



# Department of Finance

Annual Report  
2013-2014



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The Honourable Jocelyne Roy-Vienneau

Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of the Department of Finance, Province of New Brunswick, for the fiscal year April 1, 2013, to March 31, 2014.

Respectfully submitted,



Hon. Roger Melanson  
Minister of Finance

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Minister of Finance

Sir:

I am pleased to be able to present the Annual Report describing operations of the Department of Finance for the fiscal year 2013-2014.

Respectfully submitted,



Jean-Marc Dupuis  
Deputy Minister

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# Minister's Message

The mission of the Department of Finance is to support the management of the public finances of the Province in the best interests of New Brunswick.

The Department of Finance has continued to lead by example, undertaking continuous improvement projects to reduce the costs of our operations. The dedication of our employees to the day-to-day operations of the department while working on special projects and initiatives is a testament to the professional calibre of the department.

This annual report describes the operations, challenges and achievements of the Department of Finance for 2013-2014, with a focus on the strategic vision of the department. We will continue to build on the successes of continuous improvement to increase efficiency and lead the way in reducing the overall costs of government.

Hon. Roger Melanson  
Minister of Finance



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# Deputy Minister's Message

This year is the third year the department of Finance participated in Performance Excellence, and we continue to see an impact, both on expenditure management and in the efficiency of our processes and projects.

The department remained focused on complex, multi-year initiatives which require a significant investment in research, stakeholder input, external advice and the management of resources. This year the department focused on many key files, which are covered in this document. The 2013-2014 budget results speak to the work the department and its staff has done.

Our success relies on the talent and dedication of our employees. The department has embraced the challenges of becoming a performance-based organization, and we will continue to invest in our employees and the strategic initiatives which will help us achieve our operational and government-wide goals.

Jean-Marc Dupuis  
Deputy Minister

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# Highlights

The department monitored expenditures throughout the year in 2013-2014, presenting regular updates to government and the public through quarterly financial reports.



Fiscal Policy coordinated the development of the new *Fiscal Transparency and Accountability Act*, which provides for increased transparency, accountability, and responsible management of the province's finances.



Work was completed to reform the pension plans for the public service, teachers and Members of the Legislative Assembly. The reforms have resulted in more sustainable, affordable and secure pension plans, while respecting intergenerational equity. A total of five public sector pension plans have now been reformed.



Revenue and Taxation introduced new legislation allowing for a substituted service mechanism to address over five hundred delinquent property tax accounts for which no owner could be personally served. It is anticipated that property tax recoveries under this initiative will exceed \$4 million.



The Treasury Division was \$2.1 million under budget in Service of the Public Debt.



The department coordinated the development and preparation of the 2013-2014 Capital Budget and Multi-Year Capital Plan. The publication of a multi-year plan is intended to increase transparency by outlining the Province's capital expenditure projections not only for the year ahead, but the following two years as well.



The Fiscal Policy and Revenue and Taxation divisions worked together with the Department of Energy and Mines to develop new royalty regimes for oil and natural gas, and for potash that are competitive and investment friendly, and that maximize the return to the province without discouraging development.



Continuous improvement efforts for the Department of Finance have resulted in \$1,096,998 in savings or increased cash flow in 2013-2014.



The Office of the Comptroller took a lead role in ensuring departments and senior management were aware of changes to the Public Sector Accounting Standards, which have a significant impact on the reporting of government operations through the financial statements.



The department developed 64 Memoranda to Executive Council and processed 21 requests made under the *Right to Information and Protection of Privacy Act*, 12 regulatory changes and 19 legislative changes.



The department was a leader in the Smart Regulation initiative and achieved a 20 per cent reduction of regulatory obligations.

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# Strategic Priorities

## Strategy Management

The Government of New Brunswick (GNB) has implemented a formal management system built on leading business practices to develop, communicate and review strategy. This process provides the public service with a proven methodology in both public and private sectors to execute strategy.

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

## The Perspectives of the Strategy Map

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

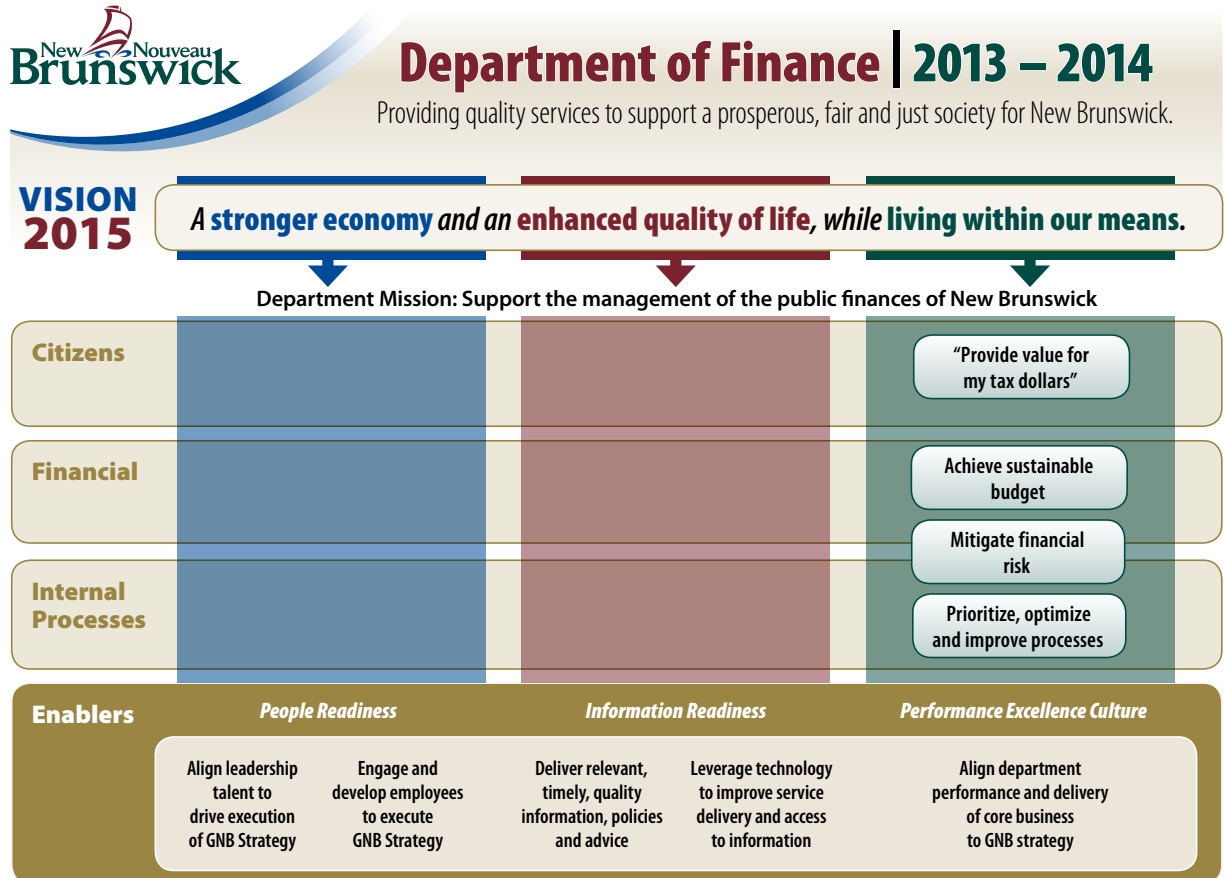
The **financial perspective** addresses the financial requirements needed to sustainably support the commitment to citizens, stretching across all three themes of the vision. The financial perspective focuses on supporting the private sector to stimulate growth, ensuring the government lives within its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

