>							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Ministry implementation of Enterprise-wide Risk Management (Risk Management Maturity Model Rating - 5 point scale).	N/A	2	3	3	3	None	Target achieved
<p>The Risk Management Maturity Model has been selected by Risk Management Branch as the standard cross-government tool for evaluating the implementation of Enterprise-wide Risk Management within an organization. The instrument uses a five-point scale (1 lowest and 5 highest) to explore aspects of:</p> <ul style="list-style-type: none"> Organizational Philosophy and Culture Risk Management Leadership and Commitment Integration with Other Management Practices and Systems Risk Management Capabilities Reporting and Control 							
<p>Variance Explanation No variance — target met.</p>							
<p>Data Sources Risk Management Maturity Model. Limitations of the data: The Risk Maturity Model uses outcome descriptions to differentiate levels of organizational maturity. As such, some areas may not interpret the tool consistently due to the qualitative nature of the tool.</p>							
<p>Changes to the Measure This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

Objective 3. Transparent and accountable financial and procurement policies and practices.

Core Business Area: Financial Governance, Accounting and Reporting.

Government is undergoing transition to a model that provides program managers with enhanced financial and procurement decision-making abilities within a defined accountability framework. This shift provides managers with additional tools and accountabilities to succeed, and is supported by an updated public sector management frameworks. The ministry plays an important role in the development of these governance frameworks and works closely with other ministries to ensure appropriate clarification of roles, responsibilities and accountabilities.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. review of financial and procurement legislation:
 - a. work is underway to review and streamline financial management legislation including the *Financial Administration Act*, *Budget Transparency and Accountability Act*, *Financial Information Act* and the *Balanced Budget and Ministerial Accountability Act* (BBMAA). Amendments to the BBMAA were passed in the Legislature in May 2006.
2. maintenance of a principles-based policy framework:
3. input into the development of training resources:
 - a. work continues to develop the award-winning Procurement and Contract Management Training program. Thirteen courses of a total syllabus of 20 courses have now been developed and work continues on the balance.
4. training development and delivery were also undertaken for Executive Financial Officers. Work will continue to build training, based on recently updated financial management competencies, for the government financial community ongoing monitoring and reporting on ministries' compliance with the accountability frameworks:
 - a. the review work conducted by the Payment Review Office (PRO) and Internal Audit provides good measures of compliance. PRO conducts monthly reviews on some types of payments made by government and quarterly reviews on other types.
 - b. both PRO and Internal Audit conduct reviews on compliance with the procurement policy framework in conjunction with the Procurement Governance Office.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Stakeholders' satisfaction with the policy framework for financial and procurement management.	N/A	Determined Baseline at 44%	60%	65%	57.5%	7.5% lower satisfaction rate	Target mostly achieved
<p>Selection Rationale</p> <p>Government is transitioning from a control framework based on “command and control” to one based on performance measurement and personal accountability for results. This has resulted in a significant reduction (70 per cent) in the volume of core policy related to financial and procurement management. Ensuring that the policy framework provides sufficient guidance to managers while avoiding an overly prescriptive approach is essential. Accordingly, survey results from managers and other stakeholders provides information for improving the framework and its implementation.</p> <p>BC Stats calculates the percentage of response and satisfaction as part of their overall assessment of the survey.</p>							
<p>Variance Explanation</p> <p>As government transitions from a control based framework to one based on providing sufficient guidance to managers while avoiding being overly prescriptive, responsibility for financial and procurement management is shifting from the policy area to ministries. This shift requires both policy and ministry staff to adjust to new responsibilities. As a result, government is seeing some flux in the satisfaction rates as people adapt to their new roles. As the model matures results are expected to improve.</p>							
<p>Data Sources and Issues</p> <p>Annual Client Survey of the Office of the Comptroller General conducted by BC Stats: Satisfaction survey of key stakeholders including financial and procurement managers and other users.</p> <p>Limitations of the data: The percentage of satisfaction of our clients is determined from the responses to the client survey. Depending upon the response rate to the survey, the actual satisfaction level may be different than that determined by BC Stats. A very low response rate can tend to distort the results.</p>							
<p>Changes to the Measure</p> <p>This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of responses to ministerial within two weeks.	40%	29%	22%	80%	47.75%	32.25% lower response rate	Target missed
<p>Selection Rationale Achieving the ministry standard of responding to minister's correspondence within a two-week period ensures correspondents receive timely and relevant information. The Deputy Minister's office is the lead in this initiative. A comparison of the total number of logs in CLIFF assigned to the ministry from the minister's office to the amount responded to within a two-week period. If the percentage of responses to ministerial correspondence that has received an interim reply or is completed within two weeks is equal to, or greater than, the target levels the performance measure has been achieved.</p>							
<p>Variance Explanation The ministry process is being streamlined and monitored for improved results.</p>							
<p>Data Sources Ministry of Finance CLIFF Tracking System. Limitations of the data: Data does not take into account any delay in the ministry receiving the incoming correspondence or backlogs that might occur in final sign off.</p>							
<p>Changes to the Measure None</p>							

Objective 4. Meet statutory reporting requirements and comply with GAAP in all material respects.

Core Business Area: Financial Governance, Accounting and Reporting and Financial and Economic Performance and Analysis.

The *Budget Transparency and Accountability Act* (BTAA) requires that all accounting policies and practices applicable to documents required to be made public under this act (e.g., Budget and Public Accounts), must comply with Generally Accepted Accounting Principles (GAAP). Adherence to GAAP requires monitoring of evolving accounting standards, consistent financial practices across government and full transparency for the use of public funds. This transparency is critical for ensuring that British Columbians and the investment community obtain the information they need to make informed decisions and have confidence in government's finances.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. ongoing monitoring of, and adherence to, GAAP's evolving accounting standards:
 - a. the Office of the Comptroller General (OCG) consults with organizations that develop accounting standards for senior government and some of our staff volunteered to assist these organizations with their standard setting work. The Province also contributes to private sector GAAP where it could potentially impact government accounting. This fiscal year, OCG has provided comments to standard setting bodies on 10 exposure drafts pertaining to emerging policy.
 - b. Treasury Board Staff works with the Office of the Comptroller General to ensure Budgets and Quarterly Reports are GAAP-compliant.
2. adoption of technology to improve the reporting processes:
 - a. the Office of the Comptroller General has several years of experience in using Caseware for preparation of the Public Accounts. The Office of the Comptroller General continues to refine the use of this software, and build reporting templates to make it easier to accumulate data from B.C. government reporting entities and assemble the Public Accounts.
3. working with the Auditor General and the Accounting Policy Advisory Committee (APAC) on accounting and reporting issues:
 - a. the Office of the Comptroller General meets regularly throughout the year with Auditor General staff, and with increasing frequency as annual Public Accounts preparation gets underway. This is a useful process to better understand the position of each organization and avoid problem areas.
 - b. the APAC meets about four times annually or as required to discuss government accounting policy and GAAP issues. Their input provides government with an external non-binding view of issues.
4. greater fiscal planning integration with the SUCH sector:
 - a. the Office of the Comptroller General works closely with its SUCH Sector partners with respect to quarterly and annual financial reporting. Work continues on developing and improving reporting templates to help streamline preparation of the financial reports and statements.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Full implementation of GAAP.	Partial	Partial	Full	Full	Full	None	Target achieved
Selection Rationale Full implementation of GAAP in the fiscal 2004/05 Financial Statements (Public Accounts) meets a legislated requirement in the <i>Budget Transparency and Accountability Act</i> and improves the accuracy, consistency and timeliness of the province's financial information. Incorporation of schools, colleges, universities and health regions into the government entity made British Columbia the first provincial jurisdiction in Canada to be compliant with the new principles established by the Public Sector Accounting Board.							
Variance Explanation No variance — target met.							
Data Sources Members of the Public Sector Accounting Board have established specific accounting standards with representation from the provinces, territories and the federal government. The objectives of the project will be compared with its achievements and financial reporting to ensure that GAAP is fully implemented.							
Changes to the Measure In 2006/07 this measure has been incorporated into a new performance measure, "Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General".							

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Delivery date for annual Public Accounts.	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006	TBD	TBD	Target achieved
Selection Rationale Timely release of financial reporting is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. The <i>Budget Transparency and Accountability Act</i> requires release of the Province's financial statements (Public Accounts) by August 31st, following each March 31st, fiscal year end. While the legislated date is August 31st, the anticipated release date is by June 30th.							
Variance Explanation The work of the Office of the Comptroller General will be completed by June 29, 2006, but the Office of the Auditor General has indicated their audit will not be completed by then. The release date will be July 17.							
Data Sources Release of the Public Accounts.							
Changes to the Measure In 2006/07 this measure has been incorporated into a new performance measure, "Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General".							

Objective 5. Crown corporations are publicly accountable to taxpayers both in the delivery of their programs and services and in fiscal management.

