

# Treasury Board and Finance

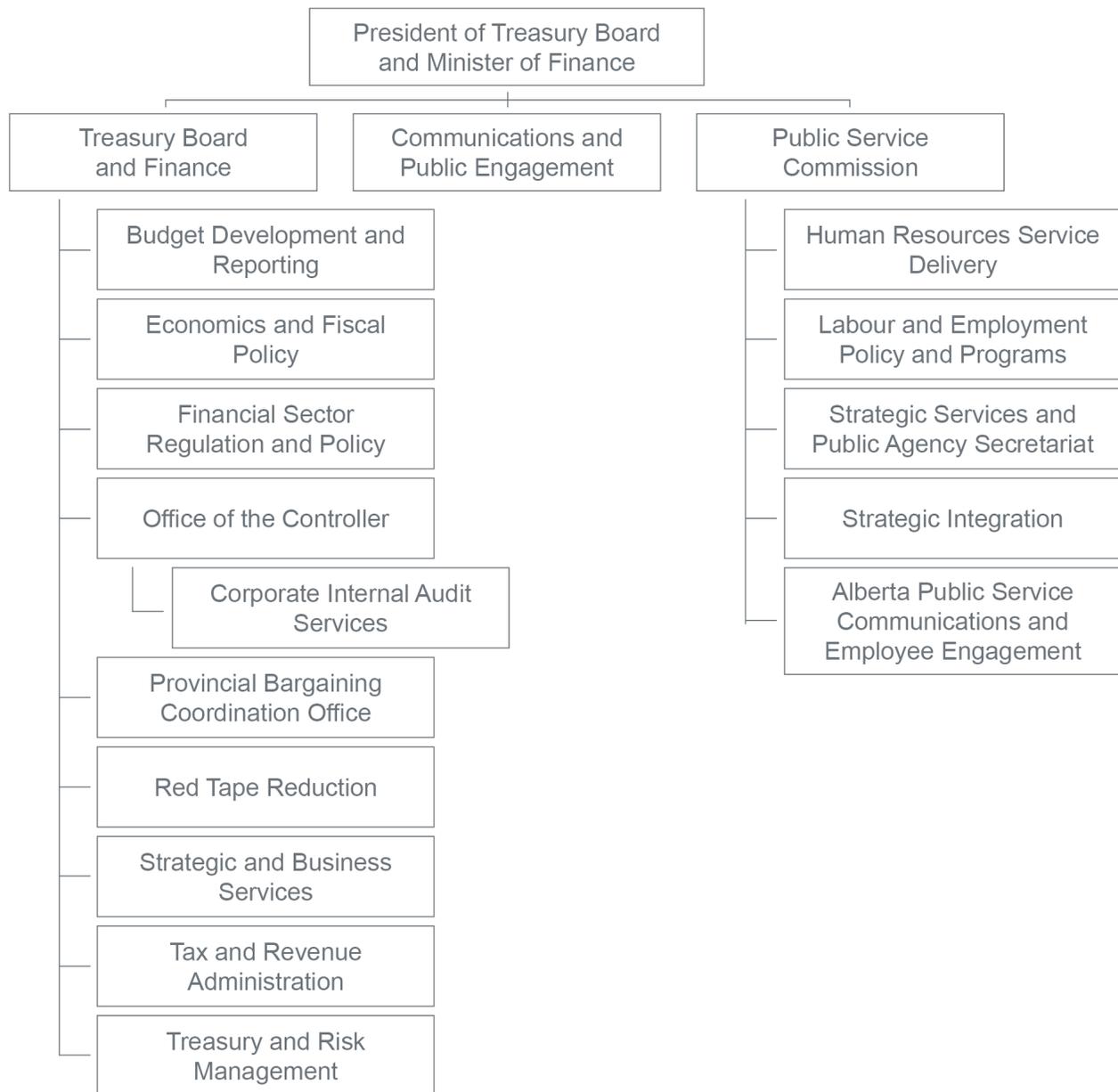
## Business Plan 2019–23

### Ministry Mandate and Structure

The Ministry of Treasury Board and Finance (TBF) is responsible for budget planning, financial management and economic analysis, as well as the administration of tax and revenue programs. TBF provides policy and regulatory oversight for Alberta's liquor, gaming, cannabis, financial, securities, insurance and pensions sectors. Through the Public Service Commission, TBF ensures Alberta has a professional and non-partisan public service that serves Albertans. The ministry is also responsible for providing government communications, public relations and marketing services through Communications and Public Engagement.