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

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

## Department of Finance Strategy Map

The Department of Finance was one of the first departments to participate in the performance excellence process. This process is part of a cultural change to increase efficiency and accountability, improve services to the public, and streamline administration. The strategy map below is a blueprint for describing, measuring and aligning the department's focus. It provides the link with the strategic themes of the Government of New Brunswick and outlines the department's priorities for 2013-2014. All projects undertaken by the department each year align to one of the strategic themes set out by the province.



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

# Performance Measures

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

Objectives:	Measures
<b>Strategic Theme: Living Within Our Means</b>	
Achieve sustainable budget	Ratio of actual to Finance budgeted expenditures
	Ratio of actual to GNB budgeted expenditures
Mitigate financial risk	Number of pension plans converted to the new Shared Risk Model
Prioritize, optimize and improve processes	Dollars achieved through continuous improvement
<b>Enablers (HR, IT, Performance Excellence Culture)</b>	
Engage and develop employees to execute GNB strategy	Number of processes documented and Key Performance Indicators developed
	Number of employees that participated in continuous improvement training and/or initiatives
Deliver relevant, timely, quality information, policies and advice	Percentage of Office of the Comptroller recommendations implemented by departments
	Percentage of milestones met on priority initiatives
Leverage technology to improve service delivery and access to information	Number of milestones met on priority technology initiatives

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## Living Within Our Means: Achieve sustainable budget

### Measure:

Ratio of actual to Finance budgeted expenditures

### Description of measure:

This measure focuses on controlling and managing expenditures in order to meet the Finance fiscal year budget. This measure includes budget reductions associated with government renewal, procurement, IT, attrition and continuous improvement initiatives.

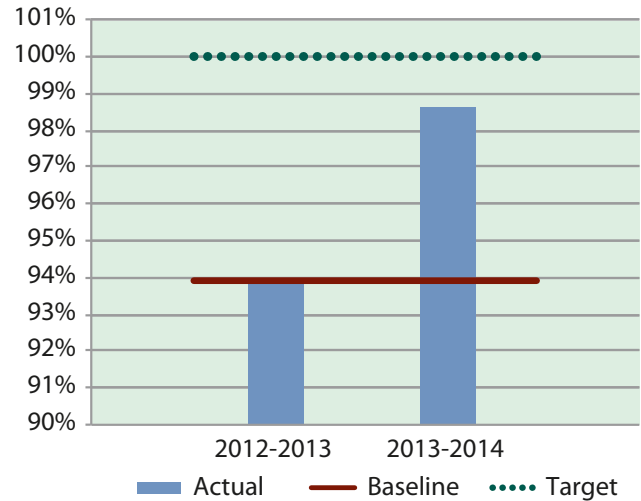
### Overall performance:

In 2013-2014, the Department of Finance came in under budget by \$294,933, exceeding our stretch target.

**Baseline:** 93.9 per cent (\$1,235,000 under budget)

**Target:** 100 per cent

**Actual:** 98.6 per cent (\$294,933 under budget)



### Why do we measure this?

Expenditures need to be carefully tracked and monitored to ensure Finance does not exceed its annual budget allocation.

### What projects were undertaken in 2013-2014 to achieve the outcome?

Savings were achieved through:

- Attrition
- Waste walks
- Strategic filling of vacancies

# Living Within Our Means: Achieve sustainable budget

**Measure:**

Ratio of actual to GNB budgeted expenses

**Description of measure:**

This measure is calculated by taking the actual expenses in 2013-2014 and dividing by budgeted expenses.

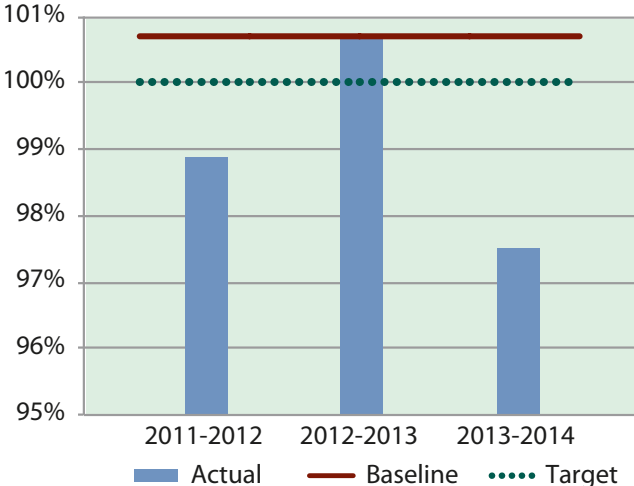
**Overall performance:**

Actual expenses in 2013-2014 were \$8.3 billion, \$210.4 million under budgeted expenses of \$8.5 billion. This resulted in a ratio of actual to budgeted expenses of 97.5 per cent, or 2.5 per cent under budget.

**Baseline:** 100.7 per cent (2012-2013 result)

**Target:** 100.0 per cent

**Actual:** 97.5 per cent



**Why do we measure this?**

This indicator measures government’s ability to manage its overall spending as compared to budget. The ratio will exceed 100 per cent when spending is over budget and be below 100 percent when spending is under budget.

**What projects were undertaken in 2013-2014 to achieve the outcome?**

Actual expenses in 2013-2014 were \$210.4 million lower than budget. Most of the under-expenditure occurred in central government due to lower than budgeted pension expense, general government expenses, and provision for losses.

A decrease in departmental spending throughout government contributed to lower than budgeted expenses in a number of areas, including Health, Social Development, and Economic Development.

These decreases were offset by higher than budgeted expenses in other areas such as Education and Training and Transportation and Infrastructure.

Actual expenses in 2013-2014 were also \$33.2 million lower than in the previous fiscal year.

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## Living Within Our Means: Mitigate financial risk

### Measure:

Number of pension plans converted to the new Shared Risk Model

### Description of measure:

The Province has an objective to reform all its defined benefit pension plans.