Core Business Area: Crown Agencies Secretariat

1. A Crown corporation is an organization that is established by the provincial government that is outside of a ministry. Crown corporations are accountable to the government through a Responsible Minister; and have assigned/delegated authority and responsibility from government, or otherwise have statutory authority and responsibility to perform specified functions or services. An effective governance system will aid both government and Crown corporations by ensuring Crown corporations focus on the activities necessary to fulfill their mandates while at the same time ensure they are being managed in the best interests of public stakeholders and government.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. ensuring an effective framework for government's management of its Crown corporations in British Columbia:
 - a. issued a summary of the Crown Agency Accountability System on CAS website.
2. clearly outlining government's expectations of Crown corporations through Shareholder's Letters of Expectations:
 - a. Developed an updated template for Shareholder's Letters of Expectation and coordinated development of new letters (see results below) and renewal of existing letters.
3. providing input on cross-Crown corporation policy issues:
 - a. Policy issues included responses to reports by the Auditor General and initiatives from the Public Sector Accounting Board on performance reporting.
4. hosting workshops for Crown corporation and ministry staff on governance and performance planning and reporting and hosting Chief Financial Officer forums for all Crown corporations to promote best practices:
 - a. Hosted senior officials from the New Zealand Crown Company Monitoring and Advisory Unit and the UK Shareholder Executive and arranged meetings with Crown Agency and government staff to disseminate best practices;
 - b. Hosted a joint Crown Agency-Government Forum to discuss governance, reporting and budget issues.
5. publishing on the government website Crown corporation Shareholder's Letters of Expectations, signed off by Ministers Responsible and the Board Chairs of Crown corporation:
 - a. Shareholder Letters for all but two Crown corporations and posted on the Crown Agencies Secretariat website.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Shareholder's Letters of Expectations in place or proposed to Responsible Ministers and Chairs for all Crown corporations.	N/A	N/A	80%	100%	93%	7% letters in place	Target mostly achieved
<p>Selection Rationale</p> <p>The Shareholder's Letter of Expectations (SLE) is a key component of the Accountability Framework for Crown corporations and is designed to ensure a shared understanding between the shareholder and Crown corporation Boards of Directors on key governance issues, corporate mandate direction from government, core Crown corporation services, strategic priorities and performance expectations of government for the corporations. The Shareholder's Letter is signed by the Minister Responsible, as the representative of government, and the Chair of the Board of the Crown corporation, as the representative of the Crown corporation.</p>							
<p>Variance Explanation</p> <p>Shareholder Letters were not prepared for two Crown corporations pending completion of mandate or structural reviews. Note that this measure has been amended for 2006/07 to "Shareholder's Letters of Expectations in place for all applicable Crown corporations" to recognize that some corporations are inactive or winding up, and will not require a Shareholder's Letter. The target remains at 100 per cent.</p>							
<p>Data Sources</p> <p>All completed SLEs are signed by the Minister and Chair of Board of the Crown corporation and posted on the Crown Agencies Secretariat website.</p>							
<p>Changes to the Measure</p> <p>This measure has been changed to "Shareholder's Letter of Expectations in place for all applicable Crown corporations" to more accurately describe the measure.</p>							

Objective 6. Effective management of public sector labour relations and human resource strategy.

Core Business Area: Public Sector Employers' Council

- Public sector labour costs comprise a significant portion of the provincial budget. Accordingly, effective management of the Province's fiscal plan requires the establishment of appropriate and sustainable compensation levels. Labour market analysis and frameworks are also critical for attracting and retaining highly skilled workers critical to the delivery of many public services.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. maintenance of a compensation and bargaining mandate framework that incorporates fiscal goals, policy, program decisions, and labour market considerations".
 - a. The ministry set out a \$6 billion, multi-year negotiating framework to guide public sector labour agreements. As of March 31, 2006 negotiators reached 55 agreements covering 75 per cent of British Columbia's 308,000 public sector workers. All agreements extended four years or more in duration and the vast majority received ratification approvals in excess of 90 per cent. Major components include:
 - \$1 billion as an incentive to reach new agreements before the expiry of current agreements;
 - \$4.7 billion over four year (2006/07 – 2009/10) for annual compensation increases; and
 - up to \$300 million dividend in 2009/10 for agreements that extend to March 31, 2010 or later, subject to the surplus exceeding \$150 million.
2. A long-term strategy for effective management of labour relations that addresses shortages of critical skilled occupations in the public sector is also underway.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Public Sector cost changes over 2002/03 compensation base (\$17.4 billion).	\$17.4 billion	\$16.1 billion	\$16.0 billion	\$17.4 billion or less	\$17.0 billion	\$0.4 billion lower cost	Target exceeded
<p>Selection Rationale</p> <p>This measure captures the public sector compensation changes over the 2002/03 compensation base. With compensation related costs in the public sector consuming a substantial portion of the provincial budget, the effective management of compensation costs requires the measurement and tracking of changes in the compensation base.</p> <p>Comparison of year over year increases to compensation base as derived from analysis of costs resulting from changes to collective agreements, the relative size of workforce(s) as well as payroll information pertaining to excluded and executive employees. PSEC conducts a comprehensive total compensation cost survey of all public sector employers.</p>							
<p>Variance Explanation</p> <p>While compensation costs decreased relative to the 2002/03 benchmark of \$17.43 billion, there was a relative increase over 2004/05 primarily due to improved reporting arising from new SUCH sector reporting requirements.</p>							

Data Sources

Public Sector Employers' Council Secretariat (PSEC).

Limitations of the data: Any increase or decrease in the size of the public sector would impact the compensation base, but is beyond PSEC's capacity to control. In addition, the nature of collective bargaining is such that an expired agreement may or may not be renegotiated and costed within the fiscal year in which it expires. Compensation cost changes may vary without being reflected in PSEC data.

Changes to the Measure

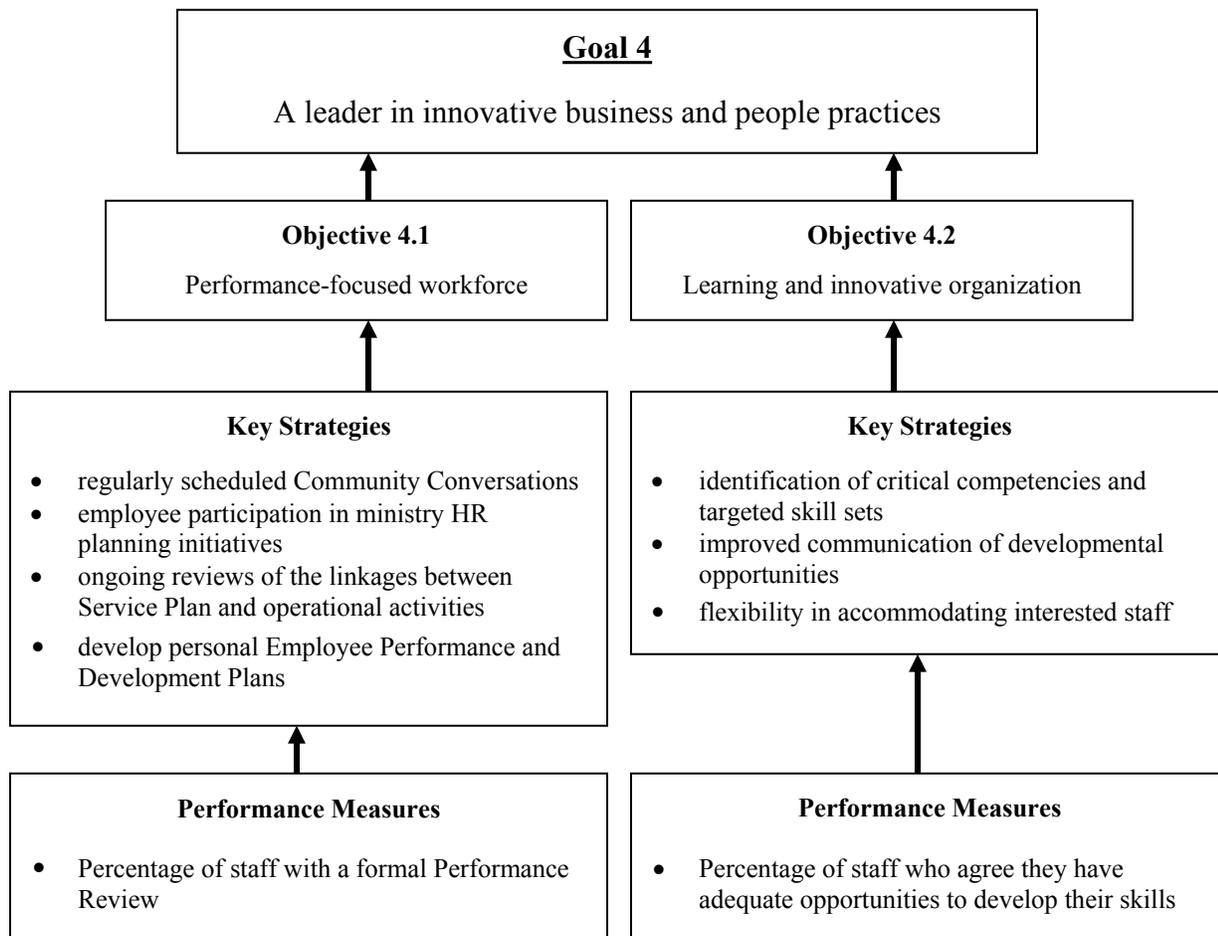
This measure has been changed to "Public sector cost changes over the 2005/06 compensation base" to more accurately describe the measure.

