

Finance

Annual Report
2016–2017

Finance
Annual Report 2016-2017

Province of New Brunswick
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Transmittal Letters

From the Minister to the Lieutenant-Governor

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, 2016, to March 31, 2017.

Respectfully submitted,



Honourable Cathy Rogers
Minister

From the Deputy Minister to the Minister

Honourable Cathy Rogers
Minister of Finance

Madam:

I am pleased to be able to present the Annual Report describing operations of the
Department of Finance, Province of New Brunswick, for the fiscal year April 1, 2016,
to March 31, 2017.

Respectfully submitted,



Nicole Picot
Deputy Minister

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Minister's message

This past year has been successful and positive for New Brunswick as we continue to witness steady economic growth.

Our government has a plan to return balance to our finances by 2020-2021 while investing thoughtfully and strategically in the priorities of New Brunswickers. It is with pride that I share that this year we have again succeeded in reducing the deficit in a steady, responsible way. We are meeting our financial targets. Even more significant, we have been able to do so without making deep cuts to the programs that New Brunswickers hold dear.

This year, forecasters and private institutions alike have noted that New Brunswick is on the right track when it comes to the management of our finances. Since 2014, the Government of New Brunswick has cut the province's deficit by one-half, and we are on track to eliminate it by the 2020 budget. New Brunswick's economic growth hit a 10-year high in 2015 and surpassed expectations in 2016.

Also, this year our government proudly announced new tax-sharing agreements between the provincial government and the six Maliseet First Nation communities in New Brunswick, an announcement of which I was extremely pleased to be a part. The agreements aim to promote economic development and job creation in First Nation communities. First Nations contribute greatly to our province, and our government is committed to rebuilding that relationship.

In closing, I very much look forward to another year as Minister of Finance as our government remains committed to the path laid out in our fiscal plan. I would like to recognize the dedication and professionalism exhibited by the employees at the Department of Finance who work hard in support of New Brunswick families and communities every day. As a department, we are encouraged by our province's recent economic performance, and we will continue to build on this positive momentum.

A handwritten signature in black ink, appearing to read 'Cathy Rogers', with a large, sweeping flourish at the end.

Honourable Cathy Rogers
Minister of Finance

Deputy Minister's message

The team at the Department of Finance is committed to providing excellence in financial leadership, innovation and services in the best interests of New Brunswickers. We take pride in this important role, which is central to our government's priorities of job creation, fiscal responsibility and making life better for New Brunswick families.

This year has been one of positive change and renewed focus. A number of staff of the former Department of Finance moved to the newly created Treasury Board in the spring of 2016. The move was successful, and both departments continue to work closely together in support of the government's fiscal plan to return balance to our province's finances by 2020-2021.

With this change, the Department of Finance is responsible for tax and fiscal policy, revenue administration, Treasury Management, gaming policy and the New Brunswick Lotteries and Gaming Corporation, with continued oversight responsibilities for the Financial and Consumer Services Commission and the New Brunswick Liquor Corporation.

In March 2017, the Department of Finance launched its Strategy Refresh: FIN 2.0. This was an employee-driven exercise that saw the creation of a guiding team tasked with creating a new vision for the department. With input from co-workers, the team announced this new direction in June 2017. It is with pride that I share that the new vision for the Department of Finance is to provide excellence in financial leadership, innovation and services. Our mission is to provide responsible financial and innovative leadership, advice, programs and services for New Brunswick. The team at the Department of Finance is committed to this important role, and I would like to recognize the input of all staff in establishing this new vision for our team.

The Department of Finance partnered with the Department of Social Development on the Home Energy Assistance Program, an important program that provides financial assistance to individuals and families during the coldest months of the year. Our government renewed the program, previously set to expire in 2016, for an additional five years. The income threshold for the program was raised. I am proud of the department's participation in this program, one of several available to help New Brunswick families in need.

The department achieves its success through the ongoing commitment and hard work of our talented team. We remain focused on our vision, and we are committed to the priorities of growing the economy, creating jobs and making life better for all New Brunswick families.