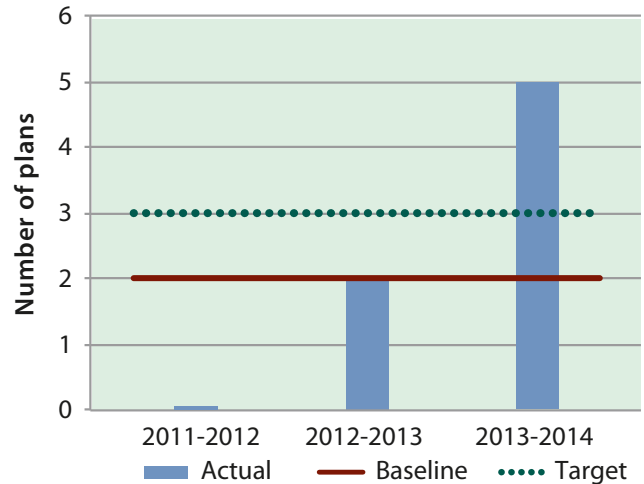
### Overall performance:

The target of converting three plans was exceeded, with two additional pension plans also reformed.

**Baseline:** 2 plans

**Target:** 3 plans

**Actual:** 5 plans



### Why do we measure this?

The former defined benefit pension plans placed all the risks with the Province. The pension plans were not sustainable, secure or affordable. Credit rating agencies and investors have been increasingly focussed on unfunded pension liabilities and the impact on the fiscal framework.

For these reasons, a shared risk framework was developed and is being implemented.

### What projects were undertaken in 2013-2014 to achieve the outcome?

In 2013-2014, work was completed to convert the Public Service Superannuation and Members pension plans to a shared risk pension model. The Teachers' Pension Plan was also reformed to a risk-managed pension.

The process required extensive analysis, collaboration with six unions, information sessions with non-bargaining employees, elected officials and retirees. Once a framework was agreed to, legislation was required to put the reforms into effect.



# Living Within Our Means: Prioritize, optimize and improve processes

**Measure:**

Dollars achieved through continuous improvement

**Description of measure:**

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

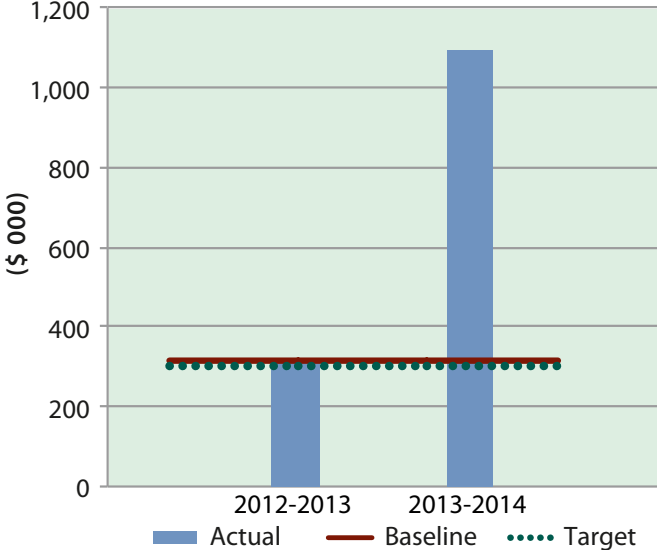
**Overall performance:**

By the end of 2013-2014, the Department of Finance realized \$1,096,998 in savings or increased cash flow through formalized continuous improvement efforts.

**Baseline:** \$314,376 (2013 result)

**Target:** \$300,000

**Actual:** \$1,096,998



**Why do we measure this?**

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

**What projects were undertaken in 2013-2014 to achieve the outcome?**

The following projects\* assisted in meeting departmental continuous improvement targets:

- *Administrative Monetary Penalties* – streamlined and standardized processes to ensure penalties were collected within a one-year timeline.
- *Student Loan Debt* – improved processes associated with the collection of outstanding student loan debt held by GNB employees.
- *Telecommunications Project* – improved management processes, tightened monitoring controls, cancelled unused phone lines and reviewed all phone plans for cost efficiency.
- *MEC Decision-making Process* – streamlined processes and improved processing time associated with Cabinet and Policy & Priorities submissions.
- *Cash Management at the Regional Health Authorities and FacilicorpNB* – improved process to reduce excess borrowing costs.

\*Several of these projects were undertaken in 2012-2013, but since project results are monitored for 12 months, the projects also contributed to the 2013-2014 measure.

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## Enablers: Engage and develop employees to execute GNB Strategy

### Measure:

Number of processes documented and Key Performance Indicators (KPIs) documented

### Description of measure:

This measure tracks the number of departmental processes that have been visually mapped and that have performance metrics defined where appropriate.

### Overall performance:

By the end of 2013-2014, the Department of Finance had mapped 16 processes, exceeding its target of 13.

**Baseline:** New measure

**Target:** 13 processes

**Actual:** 16 processes

### Why do we measure this?

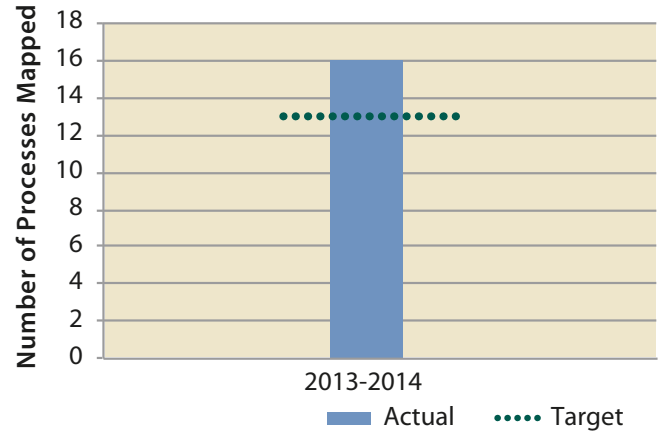
Documenting process and performance metrics reduces business continuity risk, improves processes, increases accountability to metrics, and engages employees.

### What projects were undertaken in 2013-2014 to achieve the outcome?

As part of a pilot, the continuous improvement unit developed and delivered training on process mapping and KPI development. This training was delivered to divisional teams throughout Finance.

Each division mapped at least one process. Divisions then, where appropriate, developed KPIs to monitor the ongoing effectiveness and efficiency of their processes.

The pilot was evaluated as a huge success by participants and as a result, process mapping and KPI development will continue in fiscal year 2014-2015.



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## Enablers: Engage and develop employees to execute GNB Strategy

### Measure:

Number of employees that participated in continuous improvement training and/or initiatives

### Description of measure:

Tracks the number of departmental employees who participated in formal continuous improvement training and/or in a formal Lean Six Sigma (LSS) project. The objective was to engage and develop employees in continuous process improvement methods. This measure is cumulative, and counts individual employees who have participated in training and projects since the implementation of LSS in 2012.