Ministry Goal 4

A leader in innovative business and people practices.

The ministry recognizes its dependence upon the continued support and professionalism of our highly-skilled and knowledgeable workforce. Ultimately, it is our staff that drives the quality and value of the services we provide to our clients, stakeholders and the people of British Columbia. Over the coming years, the ministry will pursue additional opportunities to provide its employees with the support, recognition and opportunities required.

Core Business Area: All.



Objective 1. Performance Focused Workforce.

Core Business Area: All.

The ministry works closely with its staff throughout the year to provide them with information on strategic priorities and how their work contributes to the success of the organization overall. Staff have reaffirmed that this communication clarifies expected results, supports organizational improvement and provides greater job satisfaction.

Strategies

In 2005/06 the following key strategies were used to achieve the objective:

1. regularly scheduled Community Conversations involving all members of the ministry
 - a. a number of community conversations were held with ministry staff.
2. employee participation in ministry human resource planning initiatives
 - a. the Corporate Planning Secretariat developed the Ministry Human Resources Plan with employee input
3. integration of planning and reporting processes
 - a. the Corporate Planning Secretariat was convened in November 2005 and this group undertook all planning and reporting activities for the ministry. Activities have resulted in a more integrated Business Plan for 2006/07, as well as a more effective planning calendar.
 - b. the 2006/07 Human Resources plan was integrated into the ministry's overall Business Plan, and staff throughout the ministry were engaged in developing objectives, strategies and actions through Community Conversations and their Corporate Planning Secretariat representatives.
4. ongoing reviews of the linkages between the Service Plan and operational activities
5. the ministry is also working to develop personal Employee Performance and Development Plans (EPDP) tailored to the position and developmental interests of each employee
 - a. a tailored EPDP pilot was implemented in ministry, and will be considered for expanded implementation within the ministry.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of staff with a formal Performance Review (e.g., EPDP) in the last year.	23%	67% of managers	58% Completed 35% in progress	100%	51%	49%	Target missed

<p>Selection Rationale</p> <p>Formal Performance Reviews including the development of Employee Performance Development Plans (EPDPs) provide an important linkage between the activities of individuals and the strategic direction of their business unit and the ministry as a whole. Identifying performance expectations within EPDPs also supports greater accountability and improves communication between staff and supervisors. Finally, the EPDP exercise also provides staff with an opportunity to explore their personal growth and development objectives.</p> <p>If the percentage of respondents who have a formal Performance Review in the last year is equal to or greater than the target, the performance measure has been achieved.</p>
<p>Variance Explanation</p> <p>2004/05 results indicate that 58% of EPDPs were completed, with 35% in progress. The 2005/06 Employee survey only measured completion rates, not those in progress. While the ministry has encouraged use of EPDPs, uptake has been slower than expected. The ministry recently piloted a new EPDP initiative which streamlines the EPDP process.</p>
<p>Data Sources</p> <p>This measure is a core question in the Work Environment and Employee Engagement Survey distributed to staff. The survey is delivered electronically, analyzed and reported by BC Stats using E-Surveyor software.</p>
<p>Changes to the Measure</p> <p>This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>

Objective 2. Learning and Innovative Organization.

Core Business Area: All.

Government's move to a model focused on flexibility, evidence-based risk taking, and accountability for results, requires the support of a knowledgeable and innovate workforce. Members of the ministry have embraced this shift and have fostered a culture characterized by performance and receptiveness to change. In order to build upon our past success, the ministry will actively encourage the development of new skills based on formal and non-traditional learning opportunities and mutual trust.

Strategies

In 2005/06 the following key strategies, with the noted results, were used to achieve the objective:

1. identification of critical competencies and targeted skill sets
 - a. a workforce planning exercise identified critical positions. This work will continue in 2006/07.
 - b. a skills development inventory, mentoring program and orientation program were rolled out.

2. improved communication of, and access to, developmental opportunities (internship programs, career pathing, mentoring, rewards and recognition programs, development opportunities and critical skills training)
 - a. the ministry supported staff in attending a variety of leadership development and training courses and programs. A ministry-specific leadership program is being considered for 2006/07.
 - b. ministry employees participated in a large number of Temporary Assignments, which promote cross-ministry learning and development.
 - c. informal learning and development opportunities, such as lunch and learns and cross-divisional sharing sessions, were offered.
 - d. the Graduate Development Program was established for Treasury Board Staff.
3. flexibility in accommodating interested staff.

Performance Measures

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of staff who agree they have adequate opportunities to develop their skills.	66%	44%	62%	80%	57%	23%	Target missed
<p>Selection Rationale</p> <p>The ministry is undertaking a comprehensive staff attraction and retention initiative. This initiative will ensure that the ministry has the necessary skill sets to support its activities in an increasingly complex environment. Providing staff with additional learning and development opportunities will position the ministry as an important professional development opportunity, benefit our employees and enhance the quality of our services.</p> <p>If the percentage of respondents who agree is equal to, or greater than the target, the performance measure has been achieved.</p>							
<p>Variance Explanation</p> <p>Access to corporately provided training and development opportunities continue to be limited due to work and budget pressures and the timing and availability of courses. The ministry is considering customizing a management and leadership program to meet specific ministry needs. The ministry strongly supports Temporary Assignments and other on-the-job development opportunities. While less than the target, the ministry is 11% higher than the government average on this measure.</p>							
<p>Data Sources and Issues</p> <p>This measure is a core question in the Work Environment and Employee Engagement Survey distributed to staff. The survey is delivered electronically, analyzed and reported by BC Stats using E-Surveyor software.</p>							
<p>Changes to the Measure</p> <p>This measure has been deleted in 2006/07 in order to focus on the most critical aspects of performance. The measure will continue to be tracked for internal management purposes.</p>							

Deregulation

The Ministry of Finance's regulatory reduction rate reached 43 per cent with the implementation of the *Real Estate Services Act* and *Real Estate Development Marketing Act* on January 1, 2005.

The ministry's June 2004 baseline figure has been changed from 25,423 to 25,581 to reflect errors and omissions in the original regulatory count as well as the reassignment of statutes to different ministries following the May 2005 election. As of May 2006 the Ministry of Finance has realized a further 7.5 per cent regulatory reduction to 22,171 largely due to further changes to the *Financial Institutions Act*.

Over the next two years, all legislative initiatives will be monitored to ensure that the policies are effective and allow industry, the public, and government to operate in an improved environment of "smart regulation".

Report on Resources

The Ministry of Finance estimates for 2005/06 were \$366.6 million. During the year the Ministry received \$712.7 million in additional funding for the Negotiating Framework and one-time repairs and maintenance to Government House. Total authorized estimates for the year were \$1,079.3 million. At the end of 2005/06, the Ministry of Finance was under-expended by \$294.9 million. The majority of the underspending in the Ministry of Finance relates to the Negotiating Framework. All agreements due March 31 were settled by March 31. Incentive funding for various agreements expiring at later dates remained unspent at March 31. Cross-government Ministers' travel costs were lower due to the election held in May 2005.

Funding is provided in the Ministry Operations Vote of the legislature and one special account, Insurance and Risk Management.

The following table summarizes the budgeted and actual expenses for the Ministry for fiscal 2005/06. Variances are calculated as "Total Estimated" minus "Actual" = "Variance", so that underspending is without brackets and overspending in brackets.

Resource Summary 2005/06

Core Business Areas	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Crown Agencies Secretariat	1,497		1,497	1,214	283
Financial and Economic Performance and Analysis	6,415		6,415	6,116	299
Financial Governance, Accounting and Reporting	6,721		6,721	5,808	913
Treasury	1		1	1	0
Financial and Corporate Sector Services	1,565		1,565	1,392	173
Public Sector Employer's Council	14,596		14,596	14,452	144
Executive and Support Services	15,776	2,400	18,176	15,635	2,541
Contingencies (All Ministries) and New Programs	320,000				
Transfer to Ministries		(289,711)	30,289	30,000	289
Negotiating Framework Incentive		1,000,000	1,000,000	709,710	290,290
Total	366,571	712,689	1,079,260	784,328	294,932

Core Business Areas	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Full-time Equivalents (FTEs)					
Crown Agencies Secretariat	10		10	9	1
Financial and Economic Performance and Analysis	65		65	51	14
Financial Governance, Accounting and Reporting	117		117	108	9
Treasury	74		74	66	8
Financial and Corporate Sector Services	144		144	145	(1)
Public Sector Employer's Council	13		13	12	1
Executive and Support Services	145		145	138	7
Total	568		568	529	39
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Crown Agencies Secretariat	18		18	0	18
Financial and Economic Performance and Analysis	45		45	13	32
Financial Governance, Accounting and Reporting	215		215	187	28
Treasury	1,631		1,631	962	669
Financial and Corporate Sector Services	2,604		2,604	1,617	987
Public Sector Employer's Council	3		3	0	3
Executive and Support Services	1,036		1,036	45	991
Total	5,552		5,552	2,824	2,728

Insurance and Risk Management (IRMA)	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)	0		0	(7,811)	7,811
FTEs	46		46	43	3
Ministry Capital Expenditures (\$000)	20		20	9	11

¹ Estimates as presented to the Legislative Assembly on September 14, 2005.

