

Treasury Board

BUSINESS PLAN 2007-10



ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2007 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 26, 2007 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

original signed by

Lloyd Snelgrove, *President of the Treasury Board*
March 29, 2007

THE MINISTRY

The Ministry of Treasury Board consists of the reporting entity, the Department of the Treasury Board and includes the following programs:

- Strategic Capital Planning is responsible for leading the government's capital planning process, preparing the Capital Plan and providing advice and analysis on planning, construction costs and capital spending.
- Alternative Capital Financing Office identifies and analyzes options for financing capital projects and negotiates Public-Private Partnerships (P3s), where feasible.
- Spending Management and Planning provides advice and recommendations on ministries' program budgeting and spending and on new spending proposals. This program also monitors ministries' activities to identify fiscal plan implications in conjunction with Finance, and finalizes the Government Estimates and ministry business plan volumes for publication.

- Office of the Controller is responsible for government accounting standards and financial reporting, financial management and control policies, enterprise risk management and performance planning and reporting.
- Corporate Internal Audit Services performs internal audits, on a risk prioritized basis, across the government aimed at identifying and recommending improvements to ministries' operations and fiscal management.
- Secretariat of Treasury Board provides the organizational and administrative support to Treasury Board Committee and, in conjunction with Executive Council, to Cabinet and Cabinet Policy Committees as well as strategic policy functions for the Ministry.
- Oil Sands Sustainable Development Secretariat provides the organizational and administrative support to the Oil Sands Ministerial Strategy Committee. The Secretariat works with other ministries and stakeholders to support the Committee's expanded role in the management of growth and development in oil sands areas and in the implementation of the government's response to the Oil Sands Ministerial Strategy Report.

VISION

An open, accountable and fiscally responsible government.

MISSION

The Ministry of Treasury Board, through its leadership, ensures disciplined spending and accountable financial management and policies in the interest of Albertans.

VALUES

The Ministry is committed to working as a team and is guided by respect, accountability, integrity and excellence to work towards building a stronger province for current and future generations.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

The Ministry of Treasury Board is established to provide a coordinated and disciplined approach to the management of government spending and capital planning. The Ministry of Treasury Board plays a key role in achieving Goal 4 in the Government of Alberta Strategic Business Plan: "Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally." Enhancing spending discipline and strengthening capital planning are critical to achieving this Goal. In addition, the Ministry of Treasury Board is responsible for developing and evaluating sound financial management practices and policies. Albertans are informed on how the government is addressing its responsibilities through open and accountable financial management and performance reporting.

The Ministry of Treasury Board also has a role in achieving Goal 9 in the Government of Alberta Strategic Business Plan: "Alberta will have strong and effective municipalities and self-reliant Aboriginal communities." The Ministry's focus in this Goal is responding to the recommendations from the Oil Sands Ministerial Strategy Committee on impacts of development in oil sands communities. The Oil Sands Sustainable Development Secretariat will work with municipalities and stakeholders to support and implement the recommendations in the Oil Sands Ministerial Strategy Report.

The Ministry plays a key role in addressing the following two of the five Government Priorities. The Ministry also has a supporting role, from a financial and accountability perspective, in all of the Government Priorities.

Government of Alberta Priorities

Ministry of Treasury Board Strategies

1. Govern with Integrity and Transparency

- Contribute to a governance review to provide recommendations on how the Government of Alberta can improve the transparency, accountability and governance of its agencies, boards and commissions.

2. Manage Growth Pressures

- Develop a long-term Capital Plan that will address needs related to growth, ensure maintenance of existing infrastructure, explore options to fund capital projects and manage inflation in infrastructure costs.
 - Implement a work plan to respond to the unique challenges and pressures related to the development of the oil sands.
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SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry of Treasury Board was established to provide a coordinated and disciplined approach to the management of government spending and capital planning. Key challenges and opportunities expected to influence the Ministry in the coming years include:

Public Values and Stewardship:

Albertans expect the government to govern with integrity and transparency, to be fiscally responsible and to be accountable for results. The government has provided sound financial management and public performance reporting in the past. Albertans expect this to continue. In addition, Albertans expect ministries to work together in the stewardship of Alberta's financial resources by identifying cost-saving opportunities and sharing best practices.