### Overall performance:

By the end of 2013-2014, 81 employees from the Department of Finance actively participated in LSS training or projects, exceeding our target of 78.

**Baseline:** 56 employees

**Target:** 78 employees

**Actual:** 81 employees

### Why do we measure this?

By tracking the number of participants, we ensure a wide range of employees are exposed to LSS concepts, promoting the culture of continuous improvement within government.

### What projects were undertaken in 2013-2014 to achieve the outcome?

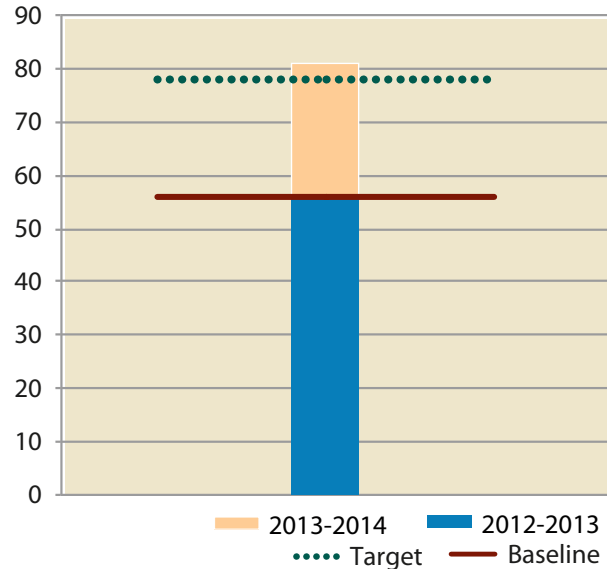
Departmental employees participated in the following LSS projects and/or training:

#### 2013-2014 Projects:

- Cash Management
- Public Accounts Volume 1
- Executive Correspondence
- Process Mapping

#### 2013-2014 Training:

- Black Belt
- Waste Walk
- Process Map
- Quality Management
- Lean Six Sigma Financial Tracking
- Green Belt
- Project Champion
- Process Owner



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## Enablers: Deliver relevant, timely, quality information, policies and advice

### Measure:

Percentage of Office of the Comptroller recommendations implemented by departments

### Description of measure:

The percentage of recommendations which have been implemented, or which have implementation plans that are on target.

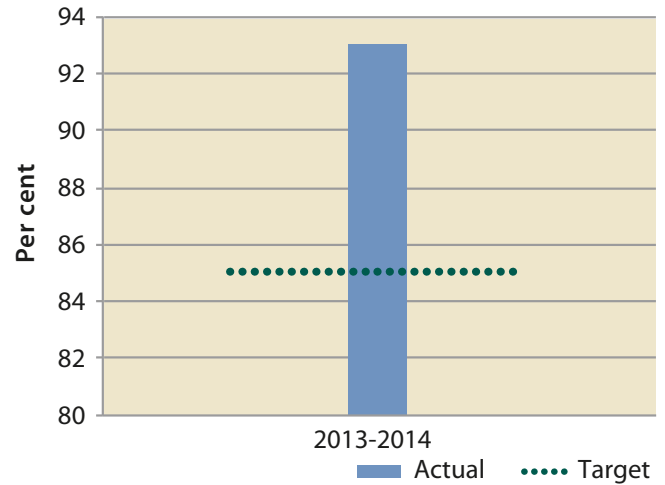
### Overall performance:

Implementation of Office of the Comptroller recommendations exceeded target and stretch in every quarter.

**Baseline:** New measure

**Target:** 85 per cent

**Actual:** 93 per cent



### Why do we measure this?

One goal of the Office of the Comptroller is to provide analysis-based recommendations to promote improved controls and efficiencies in the operations of the Government of New Brunswick. Measuring the level of implementation not only shows that recipients of the recommendations are making the suggested changes to improve controls and efficiencies, but it also provides an indication that the recommendations being made are considered relevant.

### What projects were undertaken in 2013-2014 to achieve the outcome?

During the year, recommendations and the status of their implementation were tracked. All communications to clients clearly indicated that the status of the implementation of each recommendation was being tracked for the purpose of reporting. The communication also requested that clients report back on the status of the recommendations within a specified period of time. The Office of the Comptroller followed up on all outstanding responses from clients.

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## Enablers: Deliver relevant, timely, quality information, policies and advice

### Measure:

Percentage of milestones met on priority initiatives

### Description of measure:

The department tracked the percentage of milestones met on priority projects on a quarterly basis.

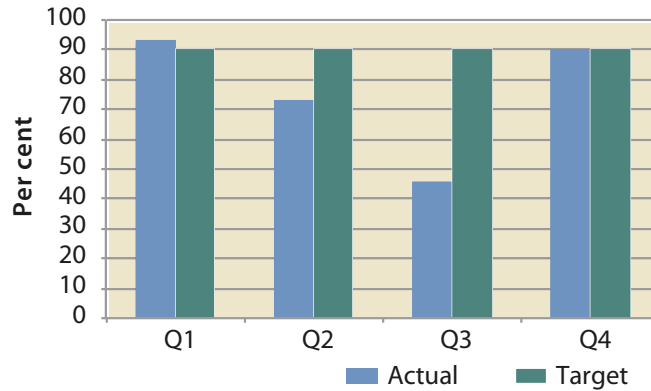
### Overall performance:

While the target of 90 per cent of milestones met was achieved in two out of four quarters, all projects continued to advance.

**Baseline:** N/A

**Target:** 90 per cent of milestones met

**Actual:** Achieved in two out of four quarters



### Why do we measure this?

The department has numerous high priority projects many of which are complex, multi-faceted and depend on the cooperation and participation of many stakeholders. With the implementation of the Performance Excellence initiative, the department felt that many of its significant policy and operational development projects should be tracked and reported on in the departmental report. This measure was developed to ensure that projects with multiple stakeholders were monitored to ensure delivery of results.

### What projects were undertaken in 2013-2014 to achieve the outcome?

A sample of the projects tracked under this measure include:

- Development of transparency and accountability in election commitments and new balanced budget legislation;
- Development of a new strategic plan for the Office of the Comptroller;
- Review of the natural resource royalty regimes;
- Revenue sharing and gaming strategy review; and
- Development of a government-wide strategy for revenue opportunities.

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## Enablers: Leverage technology to improve service delivery and access to information

### Measure:

Number of milestones met on priority technology initiatives

### Description of measure:

Tracks the progress of key technology projects by monitoring the completion dates of significant project milestones.