² "Other Authorizations" includes \$2.4 million access to Contingencies for repairs and maintenance to Government House.

Annual Report Appendices

Appendix 1: List of Crowns, Agencies, Boards and Commissions for which the Minister of Finance is the Minister Responsible.

Crowns

Partnerships BC

Boards

Accounting Policy Advisory Committee

Auditor Certification Board

BC Investment Management Board

Financial Institutions Commission

Financial Services Tribunal

Insurance Council of British Columbia

Real Estate Foundation of British Columbia

Real Estate Council of British Columbia

Appendix 2: List of Legislation Administered by the Ministry.

Auditor General

Balanced Budget and Ministerial Accountability

Bonding

British Columbia Railway Finance

British Columbia University Loan, 1945

Budget Transparency and Accountability

Business Corporations

Business Number Act except s. 10.1

Capital Financing Authority Repeal and Debt Restructuring

Constitution ss. 25 – 27

Cooperative Association

Credit Union Incorporation

Creditor Assistance

Financial Administration

Financial Information
Financial Institutions
Industrial Development
Insurance
Insurance (Captive Company)
Insurance (Marine)
Manufactured Home
Ministerial Accountability Bases, 2004
Ministerial Accountability Bases, 2004-2005
Ministry of Consumer and Corporate Affairs ss. 3 & 4 (a)
Ministry of Intergovernmental Relations s. 3
Miscellaneous Registrations, 1992
Mortgage Brokers
Mutual Fire Insurance Companies
Pacific North Coast Native Cooperative
Partnership
Pension Agreement
Pension Benefits Standards
Pension Fund Societies
Personal Property Security
Ports Property Tax Act except s. 5
Probate Fee
Public Education Labour Relations
Public Education Support Staff Collective Bargaining Assistance
Public Sector Employers
Public Sector Pension Plans
Public Works Agreement
Real Estate Development Marketing
Real Estate Services
Repairers Lien
Securities (Forged Transfer)
Society
Special Accounts Appropriation and Control Act except ss. 4, 7, 8, 9 & 10 (2) (a) & (b)
Strata Property
Tugboat Worker Lien
Unclaimed Property
Warehouse Lien
Warehouse Receipt
Woodworker Lien

Appendix 3: Table of Changes — 2005/06 Update Compared to 2006/07

The ministry recognizes that all performance measures reported in the 2005/06 – 2007/08 Service Plan Update September 2005 are important; however, focusing on the most critical aspects of performance allows the ministry to better define its success in achieving its goals and objectives. As a result, the ministry has removed the internally-focused goal “A leader in innovative business and people practices” and a number of performance measures, and refined its remaining goals to create greater focus on fiscal sustainability, competitiveness and accountability. Ministry objectives have been reworded to reflect the revised goals.

2005/06 Goals	2006/07 Goals
Maintain a balanced budget annually.	A sustainable fiscal environment built on a balanced budget.
A tax and regulatory climate that supports a strong and vibrant economy.	A strong, competitive and vibrant economy.
Effective financial and resource management and reporting.	Effective financial, governance, accountability and performance framework.
A leader in innovative business and people practices.	

Eight performance measures have been removed in the 2006/07 – 2008/09 Service Plan, per the table below. These measures will continue to be tracked for internal management purposes.

The following performance measures have been added to the 2006/07 – 2008/09 Service Plan:

1. Provincial ranking of corporate income tax rates. A competitive tax environment fosters economic growth. Although measuring the overall competitiveness of the system is complex, a comparison of general corporate income tax rates represents a reasonable basis for assessing competitiveness.
2. Release of Public Accounts by June 30 with an unqualified audit opinion from the Auditor General’s Office. This new performance measure combines two separate performance measures reported in the 2005/06 – 2007/08 Service Plan Update September 2005: 1) Full implementation of GAAP and 2) Delivery date for annual Public Accounts.

2005/06 Performance Measures	2006/07 Performance Measures	Status
Achieve annual targets for provincial budget.	Achieve annual targets for provincial budget.	Unchanged.
Debt to GDP ratio.	Taxpayer Supported Debt to GDP ratio.	Changed to more accurately describe the measure.
Provincial credit rating.	Provincial credit rating.	Unchanged.
	Provincial ranking of corporate income tax rates.	New.
Provincial ranking of personal income tax rates for the bottom two tax brackets.	Provincial ranking of personal income tax rates for the bottom two tax brackets.	Unchanged.
Debt service costs (Provincial ranking).	Debt service costs (Provincial ranking).	Unchanged.
Annual savings from self-insurance (five-year rolling average).	Annual savings from self-insurance (five-year rolling average).	Unchanged.
Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring and Internal Audit and Advisory Services recommendations.	Potential average annual benefits realized from utilizing a risk-based approach for post-payment monitoring and Internal Audit and Advisory Services and Activity Based Management recommendations.	Changed to more accurately describe the measure.
Percentage of responses to ministerial correspondence within two weeks.	Percentage of responses to ministerial correspondence within two weeks.	Unchanged.
	Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General.	New.
Shareholder's Letters of Expectations in place or proposed to Responsible Ministers and Chairs for all Crown corporations.	Shareholder's Letter of Expectations in place for all applicable Crown corporations.	Changed to more accurately describe the measure.
Public sector cost changes over 2002/03 compensation base (\$17.43 billion).	Public sector cost changes over the 2005/06 compensation base.	Changed to more accurately describe the measure.
Provincial ranking of the top personal marginal tax rate.		Deleted — measure will continue to be tracked for internal management purposes.
Number of regulatory requirements.		Deleted — measure will continue to be tracked for internal management purposes.

2005/06 Performance Measures	2006/07 Performance Measures	Status
Percentage annual growth in new business registrations.		Deleted — measure will continue to be tracked for internal management purposes.
Percentage of company incorporations and registrations filed electronically.		Deleted — measure will continue to be tracked for internal management purposes.
Ministry implementation of Enterprise-wide Risk Management (Risk Management Maturity Model Rating — 5 point scale).		Deleted — measure will continue to be tracked for internal management purposes.
Stakeholders' satisfaction with the policy framework for financial and procurement management.		Deleted — measure will continue to be tracked for internal management purposes.
Full implementation of GAAP.		Incorporated into new performance measure: Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General.
Delivery date for annual Public Accounts.		Incorporated into new performance measure: Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General.
Percentage of staff with a formal Performance Review (e.g., EPDP) in the last year.		Deleted — measure will continue to be tracked for internal management purposes.
Percentage of staff who agree they have adequate opportunities to develop their skills.		Deleted — measure will continue to be tracked for internal management purposes.

Appendix 4: Organizational Changes — 2005/06 Update Compared to 2006/07

In October 2005, a new Strategic and Corporate Policy Division was created in the ministry. The Division consists of the Tax Policy, Intergovernmental Fiscal Relations, Financial and Corporate Sector Policy and First Nations Fiscal Branches. The Tax Policy Branch, Intergovernmental Fiscal Relations, Financial and Corporate Sector Policy Branch were transferred from other divisions within the Ministry of Finance. The First Nations Fiscal Branch was transferred from the Ministry of Aboriginal Relations and Reconciliation. The new division provides the ministry with increased capacity to examine several of the key corporate and strategic issues facing the ministry and government including competitiveness, effective regulation, building a new relationship with First Nations and negotiating with the Federal government and other provinces on fiscal relations issues.

Appendix 5: Interprovincial Comparison Statistics Prepared by Moody's

Taxpayer-supported Debt as a per cent of GDP (Moody's)

Province	Taxpayer-supported Debt as a % of GDP ¹
British Columbia	15.9
Alberta	2.3
Saskatchewan	19.6
Manitoba	23.2
Ontario	26.2
Quebec	43.3
New Brunswick	27.7
Prince Edward Island	32.1
Nova Scotia	34.1
Newfoundland and Labrador	36.2

¹ Estimates for March 31, 2006 calculated in May 2006.

Ratio of Taxpayer-supported Debt Service Costs to Taxpayer supported Revenues (Moody's)

Province	Ratio of Taxpayer-supported Debt Service Costs to Taxpayer-supported Revenues ¹
British Columbia	5.3
Alberta	1.1
Saskatchewan	8.4
Manitoba	8.4
Ontario	11.1
Quebec	13.1
New Brunswick	9.8
Prince Edward Island	9.8
Nova Scotia	15.6
Newfoundland and Labrador	11.4

¹ Estimates for March 31, 2006 calculated in May 2006.

