

Finance

STRATEGIC PLAN

2017-2020



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MESSAGE FROM THE MINISTER

As Minister responsible for the Department of Finance, I am pleased to present the 2017-2020 Strategic Plan for the Department of Finance. This plan covers a three-year timeframe from April 1, 2017 to March 31, 2020.

In accordance with the Transparency and Accountability Act, the Department of Finance has prepared this strategic plan which sets out the goals and objectives to be met during the 2017-2020 time period. It was developed in accordance with the applicable legislation and guidelines and takes into account the strategic directions of Government, including those commitments outlined in The Way Forward document; and the Department's mandate and current budget (as per the 2017 Estimates document).

My signature below attests to my accountability for the preparation of this plan and for achievement of its goals and objectives.

Sincerely,

A handwritten signature in black ink that reads "Cathy Bennett". The signature is written in a cursive, flowing style.

Honourable Cathy Bennett
Minister of Finance

1.0 Introduction

The Transparency and Accountability Act (the Act) provides the legislative framework for strengthened accountability, openness and transparency to the people of this Province. As such, all government entities are required to produce three-year performance-based plans and annual performance reports, both of which are presented to the House of Assembly and are made available to the general public.

The planning and reporting expectations of all government entities is determined by their categorization, as decided upon by the Lieutenant-Governor-in-Council. The Department of Finance is a category 1 government entity and as such is required to develop a three-year strategic plan that establishes goals and objectives at the outcome level. The goals and objectives of the strategic plan must be:

- achievable within current financial resources
- within the mandate of the Department
- prepared in consideration of the strategic directions of government
- measured and reported annually

The Department of Finance's 2017-2020 Strategic Plan was developed in accordance with these legislated expectations as well as those outlined in the corresponding guidelines.

2.0 Departmental Overview

The Department of Finance is responsible for supporting Government in the development of fiscal, financial, statistical and economic policy. These responsibilities are primarily achieved by providing timely analysis and advice to government departments and agencies; Cabinet; and the Committees of Cabinet, particularly Treasury Board for which the Minister of Finance serves as President. The Department is also responsible for providing government-wide comptrollership oversight to ensure the appropriate use of public funds.

The Department is primarily responsible for:

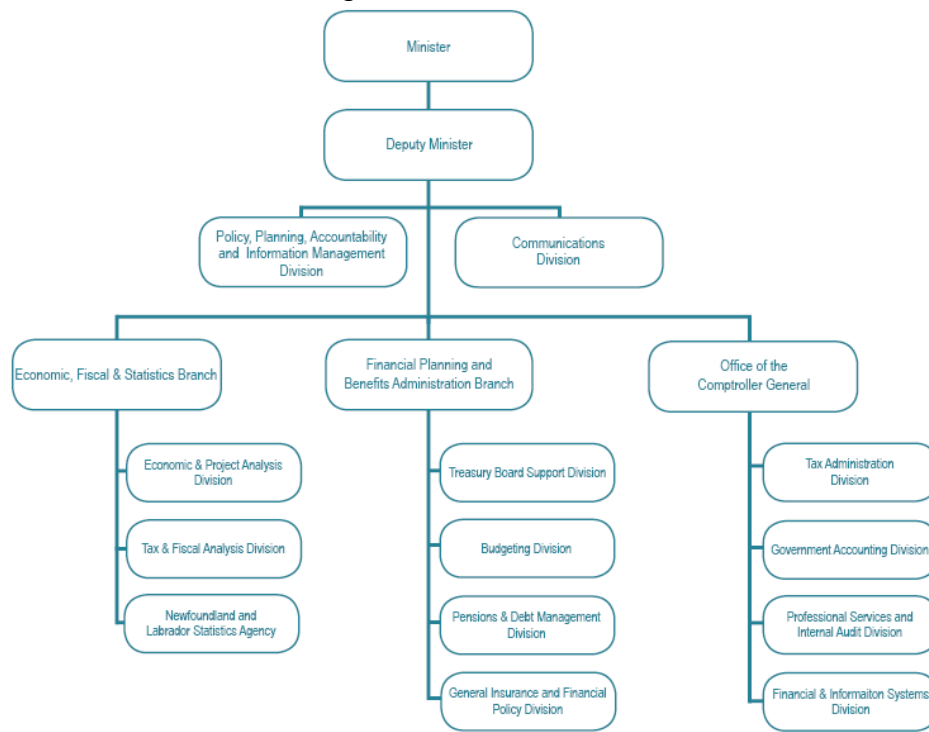
- Supporting Government's provincial revenue and expenditure planning processes.
- Providing operational support to the Treasury Board Committee of Cabinet.
- Overseeing the financial management of the public treasury.

- Providing analysis of the financial and economic impact of major projects; and analyzing and forecasting the macroeconomic environment.
- Conducting statistic research, analysis and data development.
- Controlling and accounting for the receipt and disposition of public money through the development of financial policies and procedures; development and maintenance of government-wide revenue and expense systems; and the preparation of the provincial financial statements (i.e. Public Accounts) and related financial reports.
- Providing professional financial advisory services in the areas of: financial management, accounting, systems and security controls; financial policy development and implementation; internal auditing; and financial reporting. Corporate shared services for accounts payable and receivables are also provided.
- Administering, auditing and collecting various provincial own-source taxation programs; administering various provincial taxation rebate programs; and collecting select provincial outstanding receivables.