Implications of Prosperity and Population Growth:

Alberta's abundant natural resources provide the province with opportunities for a greater and more prosperous future. At the same time, Alberta's rapid growth has led to significant needs and public demands for increased program and infrastructure spending. Meeting these growth demands challenges the available supply of labour and materials, often leading to increased costs. In addition, adding new public facilities and expanding existing public facilities result in higher future operating costs. Government spending must be sustainable, taking into account the costs and availability of labor and materials.

Sustainable Program Spending:

Ensuring program spending remains sustainable over the long-term is a challenge faced by all governments in Canada. Alberta's reliance on volatile natural resource revenues increases the risks that spending increases may not be sustainable. One of the challenges in developing a plan for managing growth in Alberta is ensuring that government spending required to address pressures in education, health care, infrastructure and other public services will be sustainable over the long term.

Infrastructure Demands:

A persistent challenge has been to balance the need for ongoing maintenance and rehabilitation of existing capital infrastructure with the need to invest in new infrastructure to accommodate population growth and economic development. The capital planning process needs to focus not only on providing new capital infrastructure but also on providing adequate maintenance and upgrades to preserve the province's existing capital infrastructure. The Government of Alberta must work with stakeholders to address infrastructure demands in a timely and affordable manner. The Ministry will continue to pursue new ways of providing cost effective infrastructure, such as Public-Private Partnerships (P3s) and other alternative financing opportunities.

STRATEGIC PRIORITIES 2007-10

Through the Ministry's review of external and internal challenges, the strategic priorities described below have been identified. These are in addition to the important ongoing core activities of the Ministry.

GOVERNMENT PRIORITY – GOVERN WITH INTEGRITY AND TRANSPARENCY

- 1. Establish Ministry**
 - The Ministry of Treasury Board represents the consolidation of functions previously spread across several ministries plus new functionality. In its first year of operation, the Ministry's priority is to integrate these diverse responsibilities into a common focus and provide effective support to Treasury Board Committee and, in conjunction with Executive Council, support Cabinet and Cabinet Policy Committees.

Linkage:
Goals 1, 2, 3, 4 and 5

- 2. Enhance Spending Discipline**
 - Ensure the spending associated with the government's plan for managing growth is sustainable.
 - Lead a review of government programs to identify opportunities for more effective spending.
 - Integrate the capital planning process with program expense management and planning.

Linkage: Goal 1

- 3. Financial Accountability: Develop and Evaluate Sound Financial Management Practices and Policies**
 - Provide objective audit services to ministries regarding risk management, control and governance practices that improve government operations.
 - Lead the ongoing development of government accounting standards and financial management policies.

Linkage:
Goals 3 and 4

- 4. Financial Accountability: Provide Appropriate Information for Decision-Making**
 - Provide advice to Treasury Board Committee, Cabinet and Cabinet Policy Committees on the management of government spending and capital planning.
 - Inform Albertans on how the government is addressing its responsibilities through open and accountable financial management and performance reporting.

Linkage:
Goals 1, 2, 3, 4 and 5

GOVERNMENT PRIORITY – MANAGE GROWTH PRESSURES

- 5. Strengthen Capital Planning**
 - Develop a long-term strategic Capital Plan that addresses needs related to growth, ensures the maintenance of existing infrastructure, explores options to fund capital projects, recommends strategies that mitigate the impact of inflation in infrastructure costs and ensures a more disciplined approach to the management and control of capital spending.

Linkage: Goal 2

- 6. **Alternative Financing for Capital Projects**
 - Collaborate with stakeholders and other jurisdictions (eg. British Columbia) to develop opportunities to pursue alternative financing options, such as Public-Private Partnerships, where cost effective and feasible.
 - Lead the ongoing development of alternative capital financing policy and implement options to deliver and manage capital projects.