Nicole Picot
Deputy Minister

Strategic priorities

Strategy management

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

The development of the strategy, using the Formal Management system, starts with a strategic vision to move New Brunswick forward. This vision is anchored in five priority areas:

- 1. Jobs** – Creating the best environment for jobs to be generated by New Brunswickers, by businesses, by their ideas, by their entrepreneurial spirit, and by their hard work. Growth efforts will be guided by the *New Brunswick Economic Growth Plan*, which focuses on strengthening the workforce; expanding innovation capacity; increasing the agility of government; fostering public and private investment in strategic infrastructure; and growing capital investment from the private sector.
- 2. Education** – Improving education as guided by two 10-year plans, *Everyone at Their Best* for the anglophone sector and *Donnons à nos enfants une longueur d’avance* for the francophone sector, that identify objectives for the early learning and education system and establish clear expectations for standards and performance. The areas of focus for the first year are: ensuring children and other learners develop the competencies they need to be successful in school and life; improving both literacy and numeracy skills for all learners; and working to make post-secondary education more accessible and affordable.
- 3. Families** – Creating a healthier and stronger New Brunswick by focusing on seven key areas: improving access to primary and acute care; promoting wellness; supporting those with mental health challenges; fostering healthy aging and support for seniors; advancing women’s equality; reducing poverty; and providing support for persons living with a disability.
- 4. Federal and Aboriginal Relations** – Building stronger relationships with First Nations; strengthening action on climate change; and working with the federal government to maximize federal funding, including optimizing infrastructure funding and growing the workforce through immigration.
- 5. Smart Province** – Providing taxpayers with better value for their money by transforming the culture of government by eliminating duplication; adopting new innovations in technology to improve services and savings; and ensuring GNB has a ready workforce that has the skills, training, support, leadership and working environments it needs to thrive.

Highlights

During the 2016-2017 fiscal year, the Department of Finance focused on these strategic priorities through:

- The Fiscal Policy Division was involved in intergovernmental discussions on health funding.
- New Brunswick was the first province to reach a new bilateral health agreement with the federal government in December 2016, which will result in additional federal funding in support of home care and mental health care during the next 10 years.
- The Research and Tax Administration Policy Branch followed through on the implementation phase of the amendments to the *Harmonized Sales Tax Act* as it pertains to vehicles, resulting in the identification of more than 300 cases of individual tax evasion.
- In August 2016, the Audit and Investigation Services Branch launched new processes related to audits of the Provincial Vehicle Tax under the *Harmonized Sales Tax Act*. As part of the routinely selected vehicle transactions for review to ensure compliance with the Act, some of these transactions were referred to the Audit and Investigation Services Branch for further review and investigation. Between Aug. 1, 2016, and March 31, 2017, the branch conducted 148 audits and assessed an additional tax amount of \$160,832.
- The Account Management Branch successfully implemented an organizational change to streamline and reduce delays of services to New Brunswickers.
- The Service of the Public Debt was \$26.7 million less than the budgeted \$700 million. The savings were attributed to a combination of factors, including timing of cash flows; lower-than-budgeted interest rates; innovative management of the borrowing and investor relations programs highlighted by two Swiss franc bond issues; and enhanced liquidity management.
- The New Brunswick Lotteries and Gaming Corporation completed an operational audit of Casino New Brunswick.
- Renewal of the service provider contract for the staffing and management of the Responsible Gaming Information Centre at Casino New Brunswick.
- Collaboration with shareholder provinces of the Atlantic Lottery Corporation to respond to recommendations from the joint auditors general audit of the corporation.
- Ongoing operational support to the New Brunswick Lotteries and Gaming Corporation, including completing audits of two fiscal years of financial statements.
- Processing 97 departmental and agency Memoranda to Executive Council and responding to 57 *Right to Information and Protection of Privacy Act* requests.

Performance measures

These are some of the department’s performance measures implemented as part of the performance excellence process and consistent with government’s priorities.

Jobs	Measures
Grow capital investment from the private sector.	Increase tax credit usage (forecast and actual value of Small Business Investor Tax Credit/Community Economic Development Corporation investments).
Smart Province	Measures
Eliminate waste and duplication.	Improvement rate via Continuous Improvement.

Jobs

Objective of the measure

Grow capital investment from the private sector.