TBF is committed to maintaining fiscal discipline and controlling spending to meet the government's commitment to balance the provincial budget, and working closely with ministries to deliver on the commitments the government has made to Albertans, including:

- Introducing Bill 1: The Carbon Tax Repeal Act; Delivering Job Creation Tax Cut;
- Formalizing a spending review process to eliminate waste, duplication and non-essential spending;
- Reducing unnecessary red tape by one-third to reduce costs, speed up approvals and make life better for Albertans;
- Appointing an independent MacKinnon Panel of experts to review Alberta's finances and provide recommendations to bring the budget back to balance;
- Continual improvement of transparency and accountability in the financial planning and reporting processes;
- Taking necessary steps to balance the province's budget by 2022-23; and
- Becoming the most tax-competitive jurisdiction for businesses in Canada and among the most attractive investment destinations in North America.



A more detailed description of Treasury Board and Finance and its programs and initiatives can be found at: [www.alberta.ca/treasury-board-and-finance.aspx](http://www.alberta.ca/treasury-board-and-finance.aspx).

## Ministry Outcomes

- A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency
- Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans
- An efficient and effective public service working for Albertans
- Effective, efficient communication of government priorities and initiatives

### Outcome 1

#### What We Want To Achieve

#### **A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency**

The ministry acts as government's chief economic and fiscal advisor, leveraging its expertise to provide critical information, analysis and advice to support economic development, provide leadership in developing fiscal policies, managing financial system and administering tax and revenue.

#### Key Objectives

- 1.1 Monitor the fairness, competitiveness, economic efficiency, and revenue stability of Alberta's tax system, and provide tax policy advice and administrative support to the government.
- 1.2 Lead government's budgeting and financial planning, including the annual spending review to find savings and ensure that initiatives are aligned with government priorities.
- 1.3 Implement a rigorous capital spending framework to ensure predictable and sustainable funding, promote greater transparency, and mitigate risks.
- 1.4 Undertake program reviews of departments, agencies, boards and commissions to assess opportunities to enhance effectiveness and efficiency, and eliminate overlap and duplication.
- 1.5 Modernize policies, processes and structures to improve the efficiency and functionality of our government's finance and accounting systems.

#### Initiatives Supporting Key Objectives

- Removing needless red tape such as duplicate processes and rules that do not add protections will save time, money and resources, while still protecting the environment, upholding fiscal accountability and ensuring the health and safety of Albertans. This initiative will cost \$1.5 million in 2019-20.
- In 2019-20, \$13 million is allocated to Fiscal Planning and Economic Analysis with Economics and Fiscal Policy (EFP) and Budget Development and Reporting (BDR). EFP provides analysis and advice on fiscal and economic issues including tax policy, demographic analysis, economic forecasting and fiscal analysis of policy and program initiatives. BDR provides timely, relevant and accurate budget analysis and advice to decision-makers and is accountable for the government's budgeting process. These serve as the basis for sustainable program funding.
- In 2019-20, \$3.3 million is allocated to Tax and Revenue Administration's Filing, Compliance, and Collections (FCC) unit. FCC works to ensure that tax debts are resolved in a timely manner.

## Performance Metrics

### 1.a Performance Measure: Balance the province's budget by 2022-23

### 1.b Performance Measure: Ratio of amounts added to net tax revenue to costs of administration

**(as a measure of efficiency)** *(Beginning in 2018-19, the modified ratio no longer includes principal recoveries made on behalf of the Canada Revenue Agency.)*

The 2018-19 ratio was 15.1:1 which exceeded the target of 9:1.