### Overall performance:

All three priority technology projects met their targeted milestones. The three projects included:

1. Property Tax Modernization
2. International Fuel Tax Agreement (IFTA) Return Processing Solution
3. Oracle Financials Disaster Recovery Solution

**Baseline:** New measure

**Target:** 5 project milestones met

**Actual:** 5 project milestones met

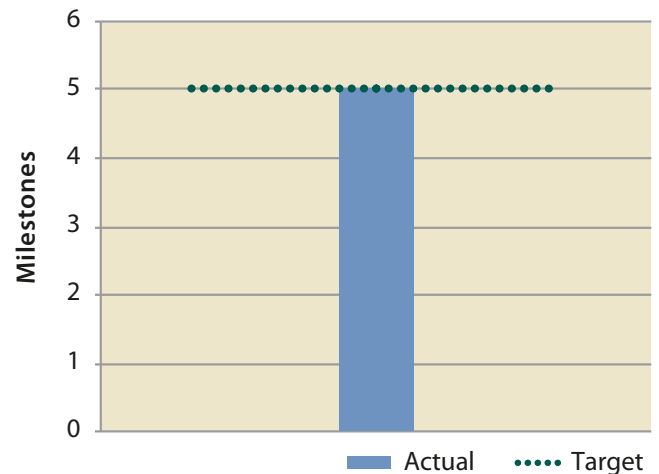
### Why do we measure this?

This measure clearly identifies the business priorities for technology projects and communicates the expected completion dates for significant milestones. This measure helps to ensure long-term technology projects remain on schedule.

### What projects were undertaken in 2013-2014 to achieve the outcome?

The following priority technology projects were tracked under this measure:

1. **Property Tax Modernization**  
Work continued on a multi-year project to develop a new property tax system.
2. **IFTA Return Processing Solution**  
Work was started on a system to process IFTA forms.
3. **Oracle Financials Disaster Recovery Solution**  
Improvements were made to the process for restoring operations of the Oracle Financials system after a failure.



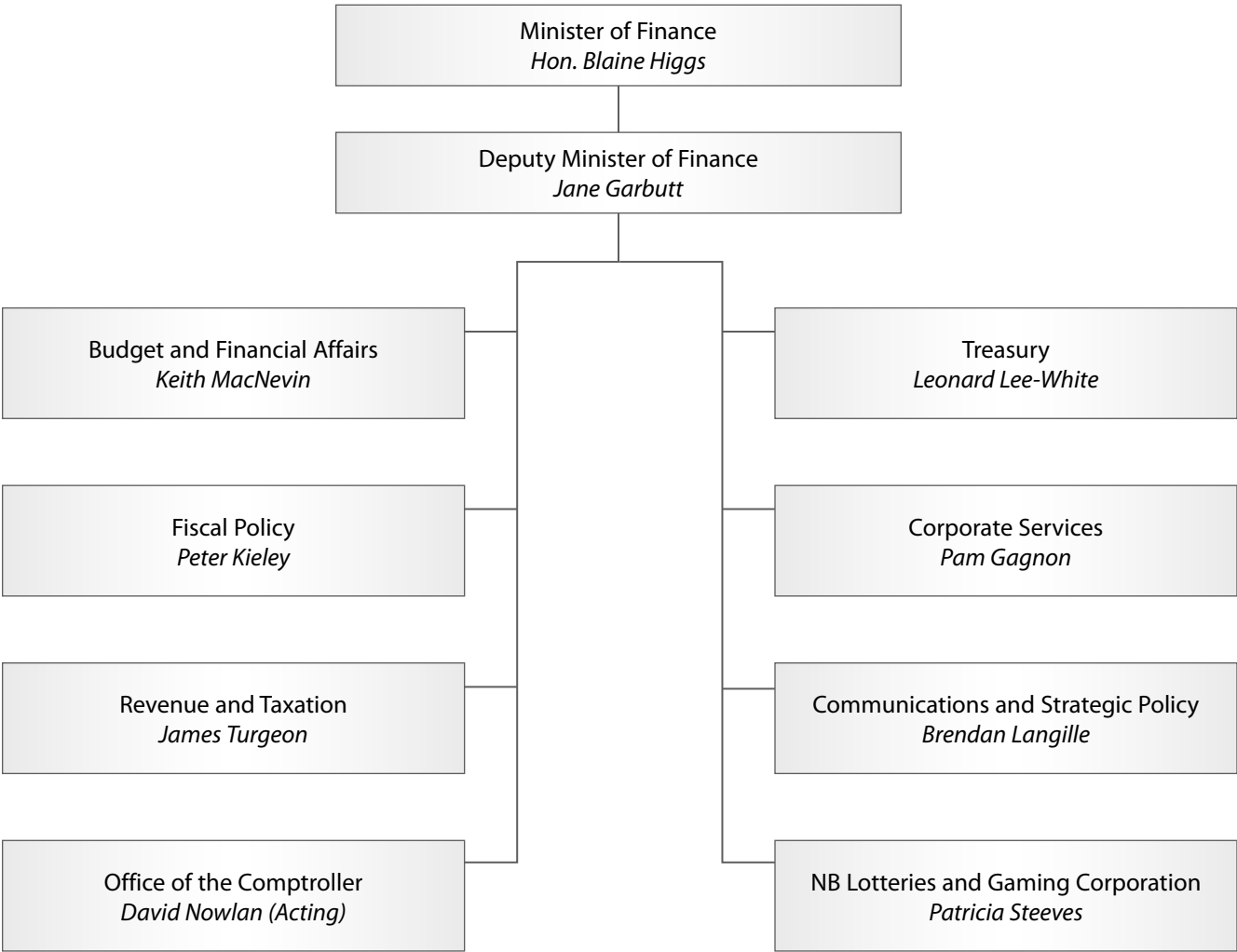
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# Overview of Departmental Operations

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

In 2013-2014, the department employed up to 195 individuals on a full time, casual or contract basis. The department employed 199 individuals in 2012-2013.

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



(As of March 31, 2014)

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## Budget and Financial Affairs

The mission of the **Budget and Financial Affairs** division is to promote the effective and efficient use of the financial resources of government and to provide secretariat services to the Board of Management. This is achieved through two core business areas: budget preparation and expenditure monitoring, and Board of Management secretariat services.

### Budget and Expenditure Monitoring

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

### Board of Management Operations

The division provides secretariat services to the Board of Management and acts as the liaison between the board and all government departments and agencies. Employees of the division consult with departments and agencies on issues that are to be brought to the attention of the board. These issues are analyzed to assess financial and human resource implications and to determine any additional information that board members may require to make informed decisions. The chair of the Board of Management is the Minister of Finance and the secretary of the board is the Deputy Minister of Finance.

