

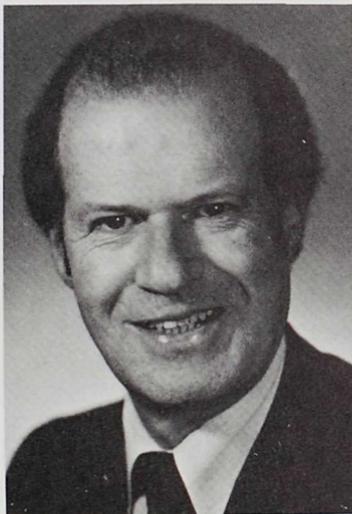


Province of
British Columbia

ANNUAL REPORT 1981

Ministry of
Finance

For the year ended
December 31, 1981



Honourable Hugh A. Curtis, Minister

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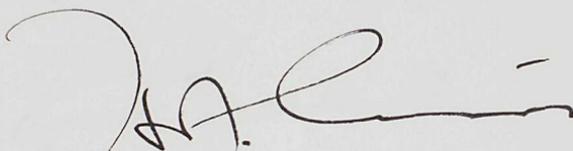
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The Honourable Henry P. Bell-Irving,
D.S.O., O.B.E., E.D.,
Lieutenant Governor of the
Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I have the honour, Sir, to submit the Annual Report
of the Ministry of Finance for the year ended
December 31, 1981.

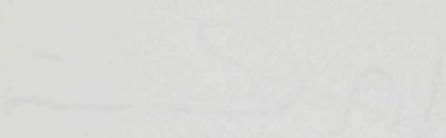
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Hugh A. Curtis
Minister of Finance

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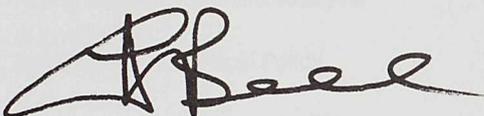
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The Honourable Hugh A. Curtis
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Sir:

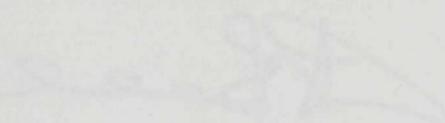
I have the honour to submit for your consideration
the Annual Report of the Ministry of Finance for the
year ended December 31, 1981.

A handwritten signature in black ink, appearing to read "L. I. Bell". The signature is stylized with a large, sweeping initial "L" and a cursive "Bell".

L. I. Bell
Deputy Minister of Finance

For the Ontario High A. D. 1882
Minister of Finance
Toronto, Ontario

Received of the Ontario High A. D. 1882
the sum of \$100.00
for the purpose of the Ontario High A. D. 1882



J. J. Bell
Deputy Minister of Finance

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OFFICERS**

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HONOURABLE H. A. CURTIS

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R. A. MESSENT
Executive Coordinator

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Special Advisor, Social Services

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Assistant Deputy Secretary, Budget Policy and
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M. H. LEENDERS
Director, Administrative Policy

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Assistant Deputy Secretary, Services to
Government

D. M. ANHOLT
Assistant Deputy Secretary, Social and Health
Services

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Assistant Deputy Secretary, Justice and
Regulatory Services

P. G. HALKETT
Assistant Deputy Secretary, Natural Resource
and Economic Development

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Senior Advisor, Personnel Resources

K. M. LIGHTBODY
Assistant Deputy Minister

A. B. CARVER
Acting Director, Income Taxation

C. E. HOLDER
Acting Surveyor of Taxes, Real Property Taxati

E. J. TURNER
Executive Director, Consumer Taxation

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Director, Revenue Administration and Collectio

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Comptroller General

D. B. MARSON
Deputy Comptroller General

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Executive Director, Financial Policy
Implementation

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Director, Central Accounting

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Director, Government Payroll and Personnel

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Assistant Deputy Minister

P. M. O'NEILL (resigned November 30, 1981)
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Investment Officer, Long Term Investment

R. W. VIPOND
Investment Officer, Short Term Investment

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Acting Director, Cash Management

T. E. SUMNER
Acting Director, Central Borrowing

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Acting Controller, Management Services

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Director, Data Processing

G. L. BRODIE
Director, Government Agencies

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A. W. CHARLTON
Chairman

K. PLANT
Administrator

G. L. GILES
Chief Executive Officer

**Treasury and
Administration**

Purchasing Commission

**Provincial Capital
Commission**

INTRODUCTION

The *Annual Report* of the Ministry of Finance is intended as a review of the ministry's activities during the calendar year 1981. It is not intended to be a financial statement but rather it is a report on the functions and achievements of the various divisions within the ministry.

Quarterly Reports on the finances of the Province are published separately throughout the fiscal year. A detailed look at the Province's finances is also provided in the *Budget*, the *Public Accounts*, the *Estimates*, and the *Financial and Economic Review*.

This *Annual Report* reflects a number of organizational changes that have taken place within the ministry as a result, in part, of the passage of the *Financial Administration Act* in 1979.

There are five divisions in the ministry, each headed by an Assistant Deputy Minister reporting to the Deputy Minister who in turn reports to the Minister of Finance.

The five divisions are:

- Economics and Policy
- Treasury Board Staff
- Revenue
- Office of the Comptroller General
- Treasury and Administration

Operating outside the divisional structure but reporting on administrative matters to the Deputy Minister are:

- Purchasing Commission
- Provincial Capital Commission

Both the Purchasing Commission and the Provincial Capital Commission are responsible to the legislature of British Columbia through the Minister of Finance.

The Executive Coordinator for the ministry and the Director of Information Services also report directly to the Deputy Minister.

If the year 1980 can be described as one of examination, then 1981 can quite rightly be looked upon as one of accomplishment. Reorganization of the ministry is complete, and a system for measuring the effectiveness and efficiency of all ministry branches was instituted. In addition, the long and complex process of documenting procedures and policies was initiated. This activity has provided the basis for launching an active program to increase efficiency and effectiveness through the examination of existing procedures.

Lengthy negotiations with the federal government on the *Established Programs Financing Act* were concluded. Further important work remains with respect to the Tax Collection Agreement.

The *Financial Administration Act* was proclaimed and implementation of administrative policies and procedures governing financial operations throughout government commenced. This task will take at least three years. A new accounting policy was developed, which will see a significant improvement in the format of the *Public Accounts*. Major reforms were undertaken to automate the budget process and simplify the *Estimates*. Further simplification and refinement is required for Treasury Board directives and the budget process. A major challenge in the future will be the integration of both the capital and operating budgets.

Revenue Division commenced work on a very complex, but important task of compiling all fees and licence charges throughout government. It is anticipated that this task will take two to three years to complete. An education program to improve tax compliance was initiated.

Investment management continued to obtain real returns significantly above inflation. In addition, improvements to our banking procedures and cash management reduced costs and increased revenues.

The Government Agency system continued to increase its level of service despite constraints on manpower resources. As well as serving the internal requirements of the ministry, the Data Processing Branch continued to keypunch and transmit to British Columbia Systems Corporation on the request of 18 ministries. The ministry was well served by its support staff in Personnel and the Controller's Office.

All these tasks and many more required a significant degree of dedication and sacrifice by a highly skilled and motivated staff.

ECONOMICS AND POLICY DIVISION

Social Policy and
Federal-Provincial
Relations Branch

Economics and
Statistics Branch

As a strategic policy and planning unit, the *Economics and Policy Division* advised the government on fiscal, financial and economic matters and provided a framework for the government's evaluation of policies and priorities throughout 1981.

Early in the year, the division was reorganized to meet increased government needs for medium-term fiscal planning, and analyses and forecasts of financial and economic affairs.

The division's major policy objectives in 1981 were:

- to contribute to the maintenance of a sound fiscal position for the Province through analysis and advice;
- to recommend timely implementation of economic policies appropriate to emerging national and international conditions;
- to improve the provincial fiscal position during renegotiation of the *Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977*;
- to review the provincial tax system with the aim of ensuring the equitable distribution of tax burden;
- to assist in the development of policy on improved financial planning and financial controls in the *Financial Administration Act*; and
- to assist in preparation of the 1982 *Provincial Budget Speech* and to produce the associated *Background Papers*.

In 1981, the *Social Policy and Federal-Provincial Relations Branch* helped develop and coordinate British Columbia's position on the renegotiation of the *Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977*. The branch prepared the brief presented to the Parliamentary Task Force on Fiscal Arrangements in June 1981 and carried out a major study of federal-provincial fiscal programs.

The branch also completed fiscal analyses of social program and policy proposals made to cabinet during 1981.

The *Economics and Statistics Branch* provided an economic context to fiscal planning for the Province through periodic medium-term economic and fiscal forecasts and through the monitoring and analysis of the British Columbia and international

tional economies. The branch played a major role in coordinating the fiscal and economic review of cabinet submissions, and was responsible for preparation of the *1981 Financial and Economic Review*. A major initiative of the branch in 1981 was development of a new computer hardware and software system for the division. An econometric model for forecasting major Province revenues was put in place, as were systems for accessing data bases on Canadian and foreign economies.

The *Financial Policy and Analysis Branch* monitored the fiscal position of the government during 1981. Through its short-term planning and analysis section it also provided advice on methods of meeting budgetary objectives. The branch's financial analysis section analysed the capital investment of the Province and its Crown corporations. The branch also prepared the government's *Quarterly Financial Reports*, and played a substantial role in the drafting of the *Financial Administration Act*.

The *Tax and Fiscal Policy Branch* was responsible for the evaluation of all proposals concerning taxation policy, fiscal policy and provincial-municipal fiscal relations. The branch collaborated with the Ministry of Education to prepare the 1981 *School Taxation Report—Report of the Committee to Examine the Effects of Rapid Rises in Home Owner Real Estate Values on School Taxation*. The branch contributed to the federal-provincial fiscal arrangements negotiations with a review of the Province's Income Tax Collection Agreement with the Government of Canada.

The revenue measures contained in the *1982 Provincial Budget* were developed by the Tax and Fiscal Policy Branch which also prepared the bi-annual fiscal framework, an internal document used for budget planning purposes.