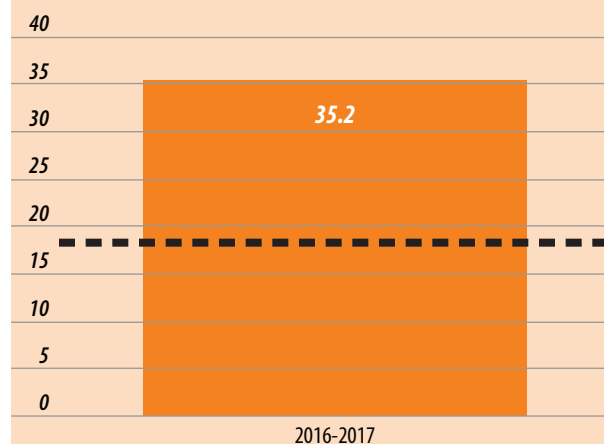
Measure

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

Description of measure

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

Increase tax credit usage, forecast and actual value of SBITC/CEDC (\$M)



Overall performance

The amendments to the Act continued to result in increased participation and investments in the program. Investments surpassed the 2015 level by 9.7 per cent to reach \$35.2 million. The number of applications increased by 24.1 per cent from 2015, reaching 190, an indication that the program was becoming more recognized as an effective tool to raise capital investments.

————— Baseline: N/A
- - - - - Target: \$18.3 million
Actual: \$35.2 million

Why do we measure this?

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

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

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

Smart Province

Objective of the measure

Eliminate waste and duplication.

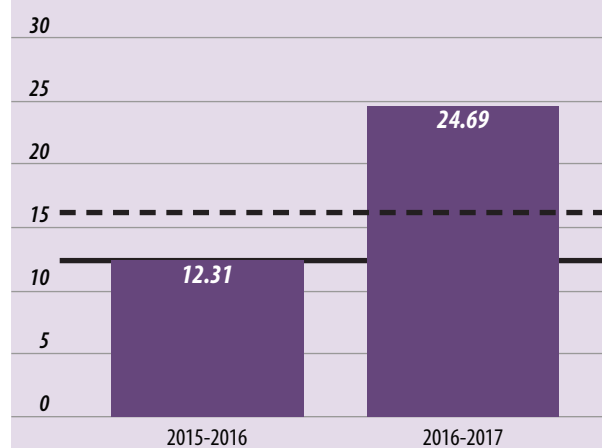
Measure

Improvement rate via Continuous Improvement.

Description of measure

This measure tracked the percentage of improvement in hard savings and soft savings versus the department's ordinary budget.

Improvement rate via continuous improvement (%)



Overall performance

By the end of 2016-2017, the department realized more than \$4.2 million in savings as well as increased revenue and cost avoidance through Continuous Improvement efforts.

— **Baseline:** 12.31%
- - - **Target:** 16.18%
— **Actual:** 24.69%

Why do we measure this?

This is a good measure of increased efficiency and smarter management.

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

The following projects assisted in meeting the departmental Continuous Improvement outcome:

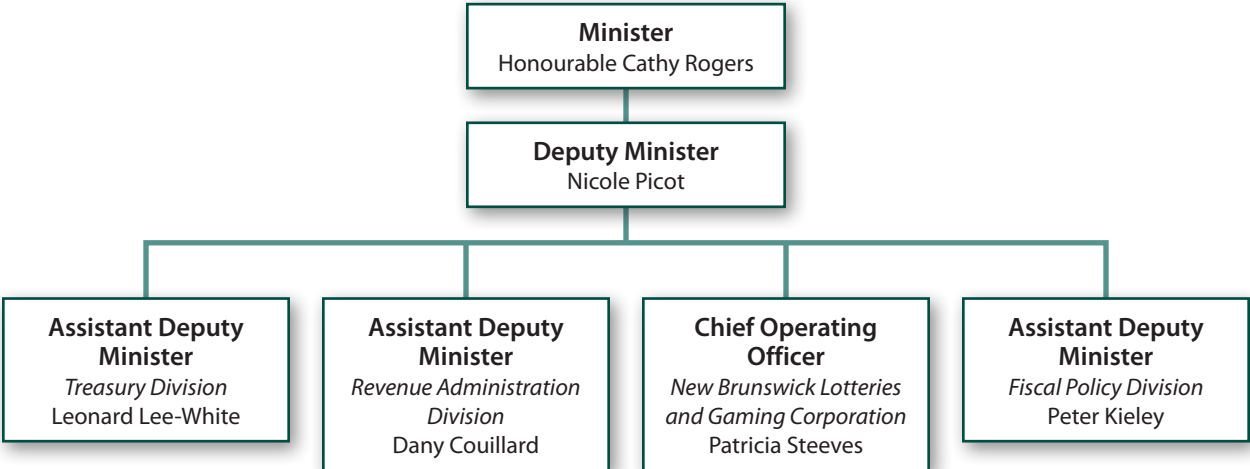
- Provincial Vehicle Tax – enhanced legislation to decrease tax evasion.
- e-Records – converting paper files to electronic filing using HP Trim.
- Daily Management – implementing Daily Management within the department.
- Workload distribution – balanced workload of administrative employees in the department.
- Collections and Tax Sale processes – improved processes and standard operating procedures among departments.

Overview of departmental operations

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

The number of employees in the Department of Finance (full-time, part-time and contract) in 2016-2017 was 130.

High-level organizational chart



Division overview and highlights

Agency Relations and Corporate Services Division

As part of the reorganization of the Department of Finance, a new division was established within the department that integrated a number of specialized units and the financial services function into a single multi-faceted division. As a result, the **Agency Relations and Corporate Services Division** incorporates a number of complex and diverse roles, responsibilities and services delivered within the department as well as to central government and to internal and external client organizations. The Agency Relations and Corporate Services Division has 15 employees and consists of three branches: Agency Relations and Gaming Policy, Financial Services and Strategic Services.

The **Agency Relations and Gaming Policy Branch** is responsible for the oversight of provincial gaming programs that provide in excess of \$150 million in revenue to the province and provides support to agencies that generate more than \$170 million in provincial revenue. It provides policy advice, information and recommendations and undertakes research and financial analysis in regard to the province's gaming policy and programs as well as responsible gaming initiatives. The branch manages casino service provider agreements and is accountable to the board of directors of the New Brunswick Lotteries and Gaming Corporation for its day-to-day operations. The New Brunswick Lotteries and Gaming Corporation is a Crown Corporation established under the *Gaming Control Act* as the conduct and manage entity responsible for provincial gaming activities and as the New Brunswick shareholder in Atlantic Lottery Corporation. In addition, the branch provides policy development advice and support and accountability oversight in the management of the department's relationship with the agencies for which it is responsible. These entities include the Financial and Consumer Services Commission of New Brunswick and the New Brunswick Liquor Corporation. The branch has been assigned responsibilities in regard to the emerging policy area of recreational-use cannabis. It also manages the gaming revenue-sharing arrangements with First Nations.

The **Financial Services Branch** provides accounting services, financial advice, analysis and control functions, asset management, risk management and financial monitoring and reporting services for 15 departments and agencies with a combined budget of \$34 million. It ensures that annual budget development is consistent with the policies, priorities and spending targets defined within GNB's fiscal framework and is responsible for the preparation of annual budget reporting materials. It provides accounting services to the New Brunswick Lotteries and Gaming Corporation, including preparation of the corporation's annual financial statements. The branch manages telecommunications requirements for the department and its client groups.

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

HIGHLIGHTS

- ◆ *Integration of various units within the department to form the new division.*
- ◆ *Developed and implemented collaborative processes to support agencies.*
- ◆ *Finalized and reconciled the results of the dispute resolution process in regard to gaming revenue-sharing arrangements.*
- ◆ *Processed 97 departmental and agency Memoranda to Executive Council and responded to 57 Right to Information and Protection of Privacy Act requests.*
- ◆ *Launched the FIN 2.0 Strategy Refresh.*

Treasury Division

The **Treasury Division** is responsible for financing GNB and Crown Corporations, managing the Consolidated Fund and the Service of the Public Debt, investing and administering various dedicated funds as well as providing financial and risk management policy analysis and advice. The division consists of the Capital Markets Branch and the Banking and Cash Management Branch.