Comparison of Provincial Credit Ratings (Moody's)

Province	Credit Rating	Outlook
British Columbia	Aa1	stable
Alberta	Aaa	stable
Saskatchewan	Aa2	stable
Manitoba	Aa2	stable
Ontario	Aa2	stable
Quebec	Aa3	stable
New Brunswick	Aa3	stable
Prince Edward Island	A1	stable
Nova Scotia	A2	positive
Newfoundland and Labrador	A2	stable

Moody's rating classification, highest to lowest, is as follows:

- Aaa
- Aa1
- Aa2
- Aa3
- A1
- A2
- A3

Appendix 6: 2005/06 and 2003/04 Comparative Financial Information

Core Business Areas	Estimated	Other Authorizations	Total 05/06 Estimated	Total 04/05 Estimated	Variance from 04/05 Estimated
Operating Expenses (\$000)					
Crown Agencies Secretariat	1,497		1,497	2,124	(627)
Financial and Economic Performance and Analysis	6,415		6,415	5,946	469
Financial Governance, Accounting and Reporting	6,721		6,721	6,313	408
Treasury	1		1	1	0
Financial and Corporate Sector Services	1,565		1,565	4,236	(2,671)
Public Sector Employer's Council	14,596		14,596	14,693	(97)
Executive and Support Services	15,776	2,400	18,176	14,801	3,375
Contingencies (All Ministries) and New Programs	320,000				
Transfer to Ministries		(289,711)	30,289		30,289
Negotiating Framework Incentive		1,000,000	1,000,000		1,000,000
Total	366,571	712,689	1,079,260	48,114	1,031,146
Full-time Equivalents (FTEs)					
Crown Agencies Secretariat	10		10	14	(4)
Financial and Economic Performance and Analysis	65		65	63	2
Financial Governance, Accounting and Reporting	117		117	117	0
Treasury	74		74	74	0
Financial and Corporate Sector Services	144		144	148	(4)
Public Sector Employer's Council	13		13	13	0
Executive and Support Services	145		145	99	46
Total	568		568	528	40

Core Business Areas	Estimated	Other Authorizations	Total 05/06 Estimated	Total 04/05 Estimated	Variance from 04/05 Estimated
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Crown Agencies Secretariat	18		18	18	0
Financial and Economic Performance and Analysis	45		45	45	0
Financial Governance, Accounting and Reporting	215		215	215	0
Treasury	1,631		1,631	2,032	(401)
Financial and Corporate Sector Services	2,604		2,604	2,301	303
Public Sector Employer's Council	3		3	98	(95)
Executive and Support Services	1,036		1,036	830	206
Total	5,552		5,552	5,539	13

Insurance and Risk Management (IRMA)	Estimated	Other Authorizations	Total 05/06 Estimated	Total 04/05 Estimated	Variance from 04/05 Estimated
Operating Expenses (\$000)	0	0	0	0	0
FTEs	46	0	46	43	3
Ministry Capital Expenditures (\$000)	20	0	20	725	(705)

¹ *Estimates* as presented to the Legislative Assembly on September 14, 2005.

² "Other Authorizations" includes \$2.4 million access to Contingencies for repairs and maintenance to Government House.

*Ministry of Finance
Public Affairs Bureau*

**2005/06
Annual Service Plan Report**



**BRITISH
COLUMBIA**

The Best Place on Earth

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Highlights of the Year

Throughout the 2005/2006 fiscal year, the Public Affairs Bureau (PAB) has supported government priorities by communicating the province's policies and programs to the public in a proactive, consistent and informative manner. Following are some examples of key initiatives and announcements supported by the Bureau:

- **Negotiating Framework** — PAB provided strategic and tactical communications support for the government's Negotiating Framework file. PAB staff performed a liaison function with key labour relations ministries and employers to ensure communications planning, coordination of information flow, alerts on emerging issues, media relations and media summaries.
- **Central Coast and North Coast land use decisions** — A video and print news releases were distributed by PAB to more than 135 countries and more than 80,000 journalists. As a direct result of using this service, the announcement achieved more than 350 media hits. International media included London, South Africa, Germany and Russia. The announcement also made the front page of the New York Times, the Washington Post and the Los Angeles Times.
- **Providing British Columbians with information on government programs, policies and services** — PAB staff worked with ministry program staff to develop and implement several campaigns such as: helping seniors live well campaign which promoted changes to the Shelter Aid for Elderly Renters (SAFER) and Seniors Supplement; the QuitNow campaign to inform smokers about the tools and information available to help them quit smoking; the Fire Smart campaign to remind British Columbians about ways they can help to prevent forest fires; and the When Your Luck Runs Out campaign to promote the problem gambling help line. The Seniors' campaign increased calls to the Seniors' Information Line by 35 per cent.
- **Introduction of Really Simple Syndication (RSS) News Feeds** — The Writing Services and Online Communications units collaborated on the introduction of new RSS technology that allows the public to subscribe to government news feeds at no charge so they receive government news releases instantly when they are published to the Internet. The technology allows wider distribution of materials with no additional ongoing administrative work or costs for the Bureau.
- **Government announcements and events** — PAB staff coordinated over 100 government announcements and events, including the government display exhibit at the Union of BC Municipalities convention and the 2006/07 Budget lockup and related activities. The Bureau's Writing and Editorial Services Unit issued a total of 736 news releases in 2005/2006.
- **Brochures, reports and display aids** — Bureau staff worked on over 280 design projects (including brochures, reports and display aids to support government communications) and produced over 200 print display advertisements.

- **Online Communications** — PAB published mini-websites in support of current issues of the day (i.e., Teachers, BC Child Protection, Spirit Bear, Negotiation Framework; developed new templates so ministries can revamp their websites; and, enhanced the government website with audio and video web casts on the BC Government Media Room.
- **Annual Budget Lockup** — each year PAB staff organize the largest press conference in the province: the annual budget lockup. It is an event that brings together all of the province's major media, senior staff from across government, and a highly diverse group of stakeholders. Months of planning and preparation are required to ensure that lockup participants have the facilities and information they need to properly analyze the budget and communicate it to their audiences and members. PAB staff prepare a wide range of communications materials to supplement the technical documents, including news releases, backgrounders, highlights packages, web presentations, and translated materials for B.C.'s growing multicultural community. The Bureau provides audio-visual equipment to support the finance minister's presentation, and arranges technical facilities for about 100 journalists and more than 200 stakeholders. Media Relations Officers assist journalists and others with questions about the budget. All of this work is accomplished in a secure environment so that details of the budget are not released prior to the minister delivering the budget speech in the House.
- **Small Business Roundtable** — announced in October 2005, PAB staff supported the permanent Small Business Roundtable, which provides a platform for ongoing dialogue with small business owners and operators across British Columbia. To date, the Roundtable has held 18 sessions at various locations across the province. Lists of issues and opportunities arising from these sessions are compiled for the Minister of Small Business and Revenue on an ongoing basis.
- **Provincial Sales Tax Review** — this Review involves a series of consultations with small business, industry and individuals to obtain their input on revenue-neutral ways to streamline, simplify and enhance the fairness of provincial sales tax. PAB staff prepared media advisories and news releases, as well as speaking notes for events occurring before and after sessions (e.g., chamber of commerce breakfasts). Where possible, visits to local retailers have provided quality photo opportunities and timely photo updates for the ministry website.
- **BC launches initiative to reduce surgery wait times** — a \$60.5 million initiative to reduce wait times for hip and knee surgeries and maximize the number of surgeries was announced at a news conference held at the University of British Columbia Hospital. PAB staff were involved in the strategic communications to support the wait list management strategy. This included two technical briefings to the media (including one video conferencing briefing between Victoria and Ottawa), news releases, speaking notes, proactive and reactive media management, presentations and overhauling the surgical wait list website to make it more reliable, dependable and rigorous.
- **BC first to fund drug to benefit breast cancer patients** — B.C. was the first province to approve and cover the cost of the drug Herceptin for all eligible breast cancer patients. The announcement was made through coordinated media relations between the Ministry of Health, the Provincial Health Services Authority and the BC Cancer Agency.

- **Ongoing funding increase for youth addictions and crystal meth** — B.C. increased annual funding by \$8 million for crystal meth treatment options and youth addictions services, including increasing bed capacity for youth with addictions and building treatment programs and supports for crystal meth users. PAB staff coordinated the news conference in Vancouver and coordinated a series of unified regional news releases through each of the five regional health authorities.
- **Health Insurance BC continues to deliver record level of service** — throughout 2005/06 the PAB staff managed the issues around the transfer of the Medical Services Plan and PharmaCare services to Health Insurance BC, operated by Maximus BC. It culminated in a news release announcing all services levels had been met. PAB staff were instrumental in assisting in public reports on the quarterly performance and ensuring that the goals, purposes and objectives were communicated.
- **Report on health care options for Surrey Memorial Hospital** — PAB staff coordinated the response to recommendations in December 2005 in a government-endorsed report to relieve demand at Surrey Memorial Hospital and allow for future service. PAB organized the release of the report, issues management, a news conference in Surrey, tour of the new unit in cooperation with communications staff at Fraser Health.
- **ActNow BC** — PAB staff are actively communicating the cross-government ActNow BC program. In 2005/06, this included organizing events announcing \$30 million in health promotion through partnerships with the BC Healthy Living Alliance and 2010 LegaciesNow. PAB also helped communicate the launch of measures to improve student health through the investment of \$3.8 million to help improve the health of B.C. students. PAB also was instrumental in legislative amendments to the *Tobacco Sales Act* that were successfully introduced to reduce sale of tobacco to minors. Additional ActNow BC initiatives communicated by PAB in news releases, at events and in overall messaging across government. Other events with PAB involvement included \$4.2 million through ActNow BC to provide B.C. communities with information, resources and support for healthy lifestyles; a \$5-million grant in April 2005 to the Union of BC Municipalities to help kick start local government involvement in building healthier communities throughout the province.
- **Mining Job Fairs Promote Careers in Booming Industry** — The Mining Rocks — Career and Job Opportunities Tour 2006 made more than 20 stops throughout British Columbia during the months of February, March, April and May. By hosting a job fair dedicated to careers in mining and mining-related fields, the ministry was able to connect local residents with the high-paying jobs being created and at the same time support the continued expansion of this important industry in B.C. PAB staff prepared news releases and media advisories, as well as speaking notes and administrated advertising in print and radio to promote the job fair venues. Bureau staff also provided publication and communications collateral management to assist in the development of a suite of communications materials to promote the job fairs. A webpage was also established to advertise and support the initiative.
- **Thompson Rivers University** — the new Thompson Rivers University, the University of British Columbia Okanagan, and Okanagan College all opened their doors to students in 2005/2006. PAB staff worked closely with the new institutions on various events