#### Highlights

The division coordinated the preparation of the 2014-2015 budget tabled on February 4, 2014, including the 2014-2015 Capital Budget, the Multi-Year Capital Plan, and the expenditure portion of the 2014-2015 Main Estimates and Multi-Year Plan.

Secretariat services were provided for more than 60 Board of Management meetings throughout the year, resulting in almost 260 decisions being issued to departments and agencies of government.



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## Communications and Strategic Policy

The **Communications and Strategic Policy** branch has two primary objectives:

1. To communicate the Department of Finance's initiatives to the public and to departmental staff; and
2. To provide leadership and coordination for major legislation and policy initiatives developed by the operational divisions of the Department of Finance.

Communications and strategic policy is responsible for:

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

### Highlights

The branch provided communications support for major government initiatives, including pension reform, the provincial budget, the *Fiscal Transparency and Accountability Act*, the release of annual financial statements, quarterly economic and fiscal reports, and the government's Performance Excellence initiative.

The *Annual Report on Fees* was prepared and tabled.

The branch participated with Corporate Services in a project led by the Executive Council Office to create a new corporate annual report template and policy.

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## Corporate Services

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

The **Financial Services Branch** is responsible for ensuring that annual budget development is consistent with the policies, priorities and spending targets defined within the government's fiscal framework. The branch provides accounting services, financial advice, procurement and contract management, analysis and control functions, asset and risk management and financial monitoring and reporting services.

The **Human Resources Branch** is responsible for the delivery of comprehensive strategic human resource services including: resource planning and advisory services, employee relations, learning and organizational development, recruitment and retention, workplace health and wellness, employee recognition and official languages/ second language training.

The **Information Management and Technology Branch** is responsible for the effective and secure use and management of technology and information. It works closely with clients to develop or procure solutions to meet their business needs and provides ongoing maintenance and support for more than 60 business systems, including the corporate Financial Information System.

The **Continuous Improvement Unit** is responsible for leading the development, implementation, progress monitoring and communication of the department's Strategy Map, Balanced Scorecard and SOMIA (a listing of strategic projects), maturing the culture of performance excellence within Finance as well as overseeing the Lean Six Sigma process improvement team.

### Highlights

The Information Management and Technology Branch, in partnership with the Revenue and Taxation Division, continued the development of a modernized property tax system. It started work on a computerized system for processing International Fuel Tax Agreement returns and implemented a system to process cheques received from the public.

The Financial Services Branch ensured the department was under budget and that an in-year reduction target of \$250,000 was achieved.

The Human Resources Branch met its three-year attrition target, saving \$600,000. The branch also commenced work on a talent optimization strategy for the Department of Finance.

The Continuous Improvement Unit facilitated many Lean Six Sigma process improvement projects in the Department of Finance and throughout Part 1 of government. In addition, the team delivered orientation sessions to Finance staff on Lean Six Sigma concepts as well as process mapping and waste walk training.

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## Fiscal Policy

The **Fiscal Policy Division** provides policy advice, analysis and information in regards to fiscal and budget policy, intergovernmental fiscal relations and the economy. The division has responsibility in the development and monitoring of the budget plan and multi-year fiscal framework, co-ordinates the preparation and production of the annual budget speech, fiscal and economic reports, and monitors and reports on the province's economic performance. The division also has responsibility for federal-provincial consultations with respect to programs under the *Federal-Provincial Fiscal Arrangements Act* and the Canada Pension Plan.

The **Fiscal Policy and Revenue Branch** contributes to the protection of the Province's financial interests by providing policy advice, analysis and information with respect to intergovernmental fiscal relations. The branch has key responsibilities in regards to the multi-year fiscal framework and provincial budget, preparation of the budget speech, fiscal and economic reports, monitoring the budget plan, and coordinating the government's overall revenue forecast. It is involved in intergovernmental consultations on major federal transfer programs, including equalization, health and social program transfers, and in the ongoing maintenance of such programs, as well as intergovernmental consultations on the Canada Pension Plan.

The **Economic and Statistical Analysis Branch** undertakes economic forecasting, monitoring and analysis, including support to departments of government. The branch also provides socio-economic and demographic research, analysis and information services to government. The statistical function of the branch is conducted under the *Statistics Act* through the focal point office.

### Highlights

Under the direction of premiers via the Council of the Federation, the division worked collectively with provincial-territorial governments on issues such as modernization of fiscal arrangements and retirement income adequacy.

The division contributed to the development of departmental and corporate balanced scorecard measures.

The division coordinated the development of the new *Fiscal Transparency and Accountability Act*, which provides for increased transparency, accountability, and responsible management of the province's finances.

The division continued to provide support to government in fiscal, federal-provincial, economic and statistical issues.

The division improved internal processes by automating the maintenance of Statistics Canada economic data releases.

## New Brunswick Lotteries and Gaming Corporation

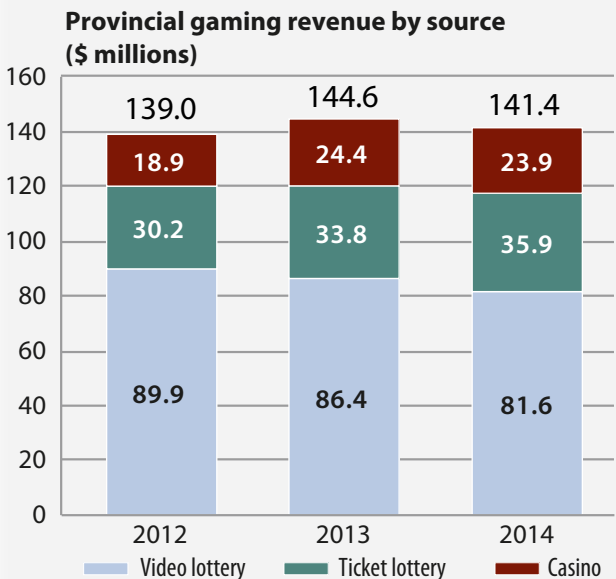
The New Brunswick Lotteries and Gaming Corporation (NBLGC) is a small crown corporation within the department, and is the business entity for provincial gaming. As such, the NBLGC manages the service provider agreement with the casino operator, and is the Province's shareholder in the Atlantic Lottery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

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

In fiscal 2013-2014, provincial gaming activities generated over \$141 million in revenue.

### Highlights

The division undertook an extensive review of the current revenue-sharing arrangements including an analysis of their efficacy, the extent to which the arrangements were aligned with the GNB strategy as well as their sustainability, fairness and predictability. This work also included the development of options for alternative funding mechanisms. These findings were presented to government for its consideration.



The NBLGC piloted the department's process mapping initiative and successfully mapped four of its operating procedures.

The Responsible Gaming Information Centre services at Casino New Brunswick were renewed through a competitive RFP process.