The **Capital Markets Branch** is responsible for developing annual long-term debt borrowing strategies and securing, negotiating, executing, settling and reporting of debenture debt. This includes execution and management of related instruments as necessary, such as interest rate and foreign currency hedges, derivatives and hedges. Integral to Debt Management are ongoing stakeholder and investor relations and communications. The branch is responsible for developing policies, strategies, investing and reporting for sinking and trust funds and providing financial and accounting policy analysis and advice.

The **Banking and Cash Management Branch** is responsible for the management and reconciliation of the cash flow for the Consolidated Fund and various dedicated funds. The branch acts as the receiver of revenue for GNB; initiates foreign exchange transactions; issues short-term debt in the form of Treasury Bills; negotiates and manages banking arrangements; operates Crown financing corporations; forecasts Service of the Public Debt; ensures interest and principal payments on debt are made on a timely basis; liaises with credit rating agencies; and provides financial policy analysis and advice.

HIGHLIGHT

- ◆ *The Service of the Public Debt was \$26.7 million less than the budgeted \$700 million. The savings were attributed to a combination of factors, including timing of cash flows; lower-than-budgeted interest rates; innovative management of the borrowing and investor relations programs highlighted by two Swiss franc bond issues; and enhanced liquidity management.*

Fiscal Policy Division

The **Fiscal Policy Division** provides policy advice, analysis and information in regard to taxation, fiscal and budget policy, intergovernmental fiscal relations and the economy. The division provides advice and recommendations, and it is involved with the analysis, design and implementation of GNB's tax policies. It has responsibility in the development and monitoring of the budget plan and multi-year fiscal framework; coordinates the preparation and production of the annual budget speech, fiscal and economic reports; and monitors and reports on GNB's economic performance. The division also has responsibility for economic and revenue forecasting, provision of statistical data and analysis and federal-provincial consultations with respect to tax matters, programs under the *Federal-Provincial Fiscal Arrangements Act* and the Canada Pension Plan (CPP).

The division consists of the Fiscal Policy and Revenue Branch, the Economic and Statistical Analysis Branch and the Tax Policy Branch.

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

The **Economic and Statistical Analysis Branch** undertakes economic forecasting, monitoring and analysis, including support to departments. The branch provides socio-economic and demographic research, analysis and information services to GNB. It conducts its statistical function under the *Statistics Act* through the focal point office. It coordinates production of the budget speech and other fiscal and economic reports.

The **Tax Policy Branch** researches and analyzes tax policy issues. It develops options, provides information, advice and recommendations on tax matters, and it implements

legislative measures in support of GNB's tax policy priorities. The policy work of the branch includes all areas of taxation: income tax (corporate and personal); consumption taxes (Harmonized Sales Tax [HST], gasoline and motive fuel, tobacco); property tax; and other taxes. The branch's responsibilities include federal-provincial consultations on tax matters and negotiation with the federal government respecting Canada-New Brunswick taxation agreements.

HIGHLIGHTS

- ◆ *The division worked with federal and provincial governments on potential options for a modest and incremental enhancement of the CPP as part of ongoing work on retirement income adequacy. In June 2016, New Brunswick joined the federal government and other provinces in an agreement in principle for a modest and balanced incremental enhancement to the CPP. In March 2017, the federal government announced the coming into force of Bill C-26, which will enhance the CPP beginning in 2019.*
- ◆ *The division was involved in intergovernmental discussions on health funding. New Brunswick was the first province to reach to a new bilateral health agreement with the federal government in December 2016, which will result in additional federal funding in support of home care and mental health care during the next 10 years.*
- ◆ *The division supported the implementation of revenue measures announced in the 2016-2017 budget related to the Strategic Program Review process. This included a new HST credit for low- and middle-income earners that provided an estimated \$75 million to New Brunswickers in 2016-2017. The division also supported GNB's commitment to helping small business by lowering the small business income tax rate to three per cent in the 2017-2018 budget, marking the third rate cut in three years.*
- ◆ *The division worked with its federal-provincial-territorial statistical counterparts in preparing for and promoting the 2016 Census, reinforcing its importance and encouraging New Brunswickers to participate. The collection response rate for New Brunswick was 98.3 per cent, consistent with the national rate.*

Revenue Administration Division

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

The **Research and Tax Administration Policy Branch** ensures legislative compliance of assigned revenue and taxation statutes associated with real property and consumption taxes. Key responsibilities include the analysis of tax application issues; provision of interpretations and advice; and the development of legislative amendment proposals.