#### TARGETS

|          |     |
|----------|-----|
| 2019-20: | 9:1 |
| 2020-21: | 9:1 |
| 2021-22: | 9:1 |
| 2022-23: | 9:1 |

### 1.c Performance Measure: Investment returns in excess of the benchmark through active management, for the endowment and pension funds, annualized over a five-year period

The five-year annualized investment return in 2018-19 was 1.2 per cent which exceeded the target of 1.0 per cent.

#### TARGETS

|          |    |
|----------|----|
| 2019-20: | 1% |
| 2020-21: | 1% |
| 2021-22: | 1% |
| 2022-23: | 1% |

### 1.d Performance Measure: Value of pursuable Corporate Income Tax debt (tax debt not under dispute) as a percentage of total Corporate Income Tax revenue

In 2018-19, this ratio was 6 per cent which met the target.

#### TARGETS

|          |      |
|----------|------|
| 2019-20: | ≤ 7% |
| 2020-21: | ≤ 7% |
| 2021-22: | ≤ 7% |
| 2022-23: | ≤ 7% |

**1.e Performance Indicator: CFIB Red Tape rating** (2019 Red Tape Report Card published by The Canadian Federation of Independent Business (CFIB) <https://www.cfib-fcei.ca/sites/default/files/2019-01/red-tape-report-card-2019.pdf>.)

This indicator grades provincial governments on their progress tackling excessive regulation. Alberta received F in 2018-19, one of the lowest among all provinces and territories in Canada.

|               | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------------|---------|---------|---------|---------|---------|
| Alberta grade | D       | N/A     | F       | F       | F       |

**1.f Performance Measure: Corporate Income Tax**

The general income tax rate on businesses in Alberta was 12.0 per cent in 2018-19.

**TARGETS**

The general income tax rate on businesses will be reduced from 12.0% to 8.0% over 4 years from 2019

**1.g Performance Indicator: C.D. Howe Institute Fiscal Accountability rating** (*Show and Tell: Rating the Fiscal Accountability of Canada's Senior Governments, 2019*, published by the C.D. Howe Institute [https://www.cdhowe.org/sites/default/files/attachments/research\\_papers/mixed/Commentary%20545.pdf](https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20545.pdf))

The Government of Alberta was rated A in 2018-19.

|                | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------|---------|---------|---------|---------|---------|
| Alberta rating | A+      | A+      | A+      | A       | A       |

## Outcome 2

### What We Want To Achieve

#### Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans

The ministry influences the livelihood of Albertans and Alberta-based businesses by setting effective policies and regulations and providing oversight to protect public interest.

#### Key Objectives

- 2.1 Lead and implement changes to keep the legislation, regulation and policy current, based on best practices and that are consistent with principles of regulatory efficiency.
- 2.2 Continue to work cooperatively with other jurisdictions to improve securities regulation in Canada and ensure a provincially-led regulatory system that meets the needs of Alberta market participants and investors.
- 2.3 Support Alberta businesses by encouraging investments and improving access to capital for small and medium sized enterprises.
- 2.4 Lead and implement changes to address the regulatory requirements that cause regulatory burden in order to better enable economic growth, innovation and competitiveness and facilitate a strong investment climate in

Alberta. This includes an outcomes-based approach to regulating, achieving a target of one-third reduction of regulatory requirements, and no new increase in regulatory requirements while maintaining consumer, environmental, health and safety protections, and fiscal accountability.

### Initiatives Supporting Key Objectives

- In 2019-20, \$6.9 million is allocated to policy support and analysis for financial institutions, insurance and private and public sector pension plans, such as the Canada Pension Plan. The division is the government contact for, and provides regulatory oversight to the following entities: the Automobile Insurance Rate Board, Alberta Insurance Council, Credit Union Deposit Guarantee Corporation, Alberta Pensions Services Corporation, the Local Authorities Pension Plan Corporation and ATB Financial.
- In 2019-20, \$42 million is budgeted for the Alberta Securities Commission (ASC) which is the regulatory agency responsible for administering Alberta’s securities laws. It is entrusted with fostering a fair and efficient capital market in Alberta and with protecting investors. As a member of the Canadian Securities Administrators, the ASC works to improve, coordinate and harmonize the regulation of Canada’s capital markets.