The efficiency and effectiveness of the Economics and Policy Division were measured beginning in May 1981, chiefly according to timeliness and accuracy of the division's various outputs. From May to December 1981, the division completed 591 assignments of which 6 per cent were recorded as overdue and .2 per cent as unsatisfactory. Over the same period, 2 per cent of the major routine outputs for which the division was responsible (e.g., economic and fiscal forecasts, financial and eco-

Financial Policy and
Analysis Branch

Tax and Fiscal
Policy Branch

conomic reports, fiscal planning documents) were recorded as unsatisfactory. Comparison with staff and budget required by Alberta, Saskatchewan and Ontario for similar functions were also taken into consideration. The results of the comparison for 1981-82 are shown below:

COMPARISON OF DIVISION TO FUNCTION
COUNTERPARTS IN OTHER PROVINCES
1981-82

Province	Division or Functional Counterparts	
	Number of Staff	Budget as % of Provincial Budget
British Columbia	45 ¹	.0216
Saskatchewan	35	.0546
Ontario	127	.0286
Alberta	28	.0165

¹ Including 27 permanent and 18 auxiliary positions.

TREASURY BOARD STAFF

Treasury Board Staff, throughout 1981, continued in its role of providing support to the Treasury Board. The principal objectives of the Treasury Board Staff Division throughout the year have been:

- to monitor and improve administrative efficiency in government,
- to advise on and implement expenditure restraint as necessary, and
- to provide advice and information to assist Treasury Board in establishing government spending priorities.

In addition, Treasury Board Staff was responsible for:

- coordinating and administering the resource allocation program throughout government,
- preparation of the annual estimates of expenditure, and
- *formulating Treasury Board's decisions affecting government ministries and communicating them in the form of policy directives, procedures and guidelines.*

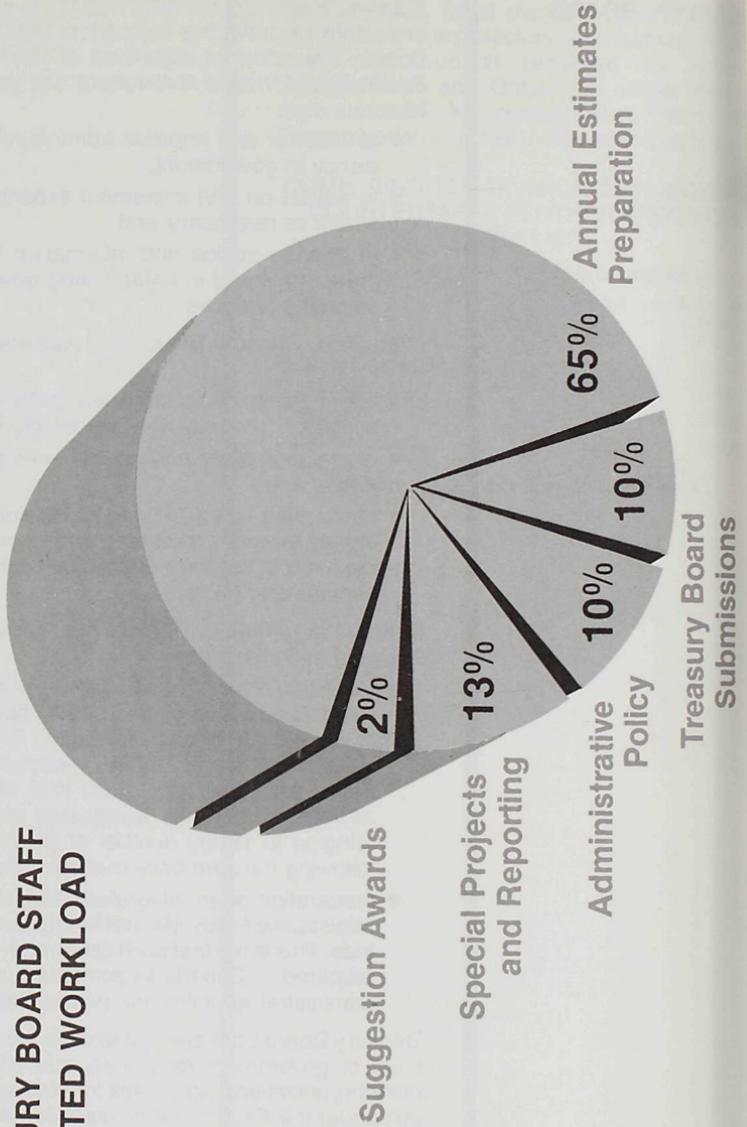
During 1981, Treasury Board Staff provided the following major services:

- extension of zero-base budgeting principles to all ministries. During the 1982/83 budget process, the Ministries of Health, Education, Human Resources, Intergovernmental Relations, and Transportation and Highways adopted zero-base budgeting principles, bringing to 19 the number of ministries now following the zero-base budgeting system.
- preparation of an integrated *Budget and Administrative Policy Manual* for use by all ministries. This is the first such government manual prepared in Canada to combine budget and administrative policy and procedures.

Treasury Board Staff also advised on the management of government resources, and on government organizational structures in a corporate context under the *Financial Administration Act*.

The public service hiring freeze and accompanying restraints on consulting contracts and on staff travel were implemented in August 1981 by the Chairman of Treasury Board following preparatory studies by Treasury Board Staff.

**TREASURY BOARD STAFF
ESTIMATED WORKLOAD**



A Treasury Board directive to all government ministries concerning user fees and licences was issued in June 1981, prepared by Treasury Board Staff. A study of the fee and licence structure of the provincial government by the Finance Ministry's Revenue Administration Branch continues.

The *Budget and Administrative Policy Branch* of Treasury Board Staff undertook several projects to improve the resource allocation process in government during 1981.

These included:

- development of a detailed budget timetable and introduction of a computerized budget preparation system used by government ministries in preparation of the *1982/83 Provincial Budget*. This Interactive Estimates System has produced marked improvement in the quality and speed of budget preparation and review.
- creation of a monthly budget monitoring and reporting process, introduced in 1981, applicable to all ministries, and to be further developed in 1982.
- development of a new structure for the Province's estimates of expenditure, with the aim of improving disclosure to the public and increasing the ministries' flexibility and accountability. Publication of the *1982/83 Estimates* will reflect the revised structure.
- development of a computerized, multi-year forecasting system to estimate the longer-term funding requirements of all government ministries.
- development and introduction of risk management service to safeguard the assets of government. The service received approval from Treasury Board late in 1981 for implementation in 1982.

Administration of the government-wide Suggestion Awards Program which began operation January 1, 1981, is carried out by the Budget and Administrative Policy Branch. Government employees at all levels are invited to submit suggestions which would streamline government procedures, lower costs or otherwise increase the efficiency of government operations. Awards take the form of cash and certificates. In November 1981 the Minister of

Policy Field Branches

Finance announced an increase in the maximum award that can be made under the Suggestion Awards Program from \$500 to \$10,000, based on the cost-saving value of a suggestion to the government. A total of 339 suggestions were received in 1981 and reviewed by the inter-ministry adjudication committee. Eight suggestions have resulted in cash awards, totalling \$2,550, while thirty merit certificates were issued under the program.

The five *Policy Field Branches* of Treasury Board Staff provided advice and analysis to Treasury Board at the time of budget presentations and when requested, on ministry submissions for alterations or additions to resource allocation throughout the year.

The branches are:

- Services to Government
- Social and Health Services
- Education and Training Services
- Justice and Regulatory Services
- Natural Resources and Economic Development.

In each branch, analysts from Treasury Board Staff are assigned responsibility for individual ministries.

As well, the Policy Field Branches provided technical advice, and advice on policy interpretations to all ministries on issues related to resource allocation in general and on budget preparation in particular.

Major initiatives of the branches included:

- development and implementation of the first phase of a Capital Budgeting Program for the four major capital spending ministries: Health; Education; Universities, Science and Communications; and Attorney General.
- major independent analyses of government program thrusts and resources required to effect government initiatives including a five-year operational plan for the Ministry of Forests, and the examination of financing options for B.C. Place, North East coal development, the B.C. Ferry Corporation and the Ministry of Municipal Affairs Revenue-Sharing Fund. A study of public schools and post-secondary education for the Ministry of Education was

carried out to provide control and flexibility in managing manpower resources.

- development in 1981 of a business case methodology for the 1982/83 budget year to identify the total costs and benefits associated with specific new systems projects.

The branches also analysed the financial implications of federal-provincial agreements and their impact on government services, with specific reference to the provisions of the *Financial Administration Act*. These agreements included the *Canada Assistance Plan* involving the provincial Human Resources Ministry, and the *Canada-British Columbia Industrial Development Sub-Agreement* involving the provincial Ministry of Industry and Small Business Development.

The Policy Field Branches also analysed the financial impact of public sector wage negotiations in cooperation with the Government Employee Relations Bureau.

The efficiency and effectiveness of the division is measured by adherence to the approved budget timetable, the general satisfaction of Treasury Board and the cabinet, and production of the *Estimates of Revenue and Expenditure* (the Blue Book) before budget day.

In 1981 Treasury Board Staff was able to meet these guidelines. During the year 70.3 per cent of the 1,573 Treasury Board submissions received from ministries were dealt with within 10 working days of receipt; 15.7 per cent within 20 working days, and 15 per cent within 50 working days. By year end 1,476 submissions had been vetted; 97 remained for consideration and forwarding to Treasury Board, at that time.

The estimated average cost of processing a Treasury Board submission is \$300. This is comparable with several other Canadian governments:

	Processing Cost per Submission
Federal Government.....	\$550
Alberta.....	300
Manitoba.....	200-250
British Columbia.....	300

REVENUE DIVISION

During 1981, the four branches of the *Revenue Division* administered the taxation statutes that are the responsibility of the Minister of Finance. The statutes include those covering property taxation in rural areas of the province, taxation of consumer goods, and taxation of personal and corporate income.

The specific aims of the Revenue Division during the year included:

- collecting taxes in an efficient, effective and equitable manner;
- enhancing compliance with taxation statutes;
- improving audit and inspection performance within the branch, and
- improving tax collection and administrative systems through development of more effective systems, procedures and organizational structures.

