

Ministerial Accountability Report

Ministry of Finance
Office of the
Comptroller General

For the Fiscal Year Ended
March 31, 2015



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*July 15, 2015
Victoria, British Columbia*

Lieutenant Governor of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour to present the Ministerial Accountability Report for 2014/15. This is the thirteenth annual report required under the *Balanced Budget and Ministerial Accountability Act*.

MICHAEL DE JONG
Minister of Finance

July 15, 2015
Victoria, British Columbia

Honourable MICHAEL DE JONG
Minister of Finance

As required under Section 6(2) of the *Balanced Budget and Ministerial Accountability Act*, I present the following information:

- Collective responsibilities—for members of the Executive Council, a comparison of the expected and actual financial results based on the audited Summary Financial Statements;
- Individual responsibilities—for members of the Executive Council responsible for operating expenses, a comparison of expected and actual spending results based on the Consolidated Revenue Fund Schedule of Comparison of Estimated Expenses to Actual Expenses;
- Individual responsibilities—for members of the Executive Council with non-financial responsibilities, a list of expected and actual results as described for the member; and
- A statement of salary holdback repayable based on the foregoing.

Respectfully submitted,

STUART NEWTON
Comptroller General

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Ministerial Accountability for the Fiscal Year Ended March 31, 2015

The *Balanced Budget and Ministerial Accountability Act* (BBMAA) holds ministers responsible, individually and collectively, for ensuring ministries operate within their budgets, government meets its overall financial commitment, and the Ministers of State with responsibility for non-financial targets meet their targets. The BBMAA ties Ministers' salaries directly to financial and non-financial targets. The Ministerial Accountability Report communicates the results.

The BBMAA requires that a comparison of expected and actual performance results be released with the Public Accounts. This reporting is separate from any other performance reporting requirements, such as the service plan reports required of each Minister under the *Budget Transparency and Accountability Act*.

The BBMAA requires a holdback of 20% of ministerial salaries until release of the Public Accounts for that fiscal year. Half of the holdback is related to collective responsibilities for meeting the total summary accounts surplus/deficit target in which all Ministers participate and half is related to individual ministerial responsibilities for meeting expense or non-financial targets. The government as a whole must meet its provincial budget target in order for Ministers to be entitled to receive the 10% collective holdback. Ministers and Ministers of State earn the other 10% by meeting their ministry budget or non-financial targets which is their individual responsibility. Where requirements are met, the holdback for Ministers responsible for operating expense is payable the day after the Public Accounts are released. The holdback for Ministers of State is payable after the publication of results in the related final service plan reports.

Collective Responsibilities

The collective holdback under Section 4 of the BBMAA is based on the surplus or deficit of the government summary reporting entity as published in the Summary Financial Statements, using the accounting policies applied in preparation of the Estimates as published in the preceding year and as amended by specific statutes. The rules as of fiscal 2014/15 may be summarized as follows:

- If a summary surplus is forecast and the actual surplus is at least 50% of the estimate, the collective holdback is repayable.
- In any other case, if there is not a deficit the collective holdback is repayable.

Individual Responsibilities

The individual holdbacks under Section 5 of the BBMAA are based on:

- Ministry spending for ministers with operating expense responsibilities.
- Specified expected results for Ministers of State with responsibility for non-financial targets.

Ministerial Accountability for the Fiscal Year Ended March 31, 2015—Continued

The BBMAA requires that the following information be reported:

- Schedule F of the Estimates discloses the individual ministerial financial targets for the fiscal year. If during the fiscal year a government reorganization takes place, as described in Section 1 of the legislation, or if a reallocation of spending authority occurs under a vote that authorizes spending by more than one Minister, as described in Section 6, a revised Schedule F must be published that discloses the revised operating expenses that are the responsibility of each Minister.
- The operating expense targets for 2014/15 are the amounts stated in the revised Schedule F.
- A comparison of actual results and the estimated amounts published in the revised Schedule F for the fiscal year ending March 31, 2015.
 - ◊ Where responsibilities were shared or changed during the year, actual spending is shown against the responsible Ministers. Ministry and program expense are measured for the full fiscal year against the stated amount in the revised Schedule F.
 - ◊ Changes and shared responsibilities are measured in monthly proportions of this annual result and are included in the applicable Minister's targeted and actual result amounts for the period of time they held the responsibility. Note that Contingencies (all ministries) and New Programs are the responsibility of the Minister of Finance.
- Actual results for Ministers of State with responsibility for non-financial targets are taken from the 2015 ministry service plan reports or interim reports and are compared against the expected results listed in B.C. Regulation 16/2014.
- The Ministerial Salary Holdback Repayment Results schedule discloses amounts for all ministers held accountable under the BBMAA.
- The *Budget Measures Implementation Act (No. 2), 2009*, amended the BBMAA to remove statutory spending (Special Accounts, and statutory appropriations not included in the Estimates) from the individual responsibilities. The collective responsibilities are not affected by this change.