## Performance Metrics

**2.a Performance Measure: Employment pensions funded ratio** (*Funded ratio indicates the degree to which assets cover liabilities. Plans must be at least 100 per cent funded on an ongoing basis. As of March 1, 2019, the Local Authorities Pension Plan, the Public Service Pension Plan and the Special Forces Pension Plan will no longer be included in this performance measure.*)

In 2018-19, the ratio was 108.18 per cent which exceeded the target of 100%.

#### TARGETS

|          |      |
|----------|------|
| 2019-20: | 100% |
| 2020-21: | 100% |
| 2021-22: | 100% |
| 2022-23: | 100% |

**2.b Performance Measure: Alberta incorporated insurance companies rated as stable by the Superintendent of Insurance**

The 2018-19 ratio was 91 per cent, lower than the target of 100 per cent.

#### TARGETS

|          |      |
|----------|------|
| 2019-20: | 100% |
| 2020-21: | 100% |
| 2021-22: | 100% |
| 2022-23: | 100% |

**2.c Performance Measure: One-third reduction of regulatory requirements used in Government of Alberta statutes, regulations, policies, guidelines, and forms** (*This is a new performance measure. 2018-19 data is not available.*)

## TARGETS

|          |     |
|----------|-----|
| 2019-20: | 5%  |
| 2020-21: | 12% |
| 2021-22: | 20% |
| 2022-23: | 33% |

## Outcome 3

### What We Want To Achieve

#### **An efficient and effective public service working for Albertans**

The Public Service Commission (PSC) provides timely and effective Human Resources (HR) services and programs, to enable the Alberta Public Service (APS) and agencies, boards and commissions (ABCs) to deliver high quality services to Albertans at a cost comparable to similar jurisdictions. The Provincial Bargaining Coordination Office (PBCO) supports government's interests, as employer and funder, with respect to public sector labour relations. The PBCO prepares mandates, supports cross-sectoral coordination in bargaining and strengthens government's overall strategic capacity with respect to negotiations, arbitrations, compensation research and analysis, and other strategic labour relations matters.