It was also the division's goal in 1981 to reduce the amount of litigation and the number of public complaints centered on provincial tax levies and to increase compliance with taxation statutes and regulations through taxpayer education.

A major step towards these goals was the establishment of the Revenue Administration Branch as part of a general reorganization of the division.

Total revenues collected by the division in 1981 were \$4,006,749,710, up 25% over 1980 collections of \$3,189,851,764. See Table on page 2.

Consumer Taxation Branch

The activities of the *Consumer Taxation Branch* included the registration of taxpayers and the audit and inspection of taxpayers' records under the following seven statutes:

- *Social Service Tax Act*
- *Hotel Room Tax Act*
- *Tobacco Tax Act*
- *Gasoline Tax Act*
- *Gasoline (Coloured) Tax Act*
- *Motive Fuel Use Tax Act*
- *Horse Racing Tax Act*

Revenue collected under these statutes in 1981 rose significantly over that collected in the previous year:

1980*	1981	Percentage Increase
\$1,020,814,637	\$1,478,876,918	44.9%

* Revenue collected in 1980 included \$774,343 collected under the *Fuel Oil Tax Act* which was repealed in March 1980. All heating fuels were taxed at ½¢ per gallon under this Act. Now only heating fuels used for commercial purposes are taxed under the *Social Service Tax Act*.

The branch's success in ensuring compliance with the seven taxation statutes during 1981 was measured by the administrative cost of collections, the length of time required to process new vendor registrations and to recognize delinquent accounts, and by the proportion of vendor accounts overdue. The responsibility for the collection of seriously delinquent tax revenues under the seven consumer tax statutes shifted in early 1981 to the newly created Revenue Administration Branch. The cost of administering the taxing statutes was held to less than \$.41 per \$100 collected throughout 1981, which compares favourably to costs of collection in other provincial jurisdictions. The interruption of federal postal service in 1981 interfered with the prompt registration of new vendors and with the early recognition of delinquent accounts.

The efficiency of the Consumer Taxation Branch in carrying out its audit function during 1981 was measured by the amount of revenue raised by each of the branch's 60 auditors and by the relation of the audit payroll to the total amount of revenue recovered. The amount raised by each addition is as follows:

Recovery per Auditor	
1980	\$219,588
1981	\$266,715
Per Cent Increase	21.5%

Audit payroll was to be no more than 12 per cent of total recoveries resulting from the audit efforts of the branch during 1981.

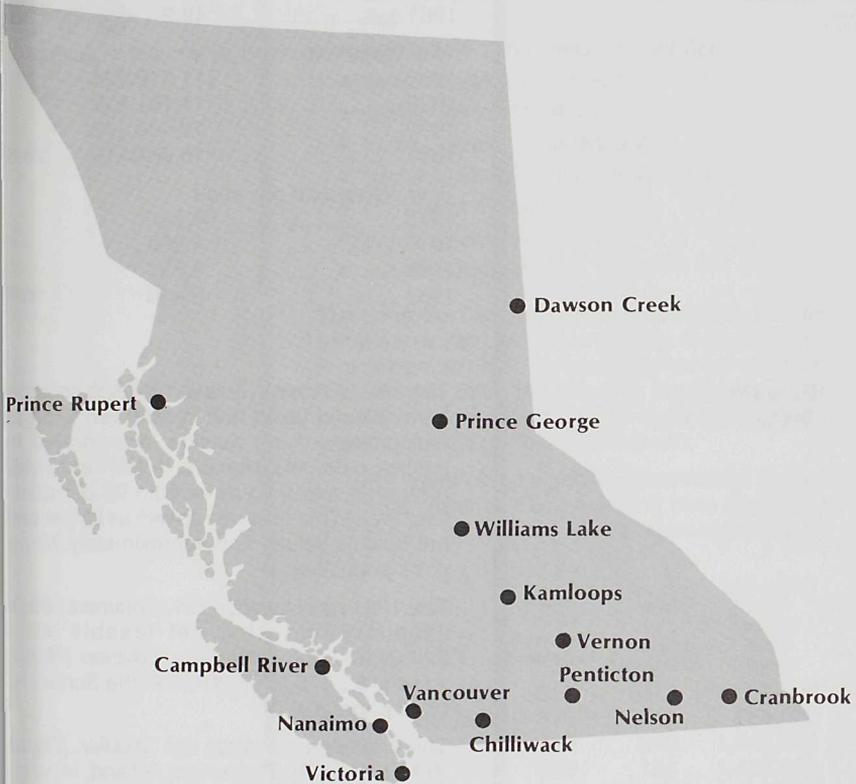
Ratio of Audit payroll to audit related revenue recovery	
1978	11 per cent
1979	10.7 per cent
1980	11.6 per cent
1981	10.02 per cent

The effectiveness of the Consumer Taxation Branch in carrying out the audit function during 1981 was hindered by difficulty in recruiting additional staff. Ideally, each large vendor should be audited once every 10 years to check for compliance under the taxation statutes; a total of 2,800 audits should be performed each year at current staff levels; 95 per cent of completed audits should be formally assessed within 10 days of completion. In 1981, the number of audits completed both in total and per auditor were the highest ever, as was the total value of taxes assessed as a result of this effort. See table on page 18.

A total of 68,052 tax collectors were registered with the Consumer Taxation Branch at the end of 1981, up 5 per cent from the 1980 level of 63,840 registered collectors. Of the 1981 total, 63,853 were registered under the *Social Service Tax Act* up 10 per cent from 1980.

There are 13 Consumer Tax Field Offices throughout the province, as well as the one in Victoria. Both auditors and inspectors are located at each of these offices. (See map on page 17).

CONSUMER TAXATION BRANCH OFFICES



CONSUMER TAXATION BRANCH—AUDITS

		Increase 1981 over 1980
Total audits completed		
1978.....	2,573	
1979.....	2,368	
1980.....	2,721	
1981.....	2,944	8.2%
Average number of audits per auditor		
1978.....	47	
1979.....	47	
1980.....	48.2	
1981.....	49.2	2.1%
Total taxes assessed as a result of audits		
1978.....	\$11,019,224	
1979.....	11,101,827	
1980.....	12,400,162	
1981.....	15,944,219	28.6%
Taxes assessed per audit		
1978.....	\$4,282	
1979.....	4,688	
1980.....	4,557	
1981.....	5,416	18.8%

Real Property
Taxation Branch

The *Real Property Taxation Branch* collected and administered taxes and special levies on taxable real property lying outside incorporated municipalities in British Columbia. In 1981 as in 1980, the rural area made up more than 98 per cent of the land area of the province as well as 20 per cent of net taxable values and approximately 20 per cent of its population.

The 1981 rural taxation roll contained 285,000 accounts, covering net taxable values of \$2,569,000,000 under the *Taxation (Rural Area) Act* and \$3,476,000,000 under the *School Act* (see table page 20).

The branch administers the *Taxation (Rural Area) Act*, the *Land Tax Deferment Act* and, in rural areas, the *Home Owner Grant Act*. The branch also levies taxes on rural properties under the following statutes:

- *School Act*
- *Municipal Act*
- *Hospital District Act*
- *Assessment Authority Act*
- *Municipal Finance Authority Act*
- *Local Services Act*
- *Library Act*
- *Esquimalt and Nanaimo Railway Belt Tax Act*
- *University Endowment Lands Administration Act*
- *Agriculture Land Development Act*
- *Grasshopper Control Act*
- *Mobile Home Tax Act*
- *Farm Distress Assistance Act*
- *Highway Scenic Improvement Act*
- *Riverbank Protection Act*
- *Weed Control Act*
- *Islands Trust Act.*

The Land Tax Deferment Program enables certain owners including seniors and some disabled property owners to defer, or delay, payment of taxes on their homes until the property is either sold or passed on. The deferred taxes carry a compound interest of eight per cent per annum.

In 1981, there was a significant increase in the tax deferrals under this act, resulting from significant increases in market value assessments of property.

Year	Property Taxes Deferred	No. of Full Tax Deferment Agreements	No. of Partial Tax Deferment Agreements	Cumulative Total—Property Taxes Deferred
1974	\$ 460,000	610	1072	\$ 388,000
1975	481,000	515	456	755,000
1976	452,000	600	240	1,042,000
1977	447,000	659	168	1,425,000
1978	656,000	885	129	2,027,000
1979	646,000	981	94	2,526,000
1980	792,000	1073	79	3,202,000
1981	2,235,000	1985	64	5,511,000

REAL PROPERTY TAXATION BRANCH

Year	Number of Rural Tax Accounts	Net Taxable Value, Taxation (Rural Area) Act (in Millions)	Net Taxable Value School (in Millions)
1977	256,000	1,587	2,211
1978	266,000	1,589	2,391
1979	272,000	1,847	2,705
1980	278,000	2,175	2,948
1981	285,000	2,569	3,476

	Total Rural Property Taxes Collected (in Millions)	Total School Taxes Collected (in Millions)	Local Government Taxes Collected* (in Millions)	Other Taxes Collected
1977	20.7	101.0	21.5	1.5
1978	19.1	120.5	24.7	1.7
1979	21.8	133.6	27.1	1.8
1980	25.4	153.1	32.2	2.0
1981	29.2	197.3	38.9	2.5

* This includes Improvement District, Regional District, Hospital District, Library District and similar levies.

Home Owner Grants in Rural Areas

	Applications	Total Grants	Increase
1981	86,352	\$33,900,000	10.3%
1980	80,489	33,000,000	11.1%
1979	75,412	29,800,000	12.0%
1978	72,408	23,200,000	10.8%
1977	69,620	21,500,000	11.2%

The branch's success in carrying out tax collection in rural areas was measured by the administrative cost for each tax account. In 1981, the cost was \$3.12 per account, below the target cost figure of \$3.24 per account and comparable to the cost incurred by the municipalities of Surrey and Saanich. In administration of the Home Owner Grant to rural area property owners, the branch was deemed efficient when the cost for each approved application was \$1.30 or less. Cost per approved application in 1981 was held to \$1.25. The efficiency measure for the branch's role in administering the Land Tax Deferment Program was a cost of \$11 or less per tax deferment account. The branch's servicing cost per account in 1981 was \$10.94.