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

The **Audit and Investigation Services Branch** provides audit, assurance and refund verification functions as well as education, inspection and information regarding program services. The branch provides compliance monitoring of business activities under the assigned acts, within the department and on behalf of other departments and agencies.

HIGHLIGHTS

The Research and Tax Administration Policy Branch:

- ◆ *Followed through on the implementation phase of the amendments to the Harmonized Sales Tax Act as it pertains to vehicles resulting in the identification of more than 300 cases of individual tax evasion.*

- ◆ *Was responsible for the introduction and administrative support of a new tax refund mechanism for vehicles that have exceptionally high mileage or are extensively damaged.*
- ◆ *Provided the research and tax interpretation needed by the tax commissioner to render decisions to 38 objections in the fiscal year.*

The Account Management Branch:

- ◆ *Successfully implemented an organizational change to streamline and reduce delays of services to the residents of New Brunswick.*
- ◆ *Continued digitizing its records to prolong their life and enhance security. More than 55,300 records were scanned, bringing the total to 113,400 scanned documents to date. Efficiencies were achieved, enabling quicker responses to real-time inquiries in addition to adding years to the archival life of documents.*

The Audit and Investigation Services Branch:

- ◆ *In August 2016, the branch launched new processes related to audits of the Provincial Vehicle Tax under the Harmonized Sales Tax Act. As part of the routinely selected vehicle transactions for review to ensure compliance with the Act, some of these transactions were referred to the Audit and Investigation Services Branch for further review and investigation.*
- ◆ *Between Aug. 1, 2016, and March 31, 2017, the branch conducted 148 audits under the Provincial Vehicle Tax and an additional tax amount of \$160,832 was assessed.*

Key Performance Indicator (KPI)

The division has implemented Daily Management approaches in all branches. Weekly huddles or meetings are conducted, and a number of KPIs are tracked and measured in each branch. This management approach provides staff with regular opportunities for bringing forward Process Improvement ideas.

Financial information

	Budget	Actual
Personal Services	10,290.7	9,363.3
Other Services	2,265.8	2,891.0
Materials and Supplies	193.6	107.5
Property and Equipment	191.0	77.6
Contribution and Grants	37.0	0
Debt and Other Charges	90.0	28.5
TOTAL	13,068.5	12,467.9

Summary of staffing activity

Pursuant to section 4 of the *Civil Service Act*, the Secretary to Treasury Board delegates staffing to each Deputy Head for his or her respective department(s). Please find below a summary of the staffing activity for 2016-2017 for Department of Finance.

The department advertised 22 competitions, including seven open (public) competitions and 15 closed (internal) competitions.

Number of permanent and temporary employees as of Dec. 31 of each year		
Employee type	2016	2015
Permanent	121	174
Temporary	9	7
TOTAL	130	181

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

Appointment type	Appointment description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: <ul style="list-style-type: none"> – a high degree of expertise and training – a high degree of technical skill – recognized experts in their field 	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	0
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	1
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part 1, 2 (school boards) and 3 (hospital corporations) of the Public Service.	16(1) or 16(1)(c)	4
Regular appointment of casual/temporary	An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	0
Regular appointment of students/apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

Pursuant to section 33 of the *Civil Service Act*, no complaints alleging favouritism were made to the Deputy Head of Department of Finance, and no complaints were submitted to the Ombud.