The Department is also directly responsible for the administration of 39 Acts (plus accompanying regulations) such as the Financial Administration Act, the Statistics Agency Act, the Pensions Funding Act, and the Revenue Administration Act¹.

2.1 Organizational Structure:

The Department of Finance is organized into three branches and 13 divisions as follows:



¹Additional information is provided online at www.fin.gov.nl.ca/fin.

2.2 Staff and Budget:

The Department of Finance is primarily located in the East Block in the Confederation Building (Ground Floor, Main Floor and Third Floor). The Department also has two other office locations within St. Johns (5 Mews Place and 657 Topsail Road). Contact information is available online at www.gov.nl.ca/fin.

As of April 1, 2017 the Department employed 285 people as follows:

Branch	Female	Male	Total
Office of the Comptroller General	109	48	157
Financial Planning and Benefits Administration	22	12	34
Fiscal, Economic and Statistics	44	38	82
Executive Support	11	1	12
Total	186	99	285

As per the Estimates of the Program Expenditure and Revenue of the Consolidated Revenue Fund for Fiscal Year 2017-18, the total net expenditure for the Department of Finance for fiscal year 2017-18 is \$100.1 million. It is noted however that this amount includes funding that is used by other government departments and agencies, on an as-needed basis, for such things as government personnel costs, promotion of opportunities consistent with Government's objectives and priorities; and loan, equity financing and other payments to support business commitments. Relevant funding is transferred to departments and agencies during the year, as required. As such, the actual operating budget for the Department of Finance for the 2017-18 fiscal year is \$10.4 million (net)².

3.0 Strategic Issues

3.1 Strategic Issue #1: Financial Accountability

As referenced in The Way Forward document, the Government of Newfoundland and Labrador is committed to improving upon the efficiency in the public service as a means of realizing its vision of a strong, diversified Province with a high standard of living that is supported by responsive, innovative and efficient programs and services. To this end, the Treasury Board Committee of Cabinet, for which the Minister of Finance serves as President, must ensure that Government achieves its spending targets annually and that core government departments and Agencies, Boards and Commissions (ABCs) continue to be assessed regarding the efficiency and effectiveness of their operations and programs. Treasury Board must therefore

² Additional information is provided online at www.budget.gov.nl.ca/budget2017/estimates/estimates.pdf.

drive a culture of financial accountability and prudence, and continue to identify tangible opportunities to modify policies, procedures, systems and controls to ensure expenditures are kept at a sustainable level, while supporting better outcomes for the people of this Province.

The Department of Finance supports the Treasury Board Committee of Cabinet in fulfilling its financial accountabilities. The following goal and annual objectives have therefore been established for the Department of Finance.

Goal:

By March 31, 2020, the Department of Finance will have led initiatives aimed to enhance financial accountability and oversight of government departments and ABCs.

Indicators of Success:

- Improved upon the effectiveness of select government financial policies.
- Undertook expenditure reviews with ABCs.
- Initiated the implementation of a performance-based budgeting approach throughout government departments and ABCs.
- Supported financial professionals across Government and ABCs to enhance their capacity.
- Significant progress is achieved towards the implementation of a government-wide shared services model for back-office functions.
- Supported the expanded role of the Government-wide Audit Committee.

Objective 1:

By March 31, 2018, the Department of Finance initiated the development and/or implementation of strategies aimed to enhance financial accountability.

Indicators of Success:

- Expanded the role and composition of the Government-Wide Audit Committee.
- Implemented a fraud policy.
- Supported expenditure reviews within ABCs.
- Worked towards the consolidation of the collection of government outstanding receivables.
- Continued to review those areas identified during the 2017 zero-based budgeting analysis to identify future savings.
- Improved timelines for public release of the Province's Public Accounts.

Objective 2:

By March 31, 2019, the Department of Finance will have continued to develop and/or implement strategies aimed to enhance financial accountability.

Objective 3:

By March 31, 2020, the Department of Finance will have led initiatives aimed to enhance financial accountability and oversight of government departments and ABCs.

3.2 Strategic Issue #2: Shared Services

As referenced in The Way Forward document, the Government of Newfoundland and Labrador has a vision of a stronger economic foundation; a more efficient public sector; better services; and better outcomes. To realize this vision, it has established targets and defined specific actions over the short, medium and long terms. One such action is the implementation of a government-wide shared services model for back-office functions. The intent is to implement, over the course of the next five years, a public sector shared services organizational approach for various accounting and finance processes, human resources and information technology.

It is intended that this shared services approach will include select ABCs, in addition to all core government departments. Government recognizes that there is considerable value in sharing services across the public sector and therefore will look for opportunities to include as many public bodies as possible in this shared services model. The process will be informed by consultation with all core government departments and ABCs, and will leverage where possible, and build upon the work completed to date, on shared services for the health sector.