In each of the branch's three functions—real property tax collection, Home Owner Grant administration and the Land Tax Deferral Program—the branch's effectiveness was measured by adherence to the annual work cycle, which was successfully met throughout 1981.

The *Income Taxation Branch* was responsible for administration of the following statutes in 1981:

- *Corporation Capital Tax Act*
- *Mining Tax Act*
- *Logging Tax Act*
- *Insurance Premium Tax Act*
- *Income Tax Act*.

Under the Tax Collection Agreement between the provincial and federal governments, the federal government collects personal and corporate income taxes on British Columbia's behalf.

The Income Taxation Branch has statutory responsibility for the *British Columbia Income Tax Act* and assists Revenue Canada in the compliance and informational aspects of the taxing statute.

The branch is also responsible under the provincial *Fire Services Act* for collection of tax from insurance companies which sell fire insurance.

As well, during 1981, the Income Taxation Branch continued the administration of certain provincial legislation which has been repealed, but for which tax revenue for the period prior to repeal is still being collected. These statutes are:

	Date of Repeal
Succession Duty Act	January 24, 1977
Gift Tax Act	January 24, 1977
Probate Fee Act	March 11, 1980
British Columbia Payment to Canada of Federal In- come Tax on Behalf of Natural Gas Producer Act	December 31, 1976

A tax roll totalling 15,925 individuals and corporations was maintained by the Income Taxation Branch, made up as follows:

- 14,150 Corporation Capital Tax
- 1,100 Logging Tax
- 125 Mining Tax
- 550 Insurance Premium Tax.

Three of the branch's 15 audit positions remained vacant throughout 1981, as a result of continuing difficulties in recruiting qualified audit staff.

The branch was responsible for registration of political parties and their signing authorities under the *Income Tax Act*, and for auditing political donations claimed under this legislation. Seven political parties were registered by the branch in 1981:

- Liberal Party in British Columbia
- British Columbia Social Credit Party
- New Democratic Party of British Columbia
- Progressive Conservative Party of British Columbia
- Western Canada Concept
- Western National Party
- Taxpayers and Voters Party of British Columbia.

During 1981, the branch collected a total of \$149,609,000 of revenue, up only 4 per cent from the amount collected in 1980 of \$144,250,349. The marginal increase is accounted for by the four repealed statutes listed earlier and by factors affecting the forestry and mining sectors of the provincial economy. 1981 revenue was, however, 10.5 per cent higher than the expected revenue total of \$135,400,000.

The branch's success in 1981 in ensuring compliance with the taxation statutes for which it was responsible was measured by the administrative cost within the branch, by the proportion of the active tax roll filing tax returns voluntarily, and the margin of planned revenue within which actual revenue fell. The compliance cost was held to \$0.005 per dollar of revenue generated, well within the guideline of \$0.27 per dollar generated. The Income Taxation Branch was considered effective in ensuring compliance if 70 per cent or more of the active tax roll filed tax returns voluntarily, and actual compliance revenue from those filing voluntarily came within 10 per cent of what was expected. In 1981, 76.3 per cent of the branch's tax roll filed voluntarily, and compliance revenue of \$1,133,000 was 14.7 per cent higher than the expected \$965,000.

The efficiency of the Income Taxation Branch in carrying out its audit function in 1981 was measured by the audit cost, intended to be 15 per

cent or less of total audit recovery. In fact, the branch's total audit cost throughout the year of \$579,000 was 6.24 per cent of the \$9,274,695 total audit recovery. Difficulty in obtaining audit staff in 1981 caused the branch to fall short of its target of 8,500 audits; 7,964 audits were completed by the branch's 12 auditors throughout the year. Audit revenue in 1981 totalled \$9,274,695 or 7 per cent higher than the planned audit revenue figure of \$8,750,000.

Branch costs of \$585,000 were .39 per cent of branch revenue of \$149,609,000 for the year, well within the target of .75 per cent or less. Further, while the actual branch cost figure was 6.6 per cent higher than the planned cost figure for 1981 of \$552,000, it was within the 10 per cent target set for branch effectiveness.

The *Revenue Administration Branch* was established in 1981 to provide administrative, tax accounting and collection services for the three preceding sections of the Revenue Division. The new branch assumed general administrative, tax record-keeping and collection functions from the Consumer Tax Branch early in the year; similar functions for the two remaining branches will be assumed in 1982. The Revenue Administration Branch recruited staff during the summer and fall of 1981 in preparation for full operation in 1982. The branch is scheduled to assume revenue-collecting functions for all assessed and seriously overdue taxes for the Real Property Taxation Branch in early 1982, and for the Income Taxation Branch in the fall of 1982. The new branch provides a higher profile in the field of tax collection and is expected to reinforce compliance with the provincial tax statutes. When fully in operation in 1982, the Revenue Administration Branch will be responsible for receiving more than one million tax returns annually.

Special initiatives taken by the Revenue Administration Branch in 1981 included:

- a study of all fees and licences levied by the provincial government. More than 1,400 individual fees and licences were listed in an inventory by the end of 1981. The branch's involvement in the project will continue in 1982. The aim is re-evaluation of government-

Revenue
Administration
Branch

imposed fees and licences in terms of the 1981 Treasury Board directive which established the objective of basic cost recovery for the provision of many of these services.

- planning and development of a collection system for all taxation statutes for which the ministry's Revenue Division is responsible. The system was implemented in 1981 on the following consumer taxation statutes:
 - *Social Service Tax Act*
 - *Hotel Room Tax Act*
 - *Tobacco Tax Act*
 - *Gasoline Tax Act*
 - *Gasoline (Coloured) Tax Act*
 - *Motive Fuel Use Tax Act*
 - *Horse Racing Tax Act*.
- development of a collection system for the Income Taxation Branch was begun and will continue in 1982.
- a continuing project to design system capabilities for provincial income taxation and property taxation records was undertaken.

The Revenue Administration Branch was successful in fulfilling the functions of collections and administration (mostly relating to the Consumer Taxation Branch) set for it in 1981. These functions will be expanded to include the areas of provincial income taxation and real property taxation in 1982 with specific efficiency and effectiveness measures set for the branch's operation.

REVENUE BY STATUTE—REVENUE DIVISION

Statute	Calendar 1980 Revenue	Calendar 1981 Revenue	Percentage Increase Over 1980
Postal Service Tax Act	\$701,975,639	\$1,037,505,422	47.8
Hotel Room Tax Act	14,725,936	22,012,363	49.5
Tobacco Tax Act	71,027,089	95,709,817	34.8
Gasoline Tax Act	161,459,747	216,948,579	34.4
Gasoline (Coloured) Tax Act	33,725,154	67,180,581	99.2
Motor Fuel Use Tax Act	27,857,140	35,378,266	27.0
Horse Racing Tax Act	9,269,589	4,141,890	(55.3)
Crude Oil Tax Act ¹	774,343	—	(100.0)
Income Tax Act (Federal)—			
Personal Income Tax ²	1,287,000,000	1,578,000,000	22.6
Corporate Income Tax ²	526,000,000	532,000,000	1.1
Savings Tax Act	58,039,393	21,450,000	37.0
Wasting Tax Act	18,460,981	15,750,000	(14.7)
Cooperation Capital Tax Act	52,000,000	80,400,000	54.6
Insurance Premium Tax Act	15,763,926	28,850,000	83.0
Financial Services Tax Act	1,758,943	2,725,000	54.9
Private Fee Act ¹	417,065	57,252	(86.3)
Gift Tax Act ¹	10,394	6,540	(37.1)
Succession Duty Act ¹	2,336,425	434,000	(81.4)
Estate Taxation (Rural Area) Act	23,100,000	29,300,000	26.8
School Act	151,300,000	197,400,000	30.5
Postal Services	32,000,000	39,000,000	21.9
Motor Property Taxes and Fees	850,000	2,500,000	194.1
Total	\$3,189,851,764	\$4,006,749,710	25.6

¹ Repealed.

² Province of British Columbia Estimates.

OFFICE OF THE COMPTROLLER GENERAL

Deputy Comptroller
General

The *Office of the Comptroller General* verified government expenditures, and maintained central accounting, reporting and payment systems for the government. This division also provided an internal audit function for the independent review of the efficiency and effectiveness of financial control systems in the government. The *Response to the 1980 Report of the Auditor General* and the two volume *Public Accounts 1979-80* were published, and the three volume *Public Accounts 1980-* were prepared by the Office of the Comptroller General.

The objectives of this division in 1981 include:

- advising Treasury Board on government accounting and financial administration policies;
- enhancing public understanding of the Province's financial operations and position through government financial reports including the *Public Accounts*;
- increasing the effectiveness of the government's internal audit function; and
- ensuring timely payments to government suppliers and employees.

During 1981, the *Deputy Comptroller General* completed his duties as a member of the task force appointed by the Minister of Finance to review the *Financial Administration Act*. Prior to its passage by the legislature in June 1981, he coordinated the activities of various ministry and inter-ministry working groups associated with the development of the act.

Under his direction, regulations required by the act were developed and presented to Treasury Board and subsequently approved by cabinet in November 1981. A comprehensive set of government financial administration policies required by the act was developed and prepared for publication in the Treasury Board *Financial Administration Policy Manual*.

Staff of the Deputy Comptroller General also:

- assisted ministries in implementing new policies for financial signing authorities,
- evaluated and incorporated necessary financial controls in 17 developing financial systems throughout government, and
- prepared the government's official response to the *1980 Report of the Auditor General*.

Throughout 1981, the Deputy Comptroller General maintained communication with other ministries on financial policy, systems, controls and other related matters through regular meetings of the council of ministry executive financial officers and the council of ministry senior financial officers.

The *Financial Administration Act* and the *Financial Administration Policy Manual* were developed during the year and approved on schedule. The policy development operation did not formally exist before 1981 so cost comparisons are not possible.