Ministerial Accountability Report Summary of Schedules

Comparison of Expected Results to Actual Results—this statement discloses the results of comparing actual operating expenses of the government as a whole, and individual ministries, against the financial targeted operating expenses.

This statement shows for each Minister with responsibility for operating expenses accounted for in the Consolidated Revenue Fund, an estimated amount that must be made public with the Estimates under Section 6(1) of the *Balanced Budget and Ministerial Accountability Act* (BBMAA). This estimated amount is described in Section 5(1) of the BBMAA and represents the targeted operating expenses that are the responsibility of the Minister as set out in the main Estimates for the Fiscal Year Ending March 31, 2015, which includes any adjustments to reflect enacted legislation.

During the fiscal year, if a government reorganization takes place as described in Section 1 of the BBMAA, a revised Schedule F must be published that sets out the targeted operating expenses that are the responsibility of the Minister.

The statement also discloses the actual amount of operating expenses for each Minister as required under Section 6(2) of the BBMAA and communicates whether or not the collective and individual responsibility targets have been successfully achieved.

Comparison of Non-financial Targets to Results Achieved—this statement has been prepared in order to communicate the non-financial targets established through regulation and the results achieved by the responsible Ministers of State. In addition to the financial accountability reporting under the BBMAA, non-financial results are also required. Results are taken from the annual public service plan reports of each Minister or Minister of State.

Ministerial Salary Holdback Repayment Results—this statement discloses the amounts of the salary holdbacks of the responsible Ministers for both collective and individual results. These holdbacks are repayable based on the results achieved as communicated through this Ministerial Accountability Report.

Comparison of Expected Results to Actual Results for the Fiscal Year Ended March 31, 2015 Collective Responsibilities Results

	In Thousands			Actual Results Within Target
	Estimates Expected Results	Actual Results	Variance	
Summary Financial Statements Surplus (Deficit)	\$	\$	\$	
Provincial Budget Target per Estimates March 31, 2015 and actual results shown in Public Accounts' Statement of Operations.....	184,000	1,683,455	1,499,455	
Summary Surplus (Deficit) for <i>Balanced Budget and Ministerial Accountability Act</i> purposes.....	184,000	1,683,455	1,499,455	Yes

Individual Responsibilities Results for Members of the Executive Council with Operating Expense Responsibilities

	In Thousands			Actual Spending Within Targets
	Expected Results ^{1,2}	Actual Results	Variance	
	\$	\$	\$	
Premier.....	9,008	8,449	(559)	Yes
Minister of Aboriginal Relations and Reconciliation.....	78,949	70,974	(7,975)	Yes
Minister of Advanced Education.....	2,093,239	2,058,585	(34,654)	Yes
Minister of Agriculture.....	67,733	67,361	(372)	Yes
Minister of Children and Family Development.....	1,356,419	1,353,652	(2,767)	Yes
Minister of Community, Sport and Cultural Development.....	213,318	213,209	(109)	Yes
Minister of Education.....	5,788,578	5,682,942	(105,636)	Yes
Minister of Energy and Mines.....	19,107	19,080	(27)	Yes
Minister of Environment.....	112,957	112,105	(852)	Yes
Minister of Finance.....	2,561,456	2,380,844	(180,612)	Yes
Minister of Forests, Lands and Natural Resource Operations..	440,614	436,239	(4,375)	Yes
Minister of Health.....	17,212,776	17,098,213	(114,563)	Yes
Minister of International Trade.....	34,846	34,744	(102)	Yes
Minister of Jobs, Tourism and Skills Training.....	198,385	198,130	(255)	Yes
Minister of Justice.....	1,144,956	1,130,375	(14,581)	Yes
Minister of Natural Gas Development.....	428,184	423,762	(4,422)	Yes
Minister of Social Development and Social Innovation.....	2,529,819	2,529,451	(368)	Yes
Minister of Technology, Innovation and Citizens' Services.....	516,266	511,616	(4,650)	Yes
Minister of Transportation and Infrastructure.....	812,293	811,700	(593)	Yes
Total Individual Responsibilities Results.....	35,618,903	35,141,431	(477,472)	

Comparison of Expected Results to Actual Results for the Fiscal Year Ended March 31, 2015—Continued