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## Office of the Comptroller

The **Office of the Comptroller** provides leadership in accounting and internal auditing services to various government organizations to encourage the effective management of government resources.

The **Comptroller** is the chief accountant and internal auditor for the Province of New Brunswick. The Comptroller reports to the Deputy Minister of Finance and is required under the *Financial Administration Act* to:

- control the processing of all accounting transactions relating to the operations of the Consolidated Fund of the Province and report on the results of these operations on behalf of the Minister of Finance; and
- provide assurance that management systems, procedures and internal controls operate economically and efficiently and that program results are achieved through effective compliance with established legislative authority, policies, plans and regulations.

The Office of the Comptroller is divided into three sections: Administrative Services, Accounting Services and Audit and Consulting Services.

The **Administration Services Section** of the Office of the Comptroller is comprised of the Comptroller and administrative support. This section gives overall direction to the Office in carrying out the legislated responsibilities of the Comptroller. In addition, this section provides secretarial and filing support for the Office.

The primary responsibility of the **Accounting Services Section** of the Office of the Comptroller is the preparation of the annual financial statements of the Province, including the publication of both volumes of the Public Accounts and supplemental information on the department's web site.

Accounting Services provides accounting advice to departments, Board of Management staff and government agencies; provides interpretation of emerging accounting standards and their impact on the Province; provides information for the prospectus for government of New Brunswick bond issues; and operates and maintains the corporate financial information system.

The **Audit and Consulting Services Section** of the Office of the Comptroller assists government in managing public resources by providing various internal assurance and consulting services, as well as identifying opportunities for operational efficiencies and cost savings at the request of the departments and central agencies. Types of assurance reviews include: financial audits, compliance audits, information systems audits, operational (performance) reviews, and forensic accounting reviews.

### Highlights

The Office of the Comptroller engaged in a strategic review to develop a vision and strategy to be a business leader by providing insight into the government's operations through:

- Effective leadership of governance and risk management processes;
- Leading in matters relating to accounting policies, controls and assessment of financial impacts;
- Facilitation of cross-departmental collaboration.

A Lean Six Sigma project was implemented to improve the annual financial reporting processes. This contributed to the office's ability to issue the annual consolidated financial statements for the Province sixty days prior to the election, as required by the *Fiscal Transparency and Accountability Act*.

The office provided an evaluation and implementation of reporting requirements for the Shared Risk Pension Plans in accordance with Public Sector Accounting Standards. New Brunswick is leading Canada as the first province to establish pension plans using these structures. We are the preeminent example to the accounting profession and other governments.

Assistance was provided to departments with respect to internal reporting of balanced scorecard results.

Assistance was provided to government in reporting of senior executive travel expenses online with the goal of increased transparency.

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## Revenue and Taxation

The **Revenue and Taxation Division** provides advice, information, and recommendations with respect to the analysis, design and implementation of the Province's tax policies. It assures fair, effective and efficient administration of tax and regulatory programs. It also offers policy and information in respect of federal-provincial-territorial tax policy relations. It participates on a number of inter-jurisdictional committees on issues of common interest and works in close collaboration with the Canada Revenue Agency (CRA). The Revenue and Taxation Division is made up of the Tax Policy Branch, the Office of the Tax Commissioner, and the Program Delivery Branch.

The **Tax Policy Branch** researches and analyzes tax policy issues. It develops options, provides information, advice and recommendations, and implements legislative measures in support of the government's tax policy priorities. The policy work of the branch includes all areas of taxation: income tax (corporate and personal); consumption taxes (HST, gasoline and motive fuel, tobacco); property tax, and other taxes.

The **Office of the Tax Commissioner** ensures legislative compliance of assigned revenue and taxation statutes associated with real property and consumption taxes. Key responsibility areas include the analysis of tax application issues, provision of interpretations and advice, and the development of legislative amendment proposals. The Audit and Investigation Services section, within the Office of the Tax Commissioner, provides audit, assurance and refund verification functions, as well as education, inspection, and information regarding program services. The section provides compliance monitoring of business activities under the assigned acts, both within the Department of Finance, and on behalf of other government departments and agencies. Also, the review and assurance of tax collection by the CRA, on behalf of the Province, falls within the mandate of Audit and Investigation Services.

The **Program Delivery Branch** is responsible for the effective delivery of assigned revenue and taxation programs associated with real property and consumption taxes. The key responsibility areas include registration and licensing of businesses; billing and collection of real property taxes; processing of tax returns and refund claims; accounting functions related to revenues; development and implementation of legislative amendments; and provision of critical program support and expert advice relative to the administration of tax programs.

### Highlights

The five-year Gemini project (the replacement of the Property Tax Information System) has entered its fourth year. The project continues to be under budget by approximately \$5 million, and is on schedule. The implementation of the first release is planned for January 5, 2015, with the second release to follow in the fall of the same year.

The division worked with Fiscal Policy and the Department of Energy and Mines to develop new royalty regimes for potash and for oil and natural gas.

See Tables 2 and 3 for detailed information on the activities of Audit and Investigation Services and the Tax Accounting, Refunds and Financial Analysis Section.

The Division successfully launched the Account Reconciliation Program with a goal of collecting more than \$10 million in overdue property tax receivables. The program was very successful and following the issuance of approximately 35,000 letters its goal was exceeded by more than 40%.

The new IFTA (International Fuel Tax Agreement) Business Application Project is a three-year development project which processes the administrative functions of over 900 IFTA registered carriers and accounts for over \$50 million in fuel tax revenue. The project is in the "build" stage and the first phase launch is scheduled for the end of 2014.

The Division has launched a program to scan and retain documents electronically, and to date over 100,000 applications and documents have been scanned and stored electronically in Records Management.

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## Treasury

The **Treasury Division** is responsible for financing the Province and Crown corporations, managing the Consolidated Fund, investing and administering various dedicated funds and providing financial policy analysis and advice.

The **Capital Markets Branch** is responsible for long-term financing and liability management for the Province and various Crown corporations, investing and accounting for various dedicated funds and providing financial and accounting policy analysis and advice.

The **Banking and Cash Management Branch** is responsible for management and reconciliation of the cash flow for the Consolidated Fund and various dedicated funds, issuing treasury bills, negotiating and managing banking arrangements, operating Crown financing corporations, liaising with credit rating agencies and providing financial and accounting policy analysis and advice.

### Highlights

Work was completed to reform the pension plans for the public service, teachers and Members of the Legislative Assembly. A total of five public sector pension plans have now been reformed.

The division assisted in the integration of New Brunswick Electric Finance Corporation with the restructured New Brunswick Power Corporation, thereby streamlining processes and reducing costs by approximately \$80,000 per year.

A new banking service agreement was negotiated, resulting in improved services and savings of approximately \$10,000 per year for the term of the contract.