#### **Key Objectives**

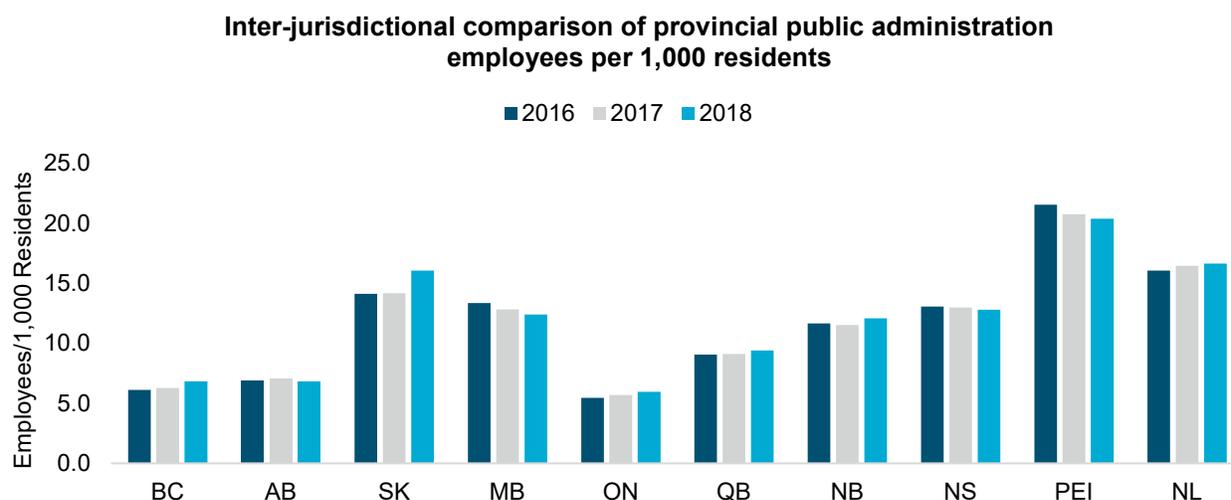
- 3.1 Deliver client focused and timely HR services to support the APS to achieve government priorities.
- 3.2 Enhance the integration, efficiency and functionality of government's HR systems.
- 3.3 Foster a respectful work environment and inclusive hiring practices.
- 3.4 Provide assistance, resources and advice to government departments and ABCs to support best practices in board governance, effectiveness and accountability.
- 3.5 Lead coordinated approach to board member recruitment to support efficient, evidence-based and effective appointment of qualified candidates to ABCs.
- 3.6 Continue to provide strategic negotiations and arbitration services, mandate development for bargaining, economic analysis, compensation research and data analytics.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$3.7 million is allocated to conduct planning, using analytics and data to support evidence-based decisions on the current and future APS workforce.
- In 2019-20, \$0.8 million is budgeted for PSC to represent the employer in collective bargaining and essential services negotiations between the Alberta Union of Provincial Employees (AUPE) and the Government of Alberta.
- In 2019-20, \$2.1 million is allocated to support the transition of HR functions into the Government of Alberta's new Enterprise Resource Planning platform.
- In 2019-20, \$1.6 million is budgeted to support departments and ABCs to ensure accountability, transparency and good governance.

## Performance Metrics

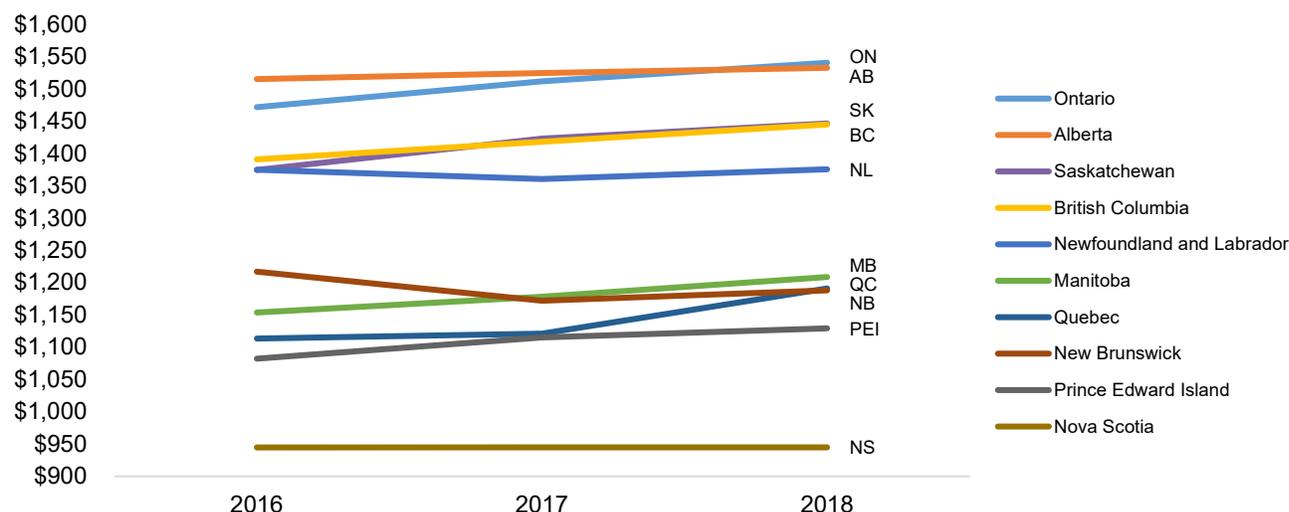
- 3.a Performance Indicator: Inter-jurisdictional comparison of provincial public administration employees per 1,000 residents** *(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table: 17-10-0009-01 (formerly CANSIM 051-0005) Population Estimates, Quarterly. Statistics Canada. Table: 14-10-0202-01 Employment by Industry, Annual, based on the Survey of Employment, Payrolls and Hours.)*