Summary of legislation and legislative activity

Bill #	Name of legislation	Date of Royal Assent	Summary of changes
34	<i>An Act to Amend the Credit Unions Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-10.pdf	April 8, 2016	The amendments to the <i>Financial Corporation Capital Tax Act</i> , included in the <i>Act to Amend the Credit Unions Act</i> , exempts federally regulated credit unions/caisses populaires from paying the New Brunswick financial corporation capital tax.
18	<i>An Act Respecting Fiscal Measures</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-12.pdf	June 28, 2016	Amendments to the <i>New Brunswick Income Tax Act</i> to implement an increase in the general corporate income tax rate from 12% to 14%, effective April 1, 2016. The Financial Corporation Capital Tax rate in New Brunswick increased from 4% to 5% for banks effective April 1, 2016. At the same time, an incentive was provided to help grow business service centers in the New Brunswick banking sector. The amendments to the <i>Real Property Transfer Tax Act</i> increased from 0.5 per cent to 1 per cent, effective April 1, 2016.
23	<i>An Act to Amend the Tobacco Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-16.pdf	June 28, 2016	As announced in the 2016-2017 Budget, the tax rate that is applied to tobacco products in New Brunswick was increased by 6.52 cents per cigarette or gram of loose or fine cut tobacco over the next two years. On February 3, 2016, the tobacco tax rate increased by 3.26 cents, bringing the tax rate from 19 cents to 22.26 cents. This rate further increased by an additional 3.26 cents from 22.26 cents to 25.52 cents, effective February 1, 2017.
46	<i>Supplementary Appropriations Act 2014-2015 (1)</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-25.pdf	June 28, 2016	The Act provided legislative authority for moneys spent in the fiscal year 2014-2015. Nine departments required additional funding in 2014-2015.
47	<i>Appropriations Act 2016-2017</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-26.pdf	June 28, 2016	The Act closed the main estimates and the capital estimates tabled by the government.
31	<i>An Act to Amend the Harmonized Sales Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-29.pdf	July 8, 2016	The amendments contained in <i>An Act to Amend the Harmonized Sales Tax Act</i> implemented a two percentage point increase in the provincial tax rate on vehicles and other designated tangible personal property acquired from non-HST registrants, effective July 1, 2016 to match the new combined HST rate announced in the 2016-2017 budget on February 2.
32	<i>An Act to Amend the New Brunswick Income Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-30.pdf	July 8, 2016	The amendment implemented: a reduction to the top marginal personal income tax rates; a new HST Credit; a reduction to the small business corporate income tax rate; and adjustments to the New Brunswick dividend tax credit rates.
40	<i>Loan Act 2016</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-32.pdf	July 8, 2016	The Act provided authority in accordance with Section 4 of the <i>Provincial Loans Act</i> for the Lieutenant-Governor in Council to authorize the Minister of Finance to raise sums not exceeding \$775 million.
5	<i>An Act Respecting Cost of Credit Disclosure and Payday Loans</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-40.pdf	Dec. 16, 2016	The amendments extend the compliance, investigative and enforcement provisions that apply to payday lenders to all other credit providers.

Bill #	Name of legislation	Date of Royal Assent	Summary of changes
9	<i>An Act to Amend the New Brunswick Income Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-43.pdf	Dec. 16, 2016	The amendment extends the Home Energy Assistance Program for the next five years.
21	<i>An Act to Amend the Tobacco Tax Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-51.pdf	Dec. 16, 2016	The amendment to the Act protects revenues, addresses operational situations that lack clarity and provides additional enforcement tools.
22	<i>An Act to Amend the Revenue Administration Act</i> http://www.gnb.ca/0062/acts/BBA-2016/Chap-52.pdf	Dec. 16, 2016	The amendments to the Act resulted in better administration through enhanced inspection authority, more efficient use of delegation of authority and more efficient processes for the hearing of appeals.

The acts and regulations for which the department was responsible in 2016-2017 may be found at:

<http://laws.gnb.ca/en/deplinks?subjectnumber=13>

Summary of Official Languages activities

Introduction

The department based its official languages plan on the new Government Plan on Official Languages introduced in 2015. The department's action plan includes strategic means for each of the four sectors of activity found in GNB's **Plan on Official Languages Official Bilingualism: A Fundamental Value**. These plans are part of an effort to advance the status of official languages and to ensure the department implements the measures necessary to fulfil its obligations under the *Official Languages Act*.