The division also took on responsibilities previously provided by a third-party vendor for a portion of the property tax payment processing without any additional costs.

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# Financial Information

## Table 1: Departmental Expenditure Status Report by Program/Primary

Fiscal Year Ending March 31, 2014

	Budget (\$000)	Actual (\$000)
Personal Services	14,431.2	12,725.2
Other Services	5,926.5	7,722.3
Materials and Supplies	237.1	99.4
Property and Equipment	228.6	132.6
Contributions and Grants	112.0	17.0
Debt and Other Charges	100.0	43.9
<b>TOTAL</b>	<b>21,035.4</b>	<b>20,740.4</b>



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## Table 2: Audit and Investigation Services

### Activity Volumes for 2013-2014

Program Activity or Service	Assignment Volume	Total
Audits	572	
Compliance Reviews and Inspections	356	
Investigations	267	
Educational Visits	441	
Delinquency Clearances	8	
Objections or Appeals	6	
Refunds	54	
Administrative Penalties	215	
Legal Actions and Roadside Checks	42	
<b>Subtotal</b>		<b>1,961</b>
Warnings and Fines		29
Other Jurisdictional Audit Reviews		425
<b>Total Volume</b>		<b>2,415</b>

## Table 3: Tax Accounting, Refund and Financial Analysis Unit

The following table lists the activities for 2013-2014 and the corresponding expenditures or revenues for the various tax and benefit programs administered by the Revenue and Taxation Division.

### Activity Volumes for 2013-2014

Number	Program or Service	(\$000)
24	Financial Corporation Capital Tax Refunds	1,800
1,523	Fuel Payments made by Collectors	255,600
2,688	Fuel Tax Refunds	27,100
72	Harmonized Sales Tax Refunds	4,800
47,470	Home Energy Assistance Program	4,500
31,231	Low-income Property Tax Allowance Adjustments (Jan. to Dec. 2013)	8,200
40,611	Low-income Seniors' Benefits	16,200
2	Multiple Sclerosis Assistance Program	5
9,369	N.B. Tuition Rebates	19,100
58,045	Provincial Vehicle Tax Payments	17,200
192	Provincial Vehicle Tax Refunds	76
16,361	Real Property Tax Certificates	393
577,544	Real Property Tax Payments	915,800
8,211	Real Property Tax Refunds	14,000
66	Property Tax Deferral Program for Seniors	9
100	Small Business Investor Tax Credits	5,800
307	Tobacco Payments made by Collectors	154,800
641	Tobacco Tax Refunds	17,800

# Summary of Staffing Activity

Pursuant to section 4 of the *Civil Service Act*, the Deputy Minister of the Department of Human Resources delegates staffing to each Deputy Head for their respective departments. Please find below a summary of the staffing activity for 2013-2014 for the Department of Finance.

The department advertised 21 competitions, including seven open (public) competitions and 14 closed (internal) competitions.

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

Appointment type	Appointment description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: <ul style="list-style-type: none"> <li>• a high degree of expertise and training</li> <li>• a high degree of technical skill</li> <li>• recognized experts in their field</li> </ul>	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	0
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	5
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part I, II (School Boards) and III (Hospital Corporations) of the Public Service.	16(1) or 16(1)(c)	2
Regular appointment of casual/ temporary employees	An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	6
Regular appointment of students/ apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

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# Summary of Legislation and Legislative Activity

**Received Royal Assent on June 21, 2013**

**Bill 51 – Chapter 18**

An Act to Amend the *New Brunswick Income Tax Act*

<http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1007&legi=57&num=3>

**Bill 52 – Chapter 19**

An Act to Amend the *Tobacco Tax Act*

<http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1008&legi=57&num=3>

**Bill 69 – Chapter 36**

*Loan Act 2013*

<http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1029&legi=57&num=3>

**Received Royal Assent June 5, 2013**

**Bill 70 – Chapter 2**

*Appropriations Act 2013-2014*

<http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1030&legi=57&num=3>

**Received Royal Assent December 13, 2013**

**Bill 11 – Chapter 44**

An Act Respecting the *Public Service Superannuation Act (PSSA)*

<http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1047&legi=57&num=4>

# Summary of Official Languages Activities

<b>Introduction</b>	The Department of Finance Official Languages Plan was developed based on the Government Plan on Official Languages introduced in 2011. These plans are part of an effort to advance the status of official languages and to ensure that the necessary measures are implemented in order to fulfill obligations under the <i>Official Languages Act</i> by 2013.
<b>Focus 1</b>	<p><b>Objective:</b> Implement the necessary measures to develop a work climate and environment conducive to the introduction of the Language of Work Policy.</p> <p><b>Strategies:</b></p> <ul style="list-style-type: none"> <li>• The department offered employee information sessions to promote the Language of Work Policy.</li> <li>• The department encouraged the adoption of designated French/English speaking days where employees are learning a second language.</li> <li>• The department encouraged employees to utilize their language of choice at work and to wear “I’m learning French/English speak to me” pins.</li> </ul>
<b>Focus 2</b>	<p><b>Objective:</b> Ensure employees are made aware of the advantages associated with being an officially bilingual province.</p> <p><b>Strategy:</b></p> <ul style="list-style-type: none"> <li>• As part of the language of work sessions, the department promoted the advantages of official bilingualism.</li> </ul>
<b>Ongoing Efforts</b>	<p>Some of the department’s ongoing efforts related to official languages included:</p> <ul style="list-style-type: none"> <li>• Maintaining a linguistic profile that enabled the delivery of all of our services in the client’s official language of choice.</li> <li>• Meeting all linguistic profile requirements.</li> <li>• Ensuring written and oral communications were in the client’s language of choice.</li> <li>• Conducting employee performance reviews in the employee’s language of choice.</li> <li>• Reviewing the Official Language Policies during the performance review process.</li> </ul>
<b>Conclusion</b>	The department ensured the ongoing promotion of Official Languages Policies and continued to offer quality services to clients in their language of choice. There were no official languages complaints received during the fiscal year.

# Summary of Recommendations from the Office of the Auditor General

2013 Auditor General's Report - Volume 2	Recommendations	
	Total	Adopted
Chapter 5 – Department of Finance – Collection of Accounts Receivable (5.49, 5.61, 5.105, 5.129 relating to collections and financial accounting of debts)	4	4*

\* Implementation of recommendations 5.105 and 5.129 was underway when the Collections function was centralized at Department of Government Services. NBISA is currently working towards incorporating these recommendations into their standard operating procedures.

2013 Auditor General's Report - Volume 3	Recommendations	
	Total	Adopted
Chapter 2 – Department of Supply and Services – Public-Private Partnership: Eleanor W. Graham Middle School and Moncton High School (2.31 – multi-year plans for capital estimates)	1	1