| Jurisdiction              | Actual 2016 | Actual 2017 | Actual 2018 |
|---------------------------|-------------|-------------|-------------|
| Prince Edward Island      | 21.6        | 20.8        | 20.4        |
| Newfoundland and Labrador | 16.1        | 16.5        | 16.7        |
| Saskatchewan              | 14.1        | 14.2        | 16.1        |
| Nova Scotia               | 13.1        | 13.0        | 12.8        |
| Manitoba                  | 13.4        | 12.8        | 12.4        |
| New Brunswick             | 11.7        | 11.5        | 12.1        |
| Quebec                    | 9.1         | 9.1         | 9.4         |
| <b>Alberta</b>            | <b>6.9</b>  | <b>7.0</b>  | <b>6.8</b>  |
| British Columbia          | 6.1         | 6.3         | 6.8         |
| Ontario                   | 5.5         | 5.7         | 6.0         |

- 3.b Performance Indicator: Inter-jurisdictional comparison of weekly earnings of provincial public administration employees** *(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table 14-10-0204-01 Average weekly earnings by industry, Annual. Information is expressed at the dollar value(current dollars) prevailing during the period being referred to.)*

### Inter-jurisdictional comparison of weekly earnings of provincial public administration employees



| Jurisdiction              | Actual 2016    | Actual 2017    | Actual 2018    |
|---------------------------|----------------|----------------|----------------|
| Ontario                   | \$1,472        | \$1,512        | \$1,540        |
| <b>Alberta</b>            | <b>\$1,515</b> | <b>\$1,524</b> | <b>\$1,532</b> |
| Saskatchewan              | \$1,374        | \$1,423        | \$1,446        |
| British Columbia          | \$1,391        | \$1,418        | \$1,445        |
| Newfoundland and Labrador | \$1,375        | \$1,360        | \$1,375        |
| Manitoba                  | \$1,154        | \$1,178        | \$1,209        |
| Quebec                    | \$1,113        | \$1,121        | \$1,191        |
| New Brunswick             | \$1,217        | \$1,172        | \$1,188        |
| Prince Edward Island      | \$1,082        | \$1,115        | \$1,129        |
| Nova Scotia               | \$945          | \$945          | \$945          |

**3.c Performance Indicator: Bargaining mandates provided to major public sector employers prior to negotiations** (*Bargaining mandates will be developed, and ready for the Cabinet Working Committee on Public Sector Negotiations' approval such that approved mandates can be provided to affected major public sector employers prior to negotiations commencing.*)

## Outcome 4

### What We Want To Achieve

#### Effective, efficient communication of government priorities and initiatives

Communications and Public Engagement (CPE) is the Government of Alberta's full-service communications, public relations and marketing office. Its mandate is to enhance communications between Albertans and the Government of Alberta.

## Key Objectives

- 4.1 Present government information across a spectrum of platforms including paid advertising, web, social media, text, email, signage, mail, print, video, graphics and audio, and to mainstream media on demand.
- 4.2 Continue to modernize communications IT tools and infrastructure to maintain efficient two-way communications with Albertans.

## Initiatives Supporting Key Objectives

- CPE provides planning, execution and measurement of communications efforts. Its expert staff provides specialized services across the spectrum of communications and marketing from research, design, writing and social media, to event coordination, issues management, digital communications, advertising and public consultation. The agency staffs the external communications functions in all departments of government with the mandate to enhance communications between the people and the Government of Alberta. In 2019-20, \$35 million is allocated to CPE.

## Performance Metrics

### 4.a Performance Measure: Alberta.ca sessions (in millions) per million population

The 2018-19 actual was 3.0 which exceeded the target of 1.2.