to celebrate the expansion of educational opportunities in B.C.'s Interior and to link the development of these institutions with the 25,000-seat expansion of the province's public post-secondary education system. Products developed included news releases, backgrounders, speaking notes and communications plans.

- **Firefighters' cancer risk recognized** — changes to the *Workers Compensation Act* have put B.C. among the leaders in recognizing the increased cancer risk faced by professional and volunteer firefighters. In October and November of 2005, legislation was introduced to recognize certain cancers as occupational diseases associated with long-term employment as a firefighter. PAB staff helped coordinate a recognition event with more than 100 members of the B.C. Professional Firefighters' Association in the rotunda of the Legislature, including news release writing, timely web posting of photos from the event and providing a commemorative scroll for the occasion.
- **Making B.C. the best-educated, most literate jurisdiction on the continent** — to help fulfill that goal, PAB staff coordinated a series of announcements and events, including the Province's distribution of a set of booklets to parents of kindergarten and Grade 1 students. The booklets — *Reading for Families* and *Writing for Families* — provide useful tips, ideas and activities for parents and guardians who want to help their children with reading and writing at home. Both booklets were written by PAB staff with assistance from program staff, and the Bureau's graphics staff to create the overall look of the booklets (graphics, photographs, layout, etc.). PAB staff planned an event at a Vancouver elementary school and prepared a news release and speaking notes for Minister Bond. At the event, Minister Bond worked with students on an activity suggested in one of the booklets (i.e., a word hunt).
- **Minister Bond's tour of B.C. school districts** — a commitment made in the Speech from the Throne — PAB staff have created and maintain a website that enables the general public to track the Minister's progress including the Minister's journal entries, highlights of the tour and photographs, school district information and a provincial map. In addition, Bureau staff provided media relations support during the Minister's visits to school districts and provide the Minister with profiles of each district.
- **Crystal Meth** — helped to promote government's commitment to deal with the growing problem of crystal meth. After the Premier announced a \$7 million dollar, fully integrated meth strategy under the auspices of the ministry's own Crystal Meth Secretariat, PAB staff (PSSG) supported the initiative by helping to organize a series of highly successful community forums across the province in Vancouver, Kamloops, Prince George, Courtenay and Richmond. In addition, an event with Union of BC Municipalities and key stakeholders helped to promote a \$2 million community grant program to help fight the meth problem at a grassroots level. Bureau staff also produced a brochure and facilitated media interviews on this important topic for the minister. This announcement was made on site at an event at the Vancouver Coastal Health authority and was attended by all major media. PAB staff are now working with the Crystal Meth Secretariat on a public and school based information campaign to further raise awareness of this dangerous drug.
- **Queen of the North Ferry Sinking** — following the sinking of a BC ferry near Hartley Bay March 22, 2006, PAB sent staff to Prince Rupert and coordinated the Incident Command Centre. Communications tools included a dedicated website with information

bulletins, news releases, technical information updates, and charts, which made for quick and easy access for media. PAB staff also organized a visit to the area by the Environment Minister, who toured the spill site. PAB continues to field media requests, which now go through the Environmental Protection staff.

- **Cheakamus River CN Rail Derailment** — after a CN Railways train derailed August 5, 2005, spilling caustic soda into the Cheakamus River and killing all fish present in that part of the river at the time, PAB staff worked with other agencies such as the Federal Department of Fisheries and Oceans, the Squamish First Nation and the District of Squamish. A multi-partnered task force was struck to develop a recovery plan for the Cheakamus River. Bureau staff set up internal communications protocols with task force members and provided regular media updates focused mainly at providing accurate information to all stakeholders. Also organized event for the Environment Minister, who helped stock pink salmon smolts into the Cheakamus. Main area of contention for public affairs to deal with was whether ministry would restore habitat naturally, or stock the river with hatchery steelhead.
- **The New Relationship** — the Ministry of Aboriginal Relations and Reconciliation developed a partnership with the leaders from the First Nations Summit, the Union of BC Indian Chiefs, and the Assembly of First Nations (Leadership Council) that resulted in a New Relationship — an agreement between government and First Nations to develop cooperative approaches to manage land and resource development and improve socio-economic conditions for First Nations across the province. PAB staff have played and will continue to play a significant role in communicating this initiative to the public.
- **First Ministers Meeting on Aboriginal Issues in Kelowna** — this national gathering was the first of its kind between First Ministers and Aboriginal Leaders in more than a decade. The Prime Minister, Provincial Premiers and Aboriginal leaders from around Canada committed to a joint plan to improve health, housing, education, economic development and improving government relations with First Nations and Aboriginal people over the next decade. PAB staff played a key role in liaising with the federal government, the Premier's office and First Nations to organize this event and communicate messages about its significance to a national audience.
- **Enacted the \$100-million *New Relationship Trust Act*** — which will provide long-term capacity-building funding for First Nations. Announced in the September 2005 Budget Update, PAB staff supported the Minister and ministry with a range of materials to communicate the details about this trust fund and its goals to the public.
- **Contributed an additional \$1 million towards First Nation language preservation** — this funding will support language immersion programs and the expansion of First Voices technology into Aboriginal communities. This reconciliation initiative and funding announcement was made by the Premier during the First Citizens Forum at the Wosk Centre in Vancouver. PAB staff coordinated the event and associated communications materials for the Minister, Premier and senior executive staff.
- **Signing of two Agreements-in-Principle with the Yekooche and Yale First Nations.** — PAB staff prepared suite of publication materials, and organized tripartite provincial approval and tripartite signing ceremonies.

- **Community Action Grants for Women's Safety** — is a \$1 million program enabling community and provincial organizations to develop collaborative and lasting projects that address domestic violence. Priority is given to projects that address safety for Aboriginal women, immigrant and visible minority women, older women, and women with disabilities. In January 2006, PAB staff distributed a province-wide news release announcing the program, and also helped facilitate a print advertising campaign that encouraged community groups to apply for funding. In March 2006 the Bureau issued news releases announcing grant recipients. In the fall of 2006 Bureau staff will provide communications support for a best practices conference, where grant recipients will share their experiences.
- **Women's Mentoring Project** — PAB staff assisted with the launch of a new mentoring project called Empowered to Work. This project makes the mentoring programs of four well respected organizations (Minerva, Young Women's Christian Association (YWCA), GT Hiring Solutions and the Women's Enterprise Centre) available to women entering or re-entering the workforce. As one of the mentoring programs involves women in the trades, Bureau staff arranged for the Minister to make the initial announcement at a working construction site. The strong visuals helped garner significant media coverage.
- **Release of the Gateway Program Definition Report** — the announcement of the completion of the Gateway Program Definition Report was made on January 31st, 2006. The Gateway Program is our plan to meet the needs of our growing economy, increasing Asia-Pacific trade, and a growing population. PAB was responsible for coordinating the announcement and providing the materials for the Premier's speech and visual presentation. To support the announcement, staff organized a news conference and provided a news release, background material and report documents. This event resulted in extensive positive media coverage from all major media outlets in the Lower Mainland.
- **Building public confidence in the justice system** — PAB staff support the Attorney General and ministry in building public confidence in the justice system. Bureau staff are often challenged to present complicated technical and legal information to media in a timely way that the public can understand. In 2005/2006, to promote openness and transparency in communications, Bureau staff provided technical information to media on two high profile cases: expenses of the Air India trial, and the appeal and subsequent decision of the Jenny Woloshyn case. Staff organized media briefings with the Attorney General as lead spokesperson and ministry staff for support and, for Air India, provided fact sheets detailing expenditures. The media briefings on the Jenny Woloshyn case were well-attended and contributed to positive, accurate media coverage of the issue.
- **Promoting B.C.'s cultural diversity** — PAB staff also work to promote B.C.'s cultural diversity as one of the province's greatest advantages. In 2005/2006 Bureau staff worked to improve government presence in ethnic media with the submission of bi-weekly op-eds on topics that are timely and relevant to the Indo-Canadian and Asian communities. The op-eds are translated and receive good pickup in major ethnic media. In addition, the Bureau staffed very popular booths at the Chinese Lunar New Year Festival and the Vasaikhi parade where hundreds of translated government publications were distributed to the Chinese and Indo-Canadian community.