In 1981, 64 policy implementation projects were established of which 60 were completed on schedule. This resulted in an effectiveness rate of 93.8 per cent, exceeding the branch's target of 90 per cent. The cost per policy implementation project declined from a starting average of \$1,530 to \$1,275 at the end of the year. This represented a 16.7 per cent improvement in efficiency.

During the year, the branch addressed itself to 87 outstanding recommendations made by the Auditor General in her 1980 report. At December 31, 1981, 31 of the issues had been satisfactorily resolved and a further 50 had progressed toward a satisfactory resolution. This resulted in an actual 93.1 per cent effectiveness rate, exceeding the branch's target of 80 per cent. The cost per response to the recommendations declined from an opening monthly average of \$70 to \$66 at year end. This represented an improvement of 5.7 per cent in efficiency.

The *1980/81 Public Accounts*, which included consolidated financial statements and information under both the old cash basis and the new modified accrual basis of accounting, were prepared and transmitted to Treasury Board and the Auditor General by the September 30 statutory deadline. Adjusted for inflation, the *Public Accounts*, which included additional schedules and financial information not previously published, were produced at approximately the same cost as the year before.

In 1981, monthly statements were completed on average by the fifth working day of each month. Average costs for producing them was the same as for the previous year.

Pay and Personnel Accounting Branch

The *Pay and Personnel Accounting Branch* is responsible for the payment and control of personnel costs to government in 1981.

Throughout the year, this branch:

- maintained employee records of more than 60,000 persons employed by the provincial government in 1981;
- managed the provincial government payroll valued at an average of \$80 million monthly (see chart);
- paid on average 45,000 provincial government employees per month, and
- processed 80,000 pay-related and travel vouchers per month, including, on average, 15,000 employee travel expense vouchers.

Major improvements were introduced to reduce processing costs in the handling of 21,000 Canadian Savings Bonds, valued at more than \$7 million. Improvements were also made to the handling of provincial government employee absence and sickness cost records the value of which totalled more than \$210 million in 1981.

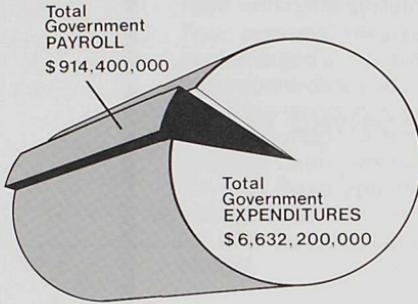
The Pay and Personnel Accounting Branch developed a system to permit ministries on-line access to personnel management data during the year. By the end of 1981, six ministries—Environment, Health, Attorney General, Transportation and Highways, Provincial Secretary, and Finance—had adopted this system which provided more timely dissemination of personnel management information.

The branch also began an extensive review of the provincial government payroll systems to make them more responsive to the needs of management and to the requirements of labour agreements and government personnel management policies.

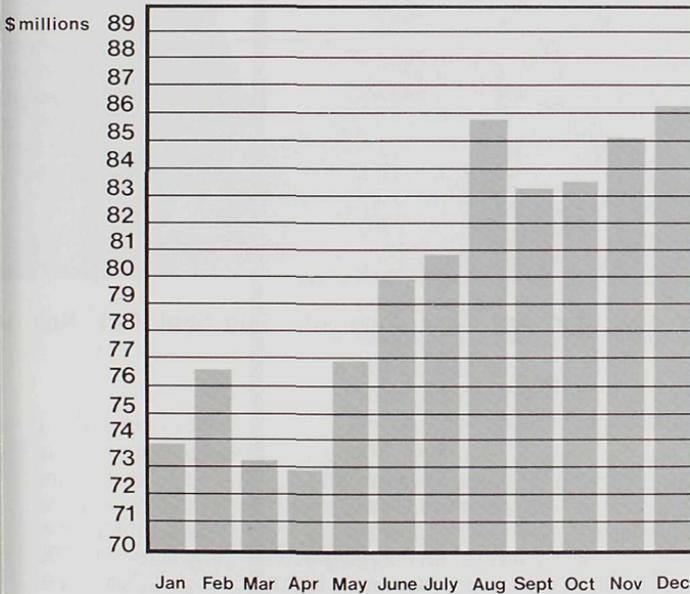
In 1981 payroll processing and personnel management edits were cleared and the systems balanced by established cut-off dates. Unit processing costs were not maintained during the year. However, the total operating cost for both functions was approximately \$930,000 in the fiscal year 1980/81, which was approximately 15 per cent lower than the 1979/80 cost of \$1.1 million.

Government Payroll as a Proportion of Total Government Expenditure

JAN-DEC 1981

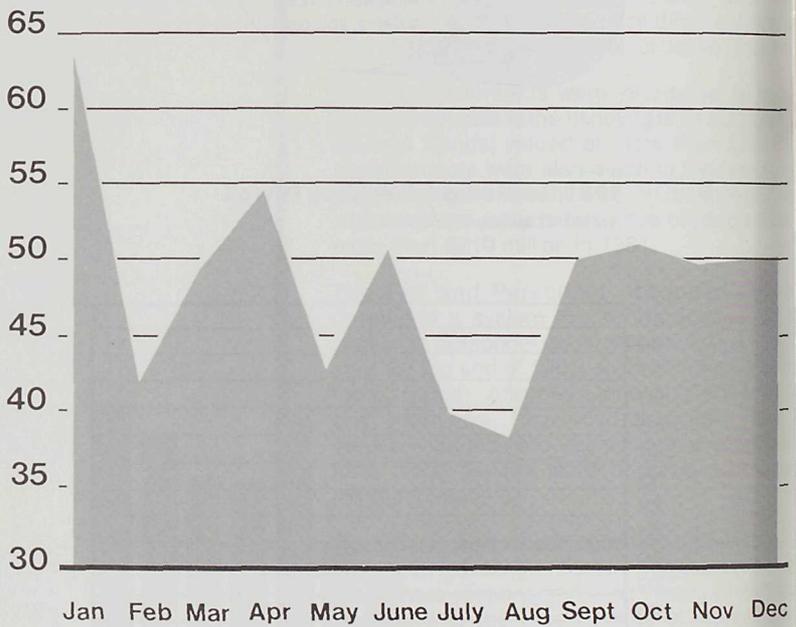


1981 Government Employee Payroll (monthly average \$80million)



Vouchers Received in 1981

in 000's



Pay and personnel accounting systems integration and maintenance were effective if existing systems were planned, specified, implemented and tested, and met stated system release dates. They were efficient if operating cost savings, improved functions, and reporting or information requirements were within the systems release budget.

Four systems releases were planned, specified, implemented and tested in 1981 by the stated system release dates. In addition to the improvements that were made in payroll processing and the personnel management systems, policy changes relating to unemployment insurance and Canada Savings Bond employee deductions resulted in savings to government of approximately \$100,000 in 1981. Systems releases were developed within budget.

The *Financial Disbursement Operations Branch* was responsible for:

- processing all non-personnel disbursements, and
- issuing all government cheques, as well as documentation and control of all transactions processed through the government's central accounting system, and the pre-audit of all non-personnel payment vouchers.

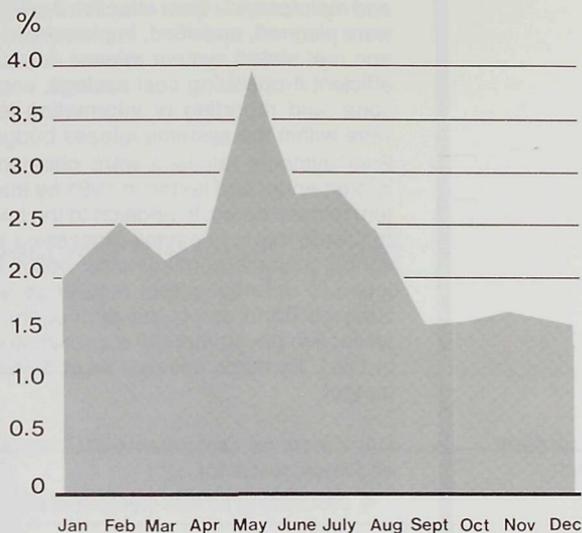
In 1981, the branch:

- processed 580,000 payment vouchers valued at more than \$6.5 billion.
- rejected 13,000 incomplete or inaccurate vouchers valued at \$171.1 million. The percentage of vouchers rejected dropped from an average of 2.3 per cent at the beginning of 1981, to an average of 1.6 per cent by year end, indicating an improvement in voucher processing by ministries.
- issued more than three million cheques.
- processed receipts for a total transaction value of more than \$26 billion, including \$19.5 billion in investment transactions and interest earnings.

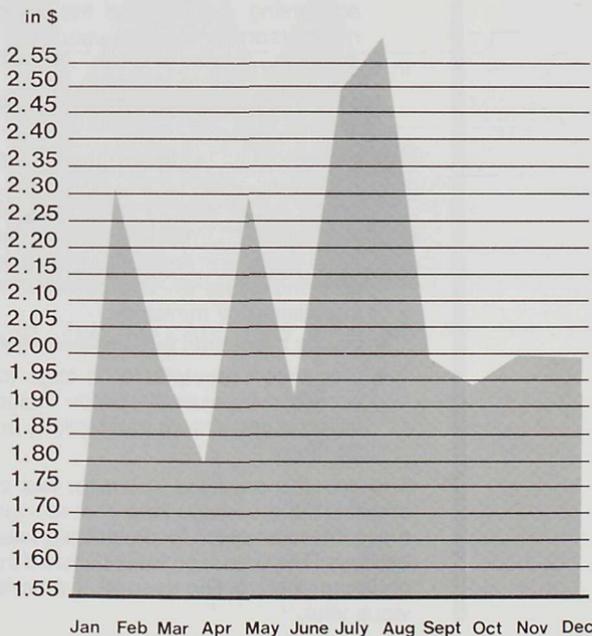
The branch's pre-audit operation was considered effective if the average time from receipt of vouchers to the submission for processing was five working days. The operation was efficient if the unit cost of documents verified was lower than for the previous year.