#### TARGETS

|          |     |
|----------|-----|
| 2019-20: | 2.3 |
| 2020-21: | 2.5 |
| 2021-22: | 2.7 |
| 2022-23: | 2.7 |

### 4.b Performance Measure: Proactive and reactive communications to Albertans via government channels (in millions) *(This measure sums social media impressions for @youralberta social channels (Facebook, Twitter, Instagram) as measured by each platform; video views for @youralberta on YouTube; and, Alberta.ca web page views.)*

The 2018-19 actual was 80.8 which exceeded the target of 51.0.

#### TARGETS

|          |    |
|----------|----|
| 2019-20: | 55 |
| 2020-21: | 57 |
| 2021-22: | 59 |
| 2022-23: | 59 |

## STATEMENT OF OPERATIONS

(thousands of dollars)

|  | Comparable        |                   | 2019-20<br>Estimate | 2020-21<br>Target | 2021-22<br>Target | 2022-23<br>Target |
|--|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
|  | 2018-19<br>Budget | 2018-19<br>Actual |                     |                   |                   |                   |
| <b>REVENUE</b>   |                   |                   |                     |                   |                   |                   |
| Personal Income Tax  | 11,387,106        | 11,874,376        | <b>11,990,000</b>   | 12,619,000        | 13,451,000        | 14,335,000        |
| Corporate Income Tax   | 4,550,752         | 4,872,828         | <b>4,177,000</b>    | 4,614,000         | 5,031,000         | 5,388,000         |
| Other Taxes  | 4,428,460         | 4,322,843         | <b>3,244,000</b>    | 3,166,000         | 3,252,000         | 3,359,000         |
| Transfers from Government of Canada                          | 1,661,708         | 1,638,851         | <b>1,962,000</b>    | 1,771,000         | 1,836,000         | 1,906,000         |
| Investment Income  | 2,605,114         | 2,015,461         | <b>2,264,145</b>    | 2,344,269         | 2,498,915         | 2,592,946         |
| Net Income from Commercial Operations                        | 2,497,152         | 2,432,631         | <b>2,379,436</b>    | 2,551,292         | 2,665,606         | 2,710,690         |
| Premiums, Fees and Licences                                  | 178,212           | 171,752           | <b>160,811</b>      | 204,267           | 221,098           | 221,461           |
| Other Revenue  | 430,214           | 503,901           | <b>446,635</b>      | 448,992           | 448,225           | 447,869           |
| Ministry Total   | 27,738,718        | 27,832,643        | <b>26,624,027</b>   | 27,718,820        | 29,403,844        | 30,960,966        |
| Inter-Ministry Consolidations                                | (170,582)         | (189,838)         | <b>(197,178)</b>    | (191,910)         | (189,051)         | (190,460)         |
| Consolidated Total   | 27,568,136        | 27,642,805        | <b>26,426,849</b>   | 27,526,910        | 29,214,793        | 30,770,506        |
| <b>EXPENSE</b>   |                   |                   |                     |                   |                   |                   |
| Ministry Support Services                                    | 10,433            | 8,024             | <b>13,539</b>       | 10,624            | 10,625            | 10,624            |
| Budget Development and Reporting                             | 5,716             | 5,615             | <b>6,525</b>        | 6,188             | 6,188             | 6,188             |
| Fiscal Planning and Economic Analysis                        | 6,183             | 6,307             | <b>6,285</b>        | 5,970             | 5,970             | 5,970             |
| Investment, Treasury and Risk Management                     | 700,078           | 784,392           | <b>705,240</b>      | 697,953           | 695,696           | 696,314           |
| Office of the Controller                                     | 6,574             | 6,835             | <b>8,045</b>        | 7,682             | 7,682             | 7,682             |
| Tax and Revenue Management                                   | 47,035            | 35,629            | <b>40,772</b>       | 38,324            | 38,324            | 38,324            |
| Financial Sector and Pensions                                | 190,285           | 185,469           | <b>184,216</b>      | 183,721           | 183,515           | 183,677           |
| Provincial Bargaining Coordination Office                    | 2,381             | 2,355             | <b>2,346</b>        | 2,226             | 2,226             | 2,226             |