Under the guidance of the Treasury Board Committee of Cabinet, for which the Minister of Finance serves as President, the Department of Finance will lead this initiative. As such, the following goal and annual objectives have been established:

Goal:

By March 31, 2020, the Department of Finance will have made significant progress towards the implementation of a shared services model across select ABCs.

Indicators of Success:

- Work has progressed towards modification of priority systems and work processes (where necessary and on a priority basis) to accommodate a shared services model across select ABCs.
- Risk-management and internal controls are enhanced.
- Select ABCs have begun to avail of the shared services model.
- The consolidation of the collection of government's outstanding accounts receivables has been initiated.

Objective 1:

By March 31, 2018, the Department of Finance will have initiated the implementation of a shared services model for select back-office functions.

Indicators of Success:

- Consulted core government departments and ABCs on an as-needed basis regarding priority issues related to the implementation of a shared services model.
- Provided oversight for the implementation of the shared services model.
- Developed a work plan which includes:
 - An implementation time line for select ABCs to avail of the shared services model.
 - The identification and prioritization of specific back-office functions to be included within the scope of the shared services model.
- Initiated work process reviews, on a priority basis, to determine the most efficient means of providing back-office functions through a shared services approach, taking into consideration current work processes used by core government departments and impacted ABCs.
- Made progress towards the consolidation of the collection of government's outstanding accounts receivables.
- Where feasible, initiated the implementation of a shared services model in select ABCs or integrated back-office functions for those ABCs which have consolidated fully into core government.

Objective 2:

By March 31, 2019, the Department of Finance will have progressed with the implementation of a shared services model for select back-office functions.

Objective 3:

By March 31, 2020, the Department of Finance will have further advanced the implementation of a shared services model for select back-office functions.

3.3 Strategic Issue #3: Provincial Taxation System

The Government of Newfoundland and Labrador has committed to ensuring that the provincial tax system is competitive and fair to all residents, including seniors and people living on fixed incomes. As referenced in The Way Forward document, Government has committed to completing a comprehensive independent review of the provincial tax system and identify ways to simplify this system and reduce costs for both government and taxpayers. This review will include consulting with key stakeholders to identify areas of demand and exploring options to support businesses by providing labour-based tax incentives for emerging industries and tax incentives for employers in the skilled trades who increase the number of apprentices they employ. The objective is to ensure the tax system is competitive and fair; that it supports the vision to position this Province as an attractive place to

live and work. A more competitive and less cumbersome tax system will attract investment and provide an incentive for young families and businesses to put down roots in Newfoundland and Labrador.

For efficiency purposes, this commitment will be completed through a combination of various review processes that will take place simultaneously. The review of business tax incentives will be managed by the Department of Tourism, Culture, Industry and Innovation; the review of the Mining and Mineral Rights Tax will be addressed by the Department of Natural Resources; and the review of the remaining components of the provincial tax system will be supported by the Department of Finance. As such, the following goal and annual objectives have been established for the Department of Finance:

Goal:

By March 31, 2020, the Department of Finance will have supported the comprehensive review of the provincial tax system.

Indicators of Success:

- For those components of the comprehensive review for which the Department of Finance is responsible:
 - Provided oversight and operational support.
 - Consulted key stakeholders.
 - Implemented select recommendations, as directed by Government.
 - Publically communicated the results of the provincial tax system review.

Objective 1:

By March 31, 2018, the Department of Finance will have supported the comprehensive review of the provincial tax system.

Indicators of Success:

- For those components of the comprehensive review for which the Department of Finance is responsible:
 - Established and operationalized an independent process.
 - Defined the scope.
 - Established a work plan to define timelines and deliverables.
 - Commenced key stakeholder consultations.
 - Consulted other jurisdictions who have recently completed similar reviews.
 - Established a framework and set of generally accepted principles of tax policy to assist in the determination of whether changes are warranted.

Objective 2:

By March 31, 2019, the Department of Finance will have completed its responsibilities with respect to the review of the provincial tax system.

Objective 3:

By March 31, 2020, the Department of Finance will have supported the implementation of government-approved recommendations arising from the review of the provincial tax system.

4.0 Annex A: Strategic Directions

4.1 Strategic Direction #1: Fiscal Situation

Outcome: Fiscal balance is restored to the Province

Clarifying Statement: This outcome supports the policy direction of government and will require focus in the following areas:

- Short, medium and long-term solutions that improve and stabilize the provincial fiscal situation
- Financial accountability and oversight of Departments, Agencies, Boards, Commissions and Crown Corporations
- Multi-year planning
- Leveraging federal funding

4.2 Strategic Direction #2: Provincial Taxation System

Outcome: An efficient and effective provincial taxation system

Clarifying Statement: This outcome supports the policy direction of government and will require focus in the following areas:

- Comprehensive review of the current tax system which will include the following:
 - Personal income tax
 - Business Taxes
 - Tax credit/expenditures

4.3 Strategic Direction #3: Government-Wide Shared Services

Outcome: Fully implemented shared services model for back-office functions. This outcome supports the policy direction of government and will require focus in the following areas:

- Accounting and financial processes
- Human resource shared services
- Information technology shared services
- Systems integration