- **Building a strong economy and business climate in B.C.** — The Ministry of Economic Development continued to contribute toward building a strong economy and business climate in B.C. through 2005/06. As B.C. took advantage of excitement and preparations for the Vancouver 2010 Olympic and Paralympic Games and a growing and prosperous economy, PAB staff delivered high quality, high impact communications support to support the ministry's achievements including: over 130 news releases on infrastructure announcements (regional and province-wide); 29 news releases completed as new Ministry of Economic Development with responsibility for Asia Pacific and the Olympics; over \$5 million in earned media (domestic, national and international) for BC Canada Place in Torino, Italy — public relations value is estimated at \$30 million with an audience reach of 47 million during three months; BC Canada Place hosted over 100,000 visitors at Torino Winter Olympics; launched the Guide for Business Opportunities in the 2010 Olympic and Paralympic Winter Games. This publication gives companies early access to information, and advice about how they can grow and prosper from the 2010 Winter Games; to support the vision of the new minister, PAB staff created a 'vision' speech for the Minister which was redrafted into 50 individual speeches for speaking opportunities; provided logistical support for the Minister's trip to Asia (China, Hong Kong and Japan) over three weeks involved planning with four embassies and countless event organizers to create over 23 speeches and greetings for over 83 events and development of media plans for three countries with a dozen reporters based in Asia and coordination with domestic and ethnic media with media advisories, fact sheets, trade data, itineraries and news releases.
- **Creating balance in public discussion** — one of the key roles of the Public Affairs Bureau is to stimulate public discussion of topical issues, while ensuring this dialogue is balanced and informed with accurate information. Reform of B.C.'s income assistance system, for example, is one such public policy area where discussion is ongoing and often emotional — with news stories, editorials and letters-to-the-editor regular features in community and daily papers around the province. For example, the PAB Employment and Income Assistance Communications Office, is encouraging fact-based public discussion by correcting misinformation about the government's policies, programs and supports for low income British Columbians — and putting forward clear explanations of how the public benefits. In the last half of the 2005/06 fiscal year, PAB staff have sent 25 responses to newspapers throughout B.C., with a publication rate approaching 60 per cent. Letters have been printed in communities including Victoria, Duncan, Nanaimo, Campbell River, Penticton, Vernon, Kamloops, Clearwater and Prince George.
- **Mountain Pine Beetle Action Plan** — created new display on government's mountain pine beetle action plan for trade shows, conferences, backdrops for events; announced how \$100 million federal funding for mountain pine beetle would be spent at Premier's news conference in Vancouver (led BCTV Noon news that day and front page of Globe and Mail Business Section above the fold with photo); announced at separate events in 100 Mile House (April) and Prince George (September) funding to support the Cariboo Chilcotin Beetle Action Coalition and Omineca Beetle Action Coalition economic diversification business planning; and as announced at an event at the University of British Columbia, \$1.4 million to a Chair in Advanced Wood Processing — seeking out new uses for beetle-wood and new value-added wood products.

- **First Nations Forestry Agreements** — demonstrated government's commitment to the New Relationship through continuing to sign forestry agreements with First Nations; and, at an event held concurrent to the annual Truck Loggers Annual Convention in downtown Vancouver, celebrated the signing of a forestry agreement with the 100th First Nation, Leqamel, from the Fraser Valley.
- **BC Sport Event Hosting and Resort Guide** — created and funded in partnership with the Ministry of Tourism, Sport and the Arts, 2010 LegaciesNow and Tourism British Columbia, the BC Sport Event Hosting and Resort Guide has been developed as an online database. PAB staff facilitated the announcement of the guide at British Columbia-Canada House in Torino the day before the opening of the 2006 Winter Olympic Games. PAB contributions to the launch included news release and backgrounder, event planning, Qs&As, and speaking notes for Minister and Deputy Minister.

Purpose, Vision, Mission and Values

Purpose

The Public Affairs Bureau leads and coordinates communications with internal and external stakeholders, ensuring that citizens are informed about government policies, programs and services and that information is communicated in an open and transparent manner.

Clients include citizens of British Columbia, members of the media, the Premier's Office, members of Cabinet, senior government officials and ministry program staff.

Vision

British Columbians are informed of government policies and programs and form opinions based on fact.

Mission

To provide a framework that supports communication of government policies and programs benefiting all British Columbians.

Values

In pursuit of our vision and mission, members of the Public Affairs Bureau will act in accordance with the following values:

<i>Accountability</i>	<i>To enhance efficiency, effectiveness and value in public service.</i>
<i>Integrity</i>	<i>To conduct ourselves in an ethical, honest, consistent and professional manner.</i>
<i>Responsibility</i>	<i>To deliver affordable client-centred service and stewardship on behalf of citizens.</i>
<i>Respect</i>	<i>To treat those we serve, and each other, with respect, courtesy, fairness, dignity and trust.</i>
<i>Innovation</i>	<i>To foster creativity and performance in the delivery of quality services.</i>

Strategic Context

Looking Ahead

By looking at the next three years and beyond, the Public Affairs Bureau will establish goals and objectives that will see British Columbians, Canadians and citizens of the world well informed about the province's policies, benefits, programs and services.

While continuing to support issues management and the use of traditional communications tools, the Bureau will expand into a different level of communications — one that balances reactive issues management with proactive communications messaging. There must be communications research, strategic planning, input into major submissions and policies so that proactive strategies can be developed. Given the competition in the market place to “attract the public's eye and ear”, we must use new, innovative, ways to reach our target audiences whether at the grass roots of our communities or international investors.

Some of the strategies we will employ include:

- Providing additional resources in key areas of government such as health care, children and family development, the Olympics and strategic planning;
- Making information more accessible, timely and relevant through a variety of traditional and non-traditional means;
- Reaching out to ethnic communities/press and client of government programs and services (such as senior, small business operators, families, etc.);
- Making information more accessible in grassroots communities and to international media through innovative technologies and stakeholder relations;
- Communicating with British Columbians through both the use of traditional mechanisms (announcements, paid and earned media) but also by introducing new marketing approaches to ensure our messages are reaching citizens at the grassroots (for example, partnerships with the private sector to distribute info to seniors with their prescriptions, partnerships with other public sector organizations to distribute information such as BC Hydro billing inserts or messages printed on BC Ferry ticket stubs);
- Expanding use of e-services in support of cross government initiatives and/or themes (for example, Achieve BC, ActNow BC, or the soon to be launched seniors site, etc.);

There is an opportunity to achieve some very real gains using the power of communications to reach out to the grassroots of our communities and to strengthen our relationship with the media not only in the regional markets of British Columbia but across North America and around the world.

Much has been achieved over the last four years and British Columbia has a powerful story to tell. We will move past the reactive and towards becoming more engaged and proactive in telling this story of accomplishment across ministry lines, across the province and around the world.

Risks and Opportunities

Existing resources within the Public Affairs Bureau are fully engaged in issues management with little opportunity to engage in proactive communications planning. While issues management is critical to protecting the reputation of government, providing our key audiences with proactive and balanced information is key to enhancing public confidence and balance. Getting ahead of issues and providing context to British Columbians can significantly reduce the risks.

The ability to creative proactive strategies which link to the Five Great Goals and straddle cross government priorities will be key to both the management of risk and taking full advantage of the skills reflected in the PAB team and opportunities to serve and inform citizens.

Linkage to the Five Great Goals

Public Affairs Bureau contributes to all Five Great Goals by:

- Communicating the province's policies and programs to the public in a consistent, informative and timely manner.
- Ensuring that themes identified in the government strategic plan are reflected in communications strategies as appropriate.

Cross Ministry Initiatives

Cross ministry initiatives the Bureau is leading:

- Development of cross-ministry communications strategies (for example, seniors, international and domestic branding)

Cross ministry initiatives the Bureau is involved in:

- Labour file
- ActNow
- Crystal meth
- First Nations
- Economic performance
- 2010 Olympic and Paralympic Winter Games
- Expanding reach to ethnic community/press
- Repositioning the Public Service

Service Delivery and Core Business Areas

The Public Affairs Bureau leads and coordinates communications with internal and external stakeholders, and ensures that information about government programs and services is accessible to British Columbians.

Clients include the people of British Columbia, members of the media, the Premier's Office, members of Cabinet, and ministry program staff.

Supported by 201 FTEs and approximately \$34.4 million, the Bureau has three core business areas each of which has specific responsibilities for the provision of programs and services.

1. Communications Services

Provides direction, advice and staff to support the communications needs of ministries. Teams of communications professionals are assigned to, and co-located with, each ministry. Services include provision of fact-based information, communications planning, media relations, news releases, speech writing, on-site support for ministry events, and developing online applications in support of new initiatives. This area is supported by approximately 156 FTEs.