| Red Tape Reduction   | -                 | -                 | <b>1,496</b>        | 2,550             | 2,550             | 2,550             |
| Public Service Commission                                    | 81,680            | 74,780            | <b>74,031</b>       | 67,871            | 68,138            | 68,410            |
| Communications and Public Engagement                         | 39,547            | 65,165            | <b>34,716</b>       | 31,931            | 32,062            | 32,196            |
| Gaming   | 43,800            | 43,687            | <b>50,500</b>       | 45,600            | 45,600            | 45,600            |
| Carbon Tax - Consumer Rebates                                | 525,000           | 523,334           | <b>180,000</b>      | -                 | -                 | -                 |
| Teachers' Pre-1992 Pensions - Payments                       | 477,167           | 479,148           | <b>486,167</b>      | 487,583           | 488,000           | 487,417           |
| Alberta Family Employment Tax Credit                         | 152,698           | 158,931           | <b>160,624</b>      | 40,929            | -                 | -                 |
| Scientific Research and Experimental Development Tax Credits | 79,000            | 65,501            | <b>50,000</b>       | -                 | -                 | -                 |
| Corporate Income Tax Allowance Provision                     | 15,000            | (45,789)          | <b>15,000</b>       | 15,000            | 15,000            | 15,000            |
| General Debt Servicing                                       | 1,074,024         | 1,087,276         | <b>1,274,446</b>    | 1,378,538         | 1,502,471         | 1,630,228         |
| Capital Debt Servicing                                       | 775,000           | 777,000           | <b>901,000</b>      | 1,043,000         | 1,169,000         | 1,274,000         |
| Change in Unfunded Pension Obligation                        | (149,000)         | (40,809)          | <b>(226,000)</b>    | (229,000)         | (235,000)         | (243,000)         |
| Contingency and Disaster and Emergency Assistance            | -                 | -                 | <b>680,000</b>      | 750,000           | 750,000           | 750,000           |
| Ministry Total   | 4,082,601         | 4,222,850         | <b>4,648,948</b>    | 4,586,690         | 4,788,047         | 5,013,406         |
| Inter-Ministry Consolidations                                | (199,860)         | (207,648)         | <b>(200,000)</b>    | (190,000)         | (187,020)         | (187,185)         |
| Consolidated Total   | 3,882,741         | 4,015,202         | <b>4,448,948</b>    | 4,396,690         | 4,601,027         | 4,826,221         |
| Net Operating Result   | 23,685,395        | 23,627,603        | <b>21,977,901</b>   | 23,130,220        | 24,613,766        | 25,944,285        |

## STATEMENT OF OPERATIONS ... continued

| (thousands of dollars)                      | Comparable        |                   | <b>2019-20</b><br><b>Estimate</b> | 2020-21<br>Target | 2021-22<br>Target | 2022-23<br>Target |
|---|-------------------|-------------------|-----------------------------------|-------------------|-------------------|-------------------|
|   | 2018-19<br>Budget | 2018-19<br>Actual |                                   |                   |                   |                   |
| <b>CAPITAL INVESTMENT</b>                   |                   |                   |                                   |                   |                   |                   |
| Ministry Support Services                   | -                 | -                 | <b>25</b>                         | 25                | 25                | 25                |
| Investment, Treasury and Risk<br>Management | 14,468            | 12,160            | <b>19,736</b>                     | 10,000            | 10,000            | 10,000            |
| Financial Sector and Pensions               | 3,317             | 1,801             | <b>4,407</b>                      | 4,528             | 4,436             | 3,970             |
| <b>Consolidated Total</b>                   | <b>17,785</b>     | <b>13,961</b>     | <b>24,168</b>                     | <b>14,553</b>     | <b>14,461</b>     | <b>13,995</b>     |