Financial Disbursement
Operations Branch

Percentage of Vouchers in Error in 1981



Processing Cost per Voucher in 1981



While the average processing time during 1981 did not meet the standard, indications for the first quarter of 1982 show an average processing time of five days. Since unit processing costs were not maintained in 1980, a target of \$2.04 per voucher was established in 1981. At the end of the year, the unit cost was \$1.98 per voucher.

The *Internal Audit Branch* conducted appraisals during 1981 of government financial controls and management systems.

The branch also audited major financial systems "under development" and audited and certified more than 1,400 claims, valued at more than \$270 million, made by British Columbia under federal-provincial cost-sharing agreements.

During 1981, the branch conducted throughout government:

- 35 regular audits,
- 8 special audits, and
- 4 systems development audits.

A major initiative of the branch was the development of internal audit policies and of a five-year internal audit master plan covering the fiscal years 1982-83 to 1986-87. The plan provides a coordinated and comprehensive approach to the internal audit of government operations. It also ensures that each audit unit is reviewed at least once every five years.

During 1981, the operations of the Vancouver office of the Internal Audit Branch were consolidated with those of the Victoria office as an economy measure.

Generally, audits were completed on time and in accordance with an established plan. The audit reports took an average 28 working days to prepare after completion of the audit. The productive hourly cost in 1980 was \$38.90, while in 1981 the average cost rose to \$41.63. This small increase in cost per productive hour of \$2.73, or 7 per cent, was due to the significant temporary reduction in staff resulting from the Vancouver office closure in June.

The *Central Accounting Branch* maintains the general ledger of the Province of British Columbia, including a central record of revenue, expenditures, assets, liabilities and trusts.

The branch also maintains the records and approves payments related to funds held in trust for the government. These include funds paid to court pending the outcome of a suit, estates where there is no next of kin or named trustee, and funds held on behalf of infants or those unable to handle their own affairs.

Trust funds maintained by Central Accounting grew from \$119.4 million at the beginning of the year, to \$161 million at year end. The breakdown follows:

	January 1 1981	December 1981
	(\$ million)	
Suitors' Fund	39.6	59.4
Estate Administration	79.8	101.6
	119.4	161.0

Central Accounting verifies all expenditures paid through Government Agents on behalf of the Comptroller General. By means of auditing and reconciling, the branch also controls revenue from courts, the Government Agents and other related bank transfers.

In 1981 Central Accounting set out to improve its performance in a number of areas. The branch worked to improve revenue classification and reporting, and tightened accounts receivable control by arranging for a number of ministries to age the receivables.

By redesigning systems, Central Accounting also eliminated or condensed approximately 25 per cent of financial management and control reports for responsibility centre managers. To speed up report distribution the branch arranged to transmit the information electronically to printing centres around the province.

The branch also made significant progress in ensuring that all collections and expenditures of monies held in trust by the government were identified, classified and reported.

In 1981, there was, on average, no significant backlog at the month end cut-off in either the general ledger or Government Agent verification operations. Since 1980 costs were maintained on a different basis from those of the subsequent year, a \$1 per unit transaction benchmark was set for 1981. The average cost of processing documents during the year was \$.95, while the unit cost of verifying documents averaged \$.62.

In the trust fund operation, funds were disbursed within four working days on average in 1981. Since unit costs per client serviced were not maintained in the previous year, a target of \$1 per client was established for 1981. The average unit cost for the year was \$.77.

TREASURY AND ADMINISTRATION

Treasury Branch

Treasury and Administration manages the Consolidated Revenue Fund and trustee funds, which in 1981 totalled \$8 billion, and provides administrative and technical services to the Ministry of Finance, other government ministries, Crown corporations and the public. There are five branches in the division:

- Treasury Branch
- Controller's Office
- Personnel and Payroll
- Systems and Data Processing
- Government Agencies

Treasury Branch manages the Province's major financial assets and liabilities and is also responsible for non-budgetary financial activities. These include banking and cash management, Crown corporation capital funding, investment operations and securities and administration. The branch is responsible as fiscal agent for the management and arrangement of Crown corporation borrowings, for the administration and financial aspects of advances and guaranteed loans, and for the development of a broad range of government financial arrangements.

The Treasury Branch undertook a far-reaching examination of its operations during 1981 and brought about changes to reflect more effective delivery of service. This was necessitated by a significantly increased demand for banking and money market activities on the part of the Crown corporations, and in recognition of the need for more efficient operations generally.

The Banking and Cash Management Section of the branch performs banking, cash flow forecasts and accounting duties. In 1981 the section conducted a cash management study which resulted in cash savings and an improved cash management program. The section also designed and began work on a cash management monitoring system. All revenue accounts were included in an accelerated transfer program which improved utilization of provincial funds.

In 1981, banking operations were efficient and effective since all deposits were made on time with zero-error performance. The section maintained more than 800 bank accounts and accepted an average 3,500 deposits per month from all government ministries.

All reports for the cash flow forecasting operation were timely and accurate and bank account credit balances averaged 1.7 per cent during the year.

The Capital Funding Section assisted in accessing the public capital markets for British Columbia Hydro and Power Authority bond issues totalling \$1.3 billion. Of these bonds, \$250 million were floated in the Canadian market, \$950 million in the American, and \$100 million (payable in U.S. dollars) in the European market. The section helped arrange the Province's first bond issue in the United States private placement market on behalf of five Crown corporations. The issue totalled \$53.3 million.

Capital Funding also arranged short-term financing for a number of Crown corporations through provincial trustee accounts totalling \$488,500,000 in 1981. The section coordinated Canada Pension Plan financing for hospitals; schools; colleges and universities, and other Crown corporations totalling \$340,798,000.

As well, the section coordinated the preparation of documentation for all borrowing, including prospectus preparation for three public issues and one private placement.

In 1981, reports and issue documentation for public, short-term and Canada Pension Plan borrowing operations were timely and accurate. The cost ratio to amount borrowed for this section was 1.7 to 3.8 times lower than for three other provincial borrowers.

Treasury Branch's Investment Operations Section is sub-divided into short- and long-term investment management groups. Short-term investments as of December 31, 1981 were approximately 35 per cent of total investments, up from 10 per cent at December 1980.

In 1981, the short-term investment group managed \$3 billion, up from \$2 billion in 1980, and consisting of sinking funds, pension funds, consolidated revenue funds and special purpose funds. These funds were re-invested approximately four times throughout the year for a total volume of \$12 billion invested. Active management of all portfolios increased dramatically in 1981. Not only were terms varied, but switches were made involving differences in yield spreads and marketability of investments. There were 8,200 transactions in the

year with an average size per transaction of \$1,500,000.

Short-term investments were effective if they did not adversely affect the market and efficient if they were an average of five basis points above the market. In 1981, investment operations met both these criteria. The group's short-term market performance was 34 basis points (.34 per cent) above the market average during the year.

In 1981, the long-term investment group managed \$4.2 billion consisting of sinking funds, pension funds and special purpose funds. There were 38 transactions of which the average size was \$187,000. At December 31, 1981, long-term investments made up approximately 65 per cent of the total investment pool, down from 90 per cent in December 1980. Investments for the B.C. School Districts Capital Financing Authority sinking funds were realigned to provide a better match to the issue due dates. Activity in the Canadian and American public bond markets was continued in 1981, in order to maintain liquidity for outstanding B.C. debt issues and to meet sinking fund requirements. Finally, the group executed extensive trades in long-term securities where the term to maturity of the purchased bond was either reduced or remained unchanged. In all cases an increase in yield to maturity was obtained.

To be efficient, the long-term investment group had to achieve an average yield on purchases of 3 per cent above the inflation rate; execute trades with a shortening of term and a 25 basis points (.25 per cent) improvement in yield; and maintain the yield spread between British Columbia Hydro and Ontario Hydro. Efficiency was achieved in 1981 with a 3.10 per cent real return on purchases, a shortening of term and an average improvement in yield of 37 basis points, and a reduction in the yield spread between Ontario Hydro and British Columbia Hydro of 4 basis points (.04 per cent) over the year.

The Securities and Administration Section enhanced the existing accounting and inventory system and developed a computer program for debt servicing of the Capital Financing Authorities. In 1981, these debt servicing payments totalled more than \$230 million. Total securities held in safekeeping by the section were in excess of \$12.5 billion. Securities also assumed control of shares and as-

sets of companies in voluntary liquidation, which in 1981 totalled approximately \$2 million.

During the year the section maintained a 59 per cent saving over commercial rates for the same services, and carried out its activities in a timely and accurate fashion.

In 1981, the Treasury Branch had responsibilities under the following acts:

Financial Administration Act

Pension (Public Service) Act

Pension (Municipal) Act

Pension (Teachers) Act

Hydro and Power Authority Act

Pension (College) Act

B.C. Railway Act

B.C. Railway Finance Act

Funds Control Act

Special Funds Act

Resource Investment Corporation Act

Hospital District Finance Act

School Districts Capital Financing Act

Municipal Act

Greater Vancouver Regional Water and Sewer District Act

Educational Institutions Capital Finance Act.

Controller's Office

During 1981 the *Controller's Office* continued to assist the ministry with advice and information on the budget process. The office also provided facilities and office services management. Two new sections were added to the Controller's Office during the year to provide procedures and forms management, and word processing services. The office also coordinated the development of an efficiency and effectiveness reporting system across all divisions and branches of the ministry to ensure that operations continually responded to measurable objectives. As well, the office administered the *Transmission Line (Underground) Act* which provided grants to municipalities and public utilities for underground installation of power, telephone and other transmission lines. In 1981, five projects were funded for a total of \$362,400.

The Facilities and Office Services Section was responsible for ministry space occupancy. In 1981, the section arranged for new premises for Revenue Division's 180 staff members, for 39 members of Treasury Board Staff, and for the 47 members of Internal Audit. The section also assisted in relocating one Government Agency office, and upgrading

three others. In 1981, this section produced work on time and within budget. The cost per employee per month was \$4.29.

The Procedures and Forms Section began operation in September 1981. The section provided search, editorial and production assistance for ministry policy and procedures manuals. In 1981, these included the *Financial Administration Policy Manual and Digest*, the *Budget and Administration Policy Manual*, and the *Central Services Policy Procedures Manual*. The section also managed forms generated in the ministry, which in 1981 numbered approximately 500.