Reconciliation of Summary Accounts Surplus (Deficit) to Stated Estimates Amount

	In Thousands		
	Expected Results ^{1,2}	Actual Results	Variance
	\$	\$	\$
Consolidated Revenue Fund Revenue	36,264,000	36,802,156	538,156
Less: Total Expenses from Individual Responsibilities Results.....	(35,618,903)	(35,141,431)	477,472
Estimates not included under the <i>Balanced Budget and Ministerial Accountability Act</i> :			
Less: Legislation.....	(69,565)	(62,284)	7,281
Less: Officers of the Legislature.....	(48,619)	(47,526)	1,093
Less: Special Accounts (Statutory).....	(419,913)	(624,136)	(204,223)
Plus: Inter-Account Transfers.....		249,454	249,454
Elimination of transactions between appropriations.....	17,000		(17,000)
Less: Other Statutory Appropriations not provided for in the Estimates.....		(431,774)	(431,774)
Total Consolidated Revenue Fund Operating Result.....	124,000	744,459	620,459
Plus: Taxpayer-supported Crown corporations and agencies earnings (loss)	121,000	219,321	98,321
Plus: Self-supported Crown corporations and agencies earnings (loss).....	37,000	719,675	682,675
Further expenditure management.....	102,000		(102,000)
Less: Forecast allowance.....	(200,000)		200,000
Actual Result shown in Public Accounts' Statement of Operations.....	184,000	1,683,455	1,499,455

¹The Ministry of Finance is accountable under the BBMAA for budgeted contingency amounts and their spending; therefore, both the contingency allocations and the related expense have been moved to the Minister of Finance. Details of the application of contingency amounts to ministries are available from the Consolidated Revenue Fund Supplementary Schedules and the Ministerial Appropriations schedules published on the Ministry of Finance website at www.fin.gov.bc.ca.

²Expected Results are as disclosed in the revised Schedule F.

Comparison of Non-financial Targets to Results Achieved for the Ministers With Responsibility for Non-financial Targets for the Fiscal Year Ended March 31, 2015¹

<u>Expected Results</u>	<u>Results Achieved</u>
Minister of State for Tourism and Small Business	
(a) lead the work of the small business portfolio and support the implementation of initiatives that contribute to making British Columbia one of the most small-business-friendly jurisdictions in Canada;	Yes
(b) implement the BC Small Business Accord and monitor the effectiveness of initiatives;	Yes
(c) support and direct the ongoing work of British Columbia's Small Business Roundtable to help identify key issues and opportunities facing small businesses in British Columbia;	Yes
(d) work across government and in partnership with private sector organizations and other levels of government and continue to deliver tools, training and information to assist small business start-up and growth in all regions of British Columbia;	Yes
(e) work with the Ministry of Technology, Innovation and Citizens' Services to monitor the implementation and impacts of the framework to reduce to 2 pages government request for proposal documents for contracts under \$250 000 for the purpose of enabling more small businesses to participate in government procurement;	Yes
(f) work with the Ministry of Technology, Innovation and Citizens' Services towards increasing small business participation in government procurement by at least 20% ;	Yes
(g) monitor the implementation of the inaugural Premier's Small Business of the Year awards, which were developed for the purpose of recognizing and celebrating the best of the British Columbia small business community;	Yes
(h) review and update the 2011 provincial tourism strategy, "Gaining the Edge", and work with partners to implement that strategy;	Yes
(i) work with the Ministry of Finance to explore options within the government fiscal plan that could support a possible phased reduction of the small business tax rate by 40%;	Yes
(j) submit to Cabinet a report on the results referred to in paragraphs (a) to (i) on or before March 31, 2015.	Yes

Ministerial Salary Holdback Repayment Results for the Fiscal Year Ended March 31, 2015

	Collective Fiscal Holdback	Annual Report Holdback Repayable	Total Holdback Repayable ¹
	\$	\$	\$
Members of the Executive Council without Operating Expense Responsibilities			
Minister of State for Tourism and Small Business.....	3,565	3,565	7,130

	Collective Fiscal Holdback	Annual Report Holdback Repayable	Total Holdback Repayable ¹
	\$	\$	\$
Members of the Executive Council with Operating Expense Responsibilities			
Premier.....	9,167	9,167	18,334
Minister of Aboriginal Relations and Reconciliation.....	5,093	5,093	10,186
Minister of Advanced Education.....	5,093	5,093	10,186
Minister of Agriculture.....	5,093	5,093	10,186
Minister of Children and Family Development.....	5,093	5,093	10,186
Minister of Community, Sport and Cultural Development.....	5,093	5,093	10,186
Minister of Education.....	5,093	5,093	10,186
Minister of Energy and Mines.....	5,093	5,093	10,186
Minister of Environment.....	5,093	5,093	10,186
Minister of Finance.....	5,093	5,093	10,186
Minister of Forests, Lands and Natural Resource Operations.....	5,093	5,093	10,186
Minister of Health.....	5,093	5,093	10,186
Minister of International Trade.....	5,093	5,093	10,186
Minister of Jobs, Tourism and Skills Training.....	5,093	5,093	10,186
Minister of Justice.....	5,093	5,093	10,186
Minister of Natural Gas Development.....	5,093	5,093	10,186
Minister of Social Development and Social Innovation.....	5,093	5,093	10,186
Minister of Technology, Innovation and Citizens' Services.....	5,093	5,093	10,186
Minister of Transportation and Infrastructure.....	5,093	5,093	10,186

¹Holdback amounts are reported on the accrual basis. Ministers may be in a position less than a year; therefore, holdback amounts may vary.