2. Communications Support Services

Provides a wide range of support services to communications staff assigned to ministries. Services provided include logistical support, writing and graphic design services, event management, online clipping service and technical support to the Press Theatre in the Legislature. This area is supported by approximately 28 FTEs.

3. Operations and Human Resources

Provides a full range of human resource services to facilitate the recruitment, retention and development of Public Affairs Bureau staff and provides a full range of corporate support services including corporate planning, budget management, financial reporting, contract administration, accounts payable, information systems planning and administration, procurement services, facilities planning and records management. This area is supported by approximately 17 FTEs.

Report on Performance

Performance Plan Summary Table

Synopsis of Ministry Performance Measure Results

Public Affairs Bureau supports the Five Great Goals by communicating the province's policies and programs to the public in a consistent and informative manner and communicating fact-based information to the public. The figure below illustrates how the Public Affairs Bureau's goals and objectives are aligned with, and contribute to, the success of government's Five Great Goals.

Five Great Goals	Public Affairs Mission To provide a framework that supports communication of government policies and programs benefiting all British Columbians.			
	Public Affairs Goals	Public Affairs Objectives	Performance Measure	Results
Communicate the province's policies and programs efficiently and effectively in support of the Five Great Goals ¹	1. Government communicates its policies and programs to the public in an open and transparent manner.	1. Communication of government's policies and programs to the public in a consistent and informative manner.	<ul style="list-style-type: none"> Percentage of ministry service plans published on the government website. Percentage of ministry annual service plan reports published on the government website. 	Achieved
		2. Communication of fact-based information to the public.	<ul style="list-style-type: none"> Provide timely responses to the media. 	Achieved
	2. A leader in innovative business and people practices.	1. Performance focused workforce.	<ul style="list-style-type: none"> Per cent of staff with a formal Performance Review. 	Data unavailable
		2. Learning and innovative organization.	<ul style="list-style-type: none"> Per cent of staff who agree they have adequate opportunities to develop their skills. 	Data unavailable

The Five Great Goals are:

1. Make British Columbia the best educated, most literate jurisdiction on the continent.
2. Lead the way in North America in healthy living and physical fitness.
3. Build the best system of support in Canada for persons with disabilities, those with special needs, children at risk, and seniors.
4. Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.
5. Create more jobs per capita than anywhere else in Canada.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Government communicates its policies and programs to the public in an open and transparent manner.

Communication of government policies and programs will provide British Columbians with the information needed to understand government programs and policies and the challenges the government faces through a variety of sources including Members of the Legislative Assembly, media, public events and forums, public policy studies, fact-based public information and awareness initiatives as well as a variety of communications support materials.

Objective 1: Communication of government's policies and programs to the public in a consistent and informative manner.

Ensuring all British Columbians have access to or receive consistent information regarding government's policies and programs is essential to informing British Columbians of government planning decisions and accomplishments.

Performance Measure:

Government's ability to communicate policies and programs to the public in a consistent and informative manner can be measured by the percentage of ministry service plans and annual reports posted to the government website.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of ministry service plans posted to the government website.	N/A	100%	100%	100%	100%	None	Target achieved
Percentage of ministry annual service plan reports posted to the government website.	N/A	100%	100%	100%	100%	None	Target achieved
Selection Rationale							
Ministry service plans are an effective mechanism for communicating consistent information to all British Columbians regarding government's policies and programs. Ministry services plans are profiled and accessible from both the government home page as well as individual ministry home pages.							
Variance Explanation							
No variance — target met.							
Data Sources and Issues							
Government Internet							
Changes to the Measure							
None							

Objective 2: Communication of fact-based information to the public.

Ensuring British Columbians have access to or receive fact-based information regarding government policies and programs is essential to allowing British Columbians to form opinions based on fact and allows for informed public debate on decisions taken.

Performance Measure:

Government's ability to communicate fact-based information to the public can be measured by response times to media enquiries and public response to fact-based public information and awareness initiatives. Performance for individual initiatives is measured depending on the nature of the project. Performance may be measured by increased demand for services (for example, web services), requests for supporting materials, and increased consumer contact with ministry service outlets.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Provide timely response to the media.	N/A	Media responses provided 24 hours per day, seven days per week	Media responses provided 24 hours per day, seven days per week	Media responses provided 24 hours per day, seven days per week	Media responses provided 24 hours per day, seven days per week	None	Target achieved
Selection Rationale							
The public is largely informed of government program and policy decisions by the media. Quick response to the media enables government to provide timely, comprehensive and accurate information.							
Variance Explanation							
No variance — target met.							
Data Sources and Issues							
Media Relations staff							
Changes to the Measure							
None							

Goal 2: A leader in innovative business and people practices.

The Bureau recognizes its dependence upon the support and professionalism of a highly skilled and knowledgeable workforce. By attracting, retaining and developing staff, government will develop a team of qualified communications professionals dedicated to the delivery of top-notch communications services and a team of qualified, specialized staff to support them. Over the coming years, the Bureau will pursue additional opportunities to provide its employees with recognition, support and career opportunities.

Objective 1: Performance focused workforce.

Performance Reviews and Employee Performance and Development Plans: EPDPs provide an important linkage between the activities of individuals, their business unit and the organization as a whole. Identifying performance expectations within EPDPs also supports greater accountability and improves communication between staff and supervisors.

Performance Measure:

Performance will be measured by identifying the percentage of staff with EPDPs in place commencing 2005/2006.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of staff with a formal performance review (i.e., EPDP) in the last year.	N/A	N/A	N/A	TBD	Data unavailable	Data unavailable	Unknown
Selection Rationale Formal Performance Reviews including the development of Employee Performance Development Plans (EPDPs) provide an important linkage between the activities of individuals and the strategic direction of their business unit and the ministry as a whole. Identifying performance expectations within EPDPs also supports greater accountability and improves communication between staff and supervisors. Finally, the EPDP exercise also provides staff with an opportunity to explore their personal growth and development objectives.							
Variance Explanation No variance — baseline to be established.							
Data Sources This measure is a core question in the Work Environment and Employee Engagement Survey distributed to staff. The survey is delivered electronically, analyzed and reported by BC Stats using E-Surveyor software. Limitations of the data: Data unavailable at this time.							
Changes to the Measure Internal measure that will not appear in 06/07 Service Plan.							

Objective 2: Learning and Innovative Organization.

Government has moved to a model focused on flexibility, evidence-based risk taking and accountability for results. This shift requires a knowledgeable and innovative workforce. The Bureau will actively encourage the development of new skills based on formal and non-traditional learning opportunities.

Performance Measure:

Providing staff with additional learning opportunities will increase skill capacity within the Bureau, benefiting our employees and enhancing the quality of our services. Performance will be measured by surveying staff to determine the percentage of staff that agrees that learning and development opportunities are available.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	Variance	Target Met?
Percentage of staff who agree they have adequate opportunities to develop their skills.	N/A	N/A	N/A	TBD	Data unavailable	Data unavailable	Unknown
Selection Rationale Providing staff with ongoing learning and development opportunities will enhance the quality of service and improve staff retention.							
Variance Explanation No variance — baseline to be established.							
Data Sources This measure is a core question in the Work Environment and Employee Engagement Survey distributed to staff. The survey is delivered electronically, analyzed and reported by BC Stats using E-Surveyor software. Limitations of the data: Data unavailable at this time.							
Changes to the Measure Internal measure that will not appear in 06/07 Service Plan.							

Report on Resources

Resource Summary

The Public Affairs Bureau ended the 2005/2006 fiscal year with a \$9.434 million surplus largely attributable to lower than anticipated spending on government advertising. The pre-election advertising ban, the election itself and the subsequent restructure of government and changes in Cabinet assignments resulted in reduced advertising activities.

Core Business Areas	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Public Affairs Bureau	34,358		34,358	24,924	9,434
Total	34,358		34,358	24,924	9,434
Full-time Equivalents (FTEs)					
Public Affairs Bureau	201		201	197	4
Total	201		201*	197	4
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Public Affairs Bureau	485		485	153	332
Total	485		485	153	332

* Updated on August 16, 2006.

Annual Report Appendices

Appendix 1 — Significant Service Plan Changes

The Public Affairs Bureau recognizes that all goals and performance measures reported in the *2005/06–2007/08 Service Plan Update September 2005* are important; however, focusing on our external performance measures will allow the Bureau to better define its success in achieving its goals and objectives.

The following internal goal and associated performance measures have been removed in the 2006/07–2008/09 Service Plan:

Goal 2: A leader in innovative business and people practices.

1. Percentage of staff with a formal Performance Review.
2. Percentage of staff who agree they have adequate opportunities to develop their skills.

The following goal and performance measures have been added to the 2006/07–2008/09 Service Plan:

Goal 1: Inform citizens of government policies, programs and services.

1. Percentage of major communications plans/campaigns with evaluation mechanisms.
2. Performance monitoring to be undertaken with client ministries.
3. In partnership with ministry program staff provide timely briefings to ministers on emerging issues.

In addition, changes have been made to the performance measure included in the 2006/07–2008/09 Service Plan regarding responses to media enquiries. By analyzing callback rates we will have a better understanding of where improvements are needed making the performance measure more meaningful.