This section produced timely and accurate manuals and forms recommendations in 1981. Prescribed turnaround times were met and annual savings from forms redesign were documented. Redesign proposals made by the section are expected to save the ministry more than \$70,000 in 1982.

The Office Automation Centre was another section which began operation in 1981. It was developed mid-year to provide the ministry with advanced word processing capability. The centre facilitates routine document file applications and correspondence production while allowing clients to avoid need for overtime and added staff.

In 1981, the Automation Centre met its implementation plan targets, achieved less than one error per 10 pages 75 per cent of the time, and produced documents up to five pages long in one day, 75 per cent of the time. The cost per page was approximately 50 per cent below the \$3.50 benchmark figure established for the operation.

The Budget and Expenditure Control Section provided advice and information on the zero-based budgeting process, and coordinated preparation of the ministry's 1982/83 budget estimates. The section also accounted for all 1981/82 Ministry of Finance expenditures.

Efficiency and effectiveness measures were put in place to monitor the vouchering and budgeting aspects of the section.

In 1981, the error rate for the section was less than two per cent and the staff cost per voucher was \$4.63 at the end of the year.

Effectiveness in budgeting was measured by adherence to the budget cycle schedule. Efficiency was achieved if a staff cost of \$71 per person per month was met or bettered. In 1981, the section met the budget cycle schedule and had a staff cost of \$39.

The *Transmission Line (Underground) Act* and the *Capital Commission Act* were administered by the Controller's Office in 1981, while the *Municipal Aid Act* was a shared responsibility with the Ministry of Municipal Affairs.

nel and
Branch

During 1981 the *Personnel and Payroll Branch* continued to provide the ministry with organizational analysis, job position analysis, staffing services, labour relations representation and formalized ministry training and development programs. On April 1, as a result of the ministry reorganization, Personnel became responsible for the ministry payroll services.

The branch recruited 474 employees for regular positions and 448 auxiliaries for variable terms in 1981. Vacancies and positions during the year resulted from:

Promotions	136
Resignations	171
New Positions	65
Transfers to other ministries	46
Retirements	20
Other Reasons	36

At December 31 the Ministry of Finance had 1,282 employees of whom 60 per cent were female and 40 per cent male. The number of handicapped persons employed by the ministry was increased from 27 to 32. The branch also completed 250 classification and job analysis studies related to the ministry reorganization and established a training centre in October. At year end the training centre was delivering on-going multi-media programs to ministry employees and had organized two three-day management training courses and two one-day supervisory techniques programs. Personnel and Payroll also resolved 17 grievances without recourse to arbitration in 1981. An orientation brochure for new employees was distributed and 26 ministry employees received 25- or 35-year service awards.

Systems and
Data Processing
Branch

In 1981 ministry employee recruitment increased 15.6 per cent for regular positions and 16 per cent for auxiliary over 1980 figures. Recruitment cost averaged \$110 per capita during the year. The recruitment operation was considered effective as 95 per cent of positions were encumbered within 30 days of being advertised. In 1981 Personnel and Payroll was able to meet this requirement. The training centre provided 84 employees with additional training in the three months of its existence in 1981.

The Payroll section, with only two fulltime employees, met all payroll deadlines while maintaining an error rate of less than one-half of one per cent.

In 1981 Personnel and Payroll had responsibilities under the following acts:

- *Public Service Act*
- *Public Service Labour Relations Act*
- *Workers Compensation Act*
- *Maturity Protection Act*
- *Human Rights Code*
- *Ombudsman Act*
- *Labour Code*
- *Employment Standards Act*
- *Financial Administration Act*
- *Unemployment Insurance Act*
- *Income Taxation Act*
- *Public Service Superannuation Act.*

The *Systems and Data Processing Branch* is responsible for coordinating the development of new computer systems for the ministry as well as the operational management of all ministry production systems in the financial area. This includes responsibility for system coordination between BCSC and users, data control of all input and output of the system, and remote job entry for outside ministries, several Crown corporations and the Ministry of Finance.

During 1981, developmental and operational applications within the Ministry of Finance include the following systems:

- General Accounts
- Bank Reconciliation
- Estimates

Revenue Taxation
Corporation Capital Tax
Motor Fuel Use Tax
Government Agents Cash Registers
Real Property Tax Levy
Real Property Tax Accounts Receivable
Public Service Payroll
Miscellaneous Pay
Leave Management
Securities Investment
Securities Authorities Billing
Securities Sinking Fund Analysis
Securities Liabilities
Supplies
Trust Accounts
Corporation Capital Tax Investment Payments
Transmission Line (Underground) Act System
VM/CBS Timesharing Applications and Management Systems

In addition some aspects of the GAIN and Social Assistance programs were produced for the Ministry of Human Resources.

In 1981 the Systems Management Section of the branch acted as the intermediary between service users and B.C. Systems Corporation design and programming staff. The section monitored hardware and systems costs for new and existing projects thus keeping branch expenditures well within budget. By using various software packages, Systems Management was able to respond effectively to an increased demand for *ad hoc* reports in 1981. The section also coordinated developmental projects including the automation of Consumer Taxation's accounts receivable system, the enhancement of Real Property Taxation's levy system, the Securities Authorities billing system and completion of phase one of the Government Agents cash register project. During the year Systems Management performed a feasibility and functional analysis for a cash management system, installation of which was on time and within budget. The section also began a feasibility study for an integrated cash flow forecasting system. Finally, Systems Management provided the branch director with monthly expenditure reports for development and production systems, assisted the Purchasing Commission with word processing file management and gave advice on Administration's IBM 5520 system in the Automation Centre.

The Data Control Section scheduled and prepared production jobs for presentation to the Computer Operations Section. The section managed quality control, bursting, decollating and distribution of printed output. By eliminating the use of punch cards in favour of computer terminals and procedures libraries, the section reduced the number of errors in job submissions by 80 per cent in 1971.

The Computer Operations Section maintained a computer interface system with BCSC's mainframe computer 24 hours a day, five days a week. This interface system processed 2,000 jobs a month during the year, with 20 million lines of printing per month on average.

The Finance Data Entry Section keyed in 1.5 million records per month for virtually all branches of the ministry, for the B.C. Ferry Corporation, and the Ministries of Education and Human Resources.

The Central Services Data Section acted as a service bureau for key entry and work from almost all government ministries and some Crown corporations. The section also provided a back-up service to the Finance Data Entry section. An average of 2.5 million records a month were keyed in for

- B.C. Buildings Corporation
- B.C. Systems Corporation
- Liquor Distribution Branch
- Ministry of Agriculture and Food
- Ministry of Attorney General
- Ministry of Consumer and Corporate Affairs
- Ministry of Economic Development
- Ministry of Education
- Ministry of Energy, Mines and Petroleum Resources
- Ministry of Environment
- Ministry of Forests
- Ministry of Health
- Ministry of Human Resources
- Ministry of Labour
- Ministry of Lands, Parks and Housing
- Ministry of Municipal Affairs
- Ministry of Transportation and Highways
- Ministry of the Provincial Secretary and Government Services

The Administration Section performed a number of duties in 1981. The section ensured that TBS 100 forms were kept up to date; processed invoices and cheque vouchers; handled staff requisitions; maintained the branch policy and procedure manuals, and processed mail for the entire branch.

The data entry function of the branch was considered effective if it met predetermined work schedules, which it did in 1981. It was also efficient since the 1981 cost per thousand strokes per capita was less than the 1980 average of \$.00081.

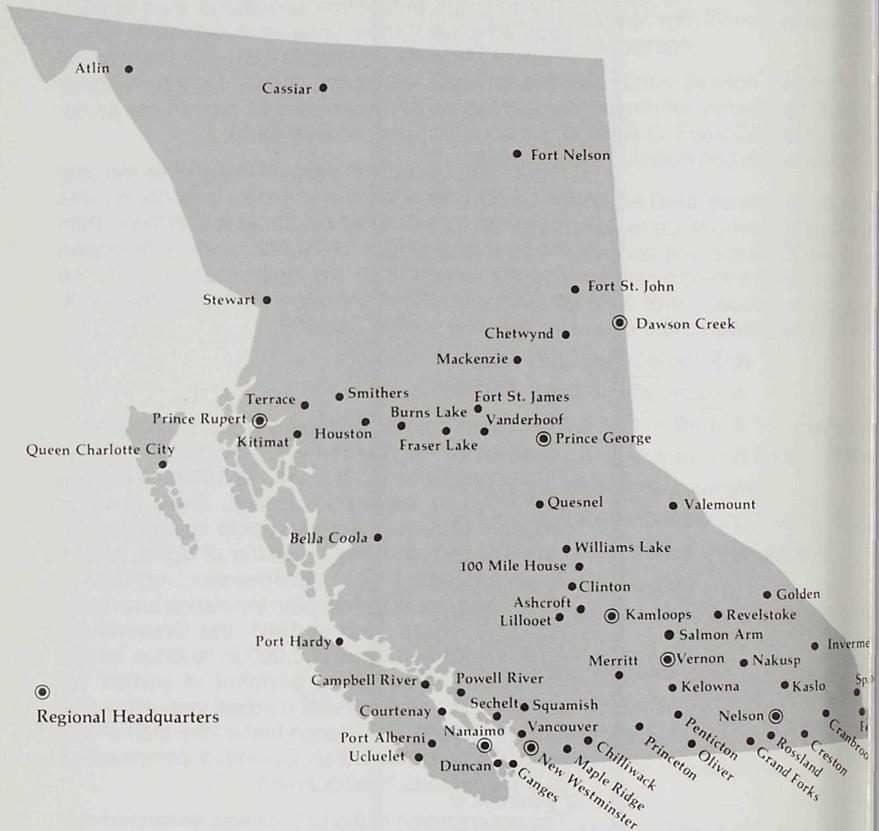
The branch's production operations were considered effective if more lines were printed in-house than for the previous year. In 1981, the branch was able to meet this target. Lines printed in-house amounted to 87.2 per cent of total lines, an increase of 7.2 per cent from 1980.