Focus 1

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

- Objective: Ensuring that the department maintained and updated appropriate linguistic profiles. Ensuring when the department hires a bilingual compliment for a linguistic team, it has them evaluated through the Department of Post-Secondary Education, Training and Labour.
- All linguistic profiles were updated and maintained regularly to ensure the linguistic requirements set forth in each work group were appropriate to meet the needs of clients as per the Language of Service policy.

Focus 2

An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace.

- Objective: All personnel services and other administrative services provided to employees must be offered and provided in the employees' official language of choice. As part of its action plan, the department is ensuring that new hires, employees transferring from other departments and current employees are aware that they can work in the official language of their choice.

Focus 3

Ensure that new and revised government programs and policies took into account the realities of the province's official language communities.

Some of the department's ongoing efforts related to the promotion of official languages included:

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

Focus 4

Ensure public service employees have a thorough knowledge and understanding of the Official Languages Act, relevant policies, regulations, and the Province's obligations with respect to official languages.

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

The first official language newsletter was distributed to all employees.

Conclusion

The department ensured ongoing promotion of official languages policies and continued to offer quality services to clients in their official language of choice. The department did not receive any official language complaints, and it is very proud of this accomplishment.

Summary of recommendations from the Office of the Auditor General

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
Department of Finance – Property Tax System (2012) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2012V1/AGrepe.pdf Chapter 3, pages 69 to 71, and 79 to 80	7	7
Department of Finance – Property Tax System (2013) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2013V1/Agrepe.pdf Chapter 4, pages 83 to 86	5	5
Department of Finance – Collections of Accounts Receivable (2013) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2013V2/agrepe.pdf Chapter 5, pages 188 to 191	2	2
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2014) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf Chapter 4, page 97 and 98	2	2
Province of New Brunswick Audit: Observations on Pension Plans (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V3/Chap3e.pdf Chapter 3, pages 64 to 69	6	3
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V3/Chap6e.pdf Chapter 6, page 142 and 144	3	3
Department of Finance – Public Debt (2015) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V4/Chap2e.pdf Chapter 2, pages 18 to 19	8	0
Department of Finance – Matters Arising from our Audit of the Financial Statements of the Province (2016) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Chap4e.pdf Chapter 4, pages 92 and 101	2	2

Report on the *Public Interest Disclosure Act*

As provided under section 18(1) of the *Public Interest Disclosure Act*, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the Public Service for which the chief executive officer is responsible. The Department of Finance did not receive any disclosures of wrongdoing in the 2016-2017 fiscal year.

Appendix: Activity volumes for 2016-2017

Table 1: Audit and Investigation Services

Program activity or service	Assignment volume
Audits	1,703
Compliance reviews and inspections	454
Investigations	324
Educational visits	342
Delinquency clearances	45
Refunds	32
Administrative penalties	145
Legal actions and roadside checks	69
Subtotal	3,114
Warnings and fines	25
Other jurisdictional audit reviews	390
Total volume	3,529

Table 2: Program Services

The following table lists activities for 2016-2017 and the corresponding expenditures or revenues for some of the key tax and benefit programs administered by the Revenue Administration Division.

Program or service	Volume (number)	Amount (\$000)
Financial Corporation Capital Tax payments	168	30,645
Financial Corporation Capital Tax refunds	13	3,463
Fuel payments made by collectors	1,395	312,247
Fuel Tax refunds	2,500	23,402
Harmonized Sales Tax refunds	56	411
Home Energy Assistance Program	51,178	5,118
Low-income Property Tax Allowance (January to December 2016)	26,545	6,700
Low-income Seniors' Benefit	42,983	17,193
Provincial Vehicle Tax payments	51,869	23,081
Provincial Vehicle Tax refunds	1,168	512
Real Property Tax Certificates	21,809	531
Real Property Tax payments	748,757	1,075,981
Real Property Tax refunds	6,684	12,224
Property Tax Deferral Program for Seniors	99	79
Small Business Investor Tax Credit *	190	35,281
Tangible Personal Property Tax payments	1,360	1,622
Tobacco payments made by collectors	221	168,163
Tobacco Tax refunds	339	10,510

* These figures represent the number of approved applications and the total value of the investments.