Production operations were efficient when the cost per 1,000 lines printed in-house per capita was less than that for the previous year and lower than the cost to print at BCSC (after in-house operation and equipment costs are deducted). In 1981, the branch was able to achieve both these targets with an in-house cost of \$.00039.

The *Government Agencies Branch* provides a broad range of government services to citizens throughout British Columbia. Statutory functions performed by the branch include those of water recorder; provincial collector; gold commissioner; marriage commissioner; registrar of births, deaths and marriages; official administrator; registrar of voters, and issuer of Autoplan Insurance and motor vehicle licences. During 1981, the Government Agents collected \$281,000,000 in revenue for the Province, and accepted payment of certain accounts, such as provincial medical insurance premiums. In 1981, the branch had a total staff of 396 with offices in 62 British Columbia communities plus the Victoria headquarters.

The organization of the branch was revamped during the year with the creation of a deputy directorship and eight regional directorships. All agencies in the province report to one of the eight regional Government Agents who in turn report to the director in Victoria.

GOVERNMENT AGENCIES



Office operations were improved during the year with the introduction of automated accounting system cash registers to 24 Government Agencies. Targeted completion of the automation plan is set for December 1982. Agency offices at Stewart, Atlin and Fort Nelson were upgraded, with renovations planned for a number of other agency offices over the next few years.

One new agency office was opened in May 1981 at Cassiar. Another, at Lillooet, moved to new quarters in December. A new agency logo, and standardized decor, which will be adapted to all future agency renovations, were introduced in the Lillooet office.

As the representatives of all government ministries in the field, agency staff members continued to provide a broad range of services to the public in 1981. The staff also acted as government appointed observers at 471 strike votes throughout the province and coordinated the movement of mail for all ministries during the federal post office labour dispute. As well, Government Agencies staff assisted the Ministry of Intergovernmental Relations in coordinating travel arrangements and providing transportation for three cabinet tours.

General revenue transactions were considered effective if transaction volume increased from the previous year and if there was an error factor of 2.5 per cent or less. This operation was efficient if staff costs were \$3.17 per transaction or less. In 1981, the Government Agencies Branch met these criteria. The agencies processed 1,822,500 revenue generating transactions during the year, a 6.7 per cent increase over the 1,708,571 processed in 1980. Due principally to reduced forest revenues the dollar value of these transactions fell 45.3 per cent in 1981 from the previous year.

Autoplan transactions were considered effective if transaction volume increased over the previous year and if the error factor was 4 per cent or less. In 1981, the agencies processed 427,500 ICBC transactions for a total value of \$44,460,000. The number of transactions increased 6.1 per cent in 1981.

The production of cheque vouchers and local cheques was effective if an error-free rate of 98 per cent was maintained, and efficient if staff costs per

local cheque produced were \$5.75 or less. In 1981, the branch met these criteria.

Non-revenue customer transactions were effective if individuals were served within 15 minutes 80 per cent of the time. In 1981, Government Agencies met this requirement. They handled 520,000 transactions of this type which was a 10.6 per cent increase over the 470,000 of the year before.

The Government Agencies Branch had administrative responsibility for the *Business Licences Act*. However, in providing the diverse services which are its responsibility, the Government Agencies also administered sections of the acts of all other ministries.

During 1981, the *Information Services Branch* provided information to the public and the news media concerning the Ministry of Finance and the financial and economic affairs of the government. The branch also prepared and distributed 68 news releases.

Information Services was responsible for coordinating responses to questions posed to the Minister of Finance by members of the legislative assembly.

The branch prepared, produced and distributed all major Ministry of Finance publications as well as editing and producing several ministry manuals.

At the request of the Deputy Minister and Assistant Deputy Ministers the branch designed, prepared and produced the Real Property Tax brochure, the Purchasing Commission Audio Visual brochure and an Orientation Package for new employees.

During 1981 the branch produced and distributed six editions of the ministry newsletter, *The Treasury. Management News*, a newsletter aimed at all managers in the government was introduced by Information Services in 1981 and two issues were published and distributed by the branch.

The efficiency and effectiveness of the branch was measured in terms of timeliness and accuracy. This means that publications and news releases prepared by Information Services had to be accurate both in content and style and had to meet the deadlines set by the Minister of Finance. During 1981 these requirements were met in the case of all major publications and news releases.

There were 648 enquiries answered by Information Services in 1981. The efficiency and effectiveness measures of the branch stated that these queries be responded to within four hours. With few exceptions, Information Services was able to supply accurate information within the deadline.

EXECUTIVE COORDINATOR

The *Executive Coordinator* maintained liaison with the Ministry of Attorney General for providing legal services to the Finance Ministry through 1981. Responsibility for the preparation of new amended legislation put forward by the Finance Ministry rested with the Executive Coordinator who also undertook special projects at the request of the Deputy Minister. In 1981, these included establishment and coordination of a timetable for the 1982 Provincial Budget, and the establishment of a systems review committee to coordinate existing and proposed data processing systems within the ministry. This committee was chaired by the Executive Coordinator.

The *Purchasing Commission* is an agency of the legislature attached to the Ministry of Finance. It purchases and disposes of supplies for government, maintains stock control and operates supply depots and warehouses.

The total value of purchase orders placed in 1981 was \$322 million, a 29 per cent increase from \$250 million in 1980. This increase was partly due to expanding programs and service in government, and partly due to rising prices of the goods purchased by the commission. The number of purchase orders placed in 1981 increased by only 11 per cent, from 52,354 to 55,483, largely due to continued efforts to consolidate orders.

The downturn in the Canadian economy and subsequent initiative of restraint imposed by government caused the commission to focus its policy objectives and processes on maximizing the provincial government's purchasing power. To this end several studies and projects were undertaken in 1981:

- a lease management study, critically examining leasing practices throughout government and recommending future policy in this area,
- a bulk purchasing study directed at consolidating government purchase requirements wherever possible, and
- preparation of product standardization specifications for office furnishings and government vehicles.

In keeping with new financial control requirements, the following internal projects were undertaken in 1981:

- preparation of a new commitment accounting system,
- application of a new budget preparation system involving all commission supervisors, and
- revision of the policy and procedures manual of the Purchasing Commission.

The commission also made progress in a number of other areas during the year. Its warehouse operation moved to new premises at 3285 Oak Street, Victoria, in March, allowing storage of more than 700 product lines. During 1981 the warehouse operation processed government supplies valued at more than \$1.4 million.

The audio visual loan and repair service filled equipment loan requests for government ministries in 1981. The system has effected considerable savings—more than \$40,000 in 1981—over estimates for rental of comparable equipment. Repairs to more than 215 units of audio visual equipment were also carried out during the year, saving \$18,850 in repair charges at equivalent outside costs.

The commission's surplus disposal service re-categorized furniture and equipment no longer needed by a ministry, to meet the requirements of other government ministries. In 1981, more than 2,000 surplus items of furniture and equipment were re-categorized through this service.

When there is no further demand within government for surplus items, they are disposed of through public sales, conducted according to the requirements of the *Purchasing Commission Act*. Sales of surplus equipment in 1981 totalled \$3,981,922. Of this, \$1,376,137 was credited to individual government ministries, and \$1,410,884 was returned to Crown corporations. A further \$19,518 was credited to Social Service Tax as a result of surplus sales. The remaining proceeds of \$1,175,385 were deposited to the government's Consolidated Revenue Fund.

A supply of basic office furniture is maintained by the Purchasing Commission for short-term loan periods of 2 to 12 months to government ministries. In 1981, this service saved \$153,776 over the estimated cost of outside rentals.

The purchasing operation of the commission is efficient when the processing cost per purchase order was \$33.75 or less. It was effective when 90 per cent of purchase orders were placed within 10 days of receipt.

The business machine operation was efficient when cost per hour for servicing did not exceed \$24.00. It was effective when 90 per cent of repair calls were responded to within 1.5 days.

In 1981, the commission met all of the above targets in more than 90 per cent of the cases in which a full staff complement was available.

**RY OF FINANCE
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British Columbia Budget, March 1981
Background Papers to the 1981 Budget
Financial and Economic Review
Interim Statements for the Ten Months Ended
January 31, 1981
Estimates of Revenue and Expenditure, Fiscal
Year Ending March 31, 1982
Public Accounts 1979-80 (Vol. 1 and 2)
Quarterly Financial Reports, Fiscal Year 1981-82
Ministry of Finance Annual Report 1980
Thirty-eighth Annual Report of the Purchasing
Commission, January 1 to December 31, 1980
Response to the 1980 Report of the Auditor
General
Report of the Task Force on the *Financial Admin-
istration Act*
Real Property Taxation in Rural Areas of British
Columbia
Financial Administration Policy Manual and Digest
Budget and Administrative Policy Manual

**LEGISLATION
ADMINISTERED BY
THE MINISTRY OF
FINANCE**

Assessment Act
Assessment Authority Act
Auditor General Act
Bonding Act
*British Columbia Electric Company Limited
Acquisition Act*
British Columbia Railway Finance Act
Business Licence Act
Capital Commission Act
Corporation Capital Tax Act
Deficit Repayment Act
Educational Institution Capital Finance Act
Esquimalt & Nanaimo Railway Belt Tax Act
Financial Administration Act
Financial Information Act
Funds Control Act
Gasoline (Coloured) Tax Act
Gasoline Tax Act
Horse Racing Tax Act
Hospital District Finance Act
Hotel Room Tax Act
Income Tax Act
Inflation Control Act
Inscribed Stock Act
Insurance Premium Tax Act
Land Tax Deferment Act
Law Stamp Act
Loan Authorization Cancellation Act
Logging Tax Act
Mining Tax Act
Motive Fuel Use Tax Act
Municipal Aid Act
Pacific North Coast Native Cooperative Act
Petroleum Sales Act
Power Development Act
Probate Fee Act
Public Service Bonding Act
Purchasing Commission Act
Social Service Tax Act
Special Funds Act, 1980
Supply Act—annual
System Act
Taxation (Rural Area) Act
Tobacco Tax Act
Toll Removal Act, 1964
Transmission Line (Underground) Act
Unclaimed Money Act

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