Linkage: Goal 2

- 7. **Manage Growth and Development in Oil Sands Areas**
 - Support the Oil Sands Ministerial Strategy Committee in its role of managing and coordinating infrastructure and services to support development in oil sands areas.
 - Develop a work plan and work with other ministries, industry, communities and other stakeholders to implement the government's response to recommendations in the Oil Sands Ministerial Strategy Report.

Linkage: Goal 5

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Spending Management and Planning

GOAL ONE **1** A coordinated and disciplined approach to government spending

What it means The Ministry of Treasury Board is the primary contact with ministries for all program budgeting and spending issues. The Ministry consults with other ministries regarding all new programs and initiatives that have spending implications.

As part of the government's overall budgeting and fiscal planning process, the Ministry is responsible for developing ministry spending targets and providing advice and recommendations to the Treasury Board Committee, Cabinet and Cabinet Policy Committees on program spending throughout the year. In addition, the Ministry reviews ministry business plans, advising on compliance with business plan standards.

The Ministry finalizes the Government Estimates and ministry business plan volumes as part of the government's accountability framework.

Strategies

- 1.1 Provide support, advice and recommendations to the Treasury Board Committee, Cabinet and Cabinet Policy Committees regarding ministry budgets and program spending allocations.
- 1.2 Consult with ministries to identify spending pressures and significant new initiatives, and work with the Ministry of Finance to identify the potential impact on the government's fiscal plan.
- 1.3 Lead a review of ministry programs to identify opportunities for more effective spending to achieve program objectives.
- 1.4 Assess the impact of approved capital projects on future ministry program budgets.
- 1.5 Review business plan standards and establish submission requirements for ministries.

Performance Measures

The Ministry of Treasury Board is a newly established Ministry and is in the process of developing performance measures that indicate progress made toward meeting this goal.

Core Business Two: Strategic Capital Planning

GOAL TWO

2

Develop Alberta's Strategic Capital Plan to address capital requirements associated with Alberta's economic growth

What it means The Ministry of Treasury Board is responsible for developing the government's long-term strategic Capital Plan that will address the needs related to growth and assist in managing inflation in infrastructure costs. The capital planning process focuses not only on new capital infrastructure but also addresses maintenance of existing infrastructure.

The Ministry will explore alternative financing options for capital projects, including Public-Private Partnerships (P3s). The Ministry will develop relationships with other jurisdictions to build on their experience in alternative capital financing.

Strategies

- 2.1 Coordinate and lead the evaluation and prioritization of capital needs as part of the long-term government Capital Plan. In collaboration with capital program ministries, present recommendations to improve the capital planning process to Treasury Board Committee, Cabinet and Cabinet Policy Committees for approval.
- 2.2 Formulate a risk-management process for addressing deferred maintenance and how future operating and maintenance costs are addressed.
- 2.3 Present options to Treasury Board Committee, Cabinet and Cabinet Policy Committees to assist in managing capital inflationary pressures.
- 2.4 Develop and implement policies, standards and processes that ensure a disciplined approach to the management and control of capital spending, including the reporting and assessment of price and scope changes and performance results.
- 2.5 Collaborate with stakeholders and other jurisdictions (eg. British Columbia) to develop opportunities to pursue alternative financing options, such as Public-Private Partnerships, where cost effective and feasible.
- 2.6 Further develop Public-Private Partnerships (P3s) guidelines to provide consistent standards, policies and accountabilities across capital projects.

Performance Measures

The Ministry of Treasury Board is a newly established Ministry and is in the process of developing performance measures that indicate progress made toward meeting this goal.

Core Business Three: Accountability in Government

GOAL THREE

3

A coordinated and disciplined approach to the management of government accountability

What it means The Ministry of Treasury Board coordinates the government's legislated commitment to be accountable to Albertans through publishing the Government of Alberta Strategic Business Plan, annual performance report, audited financial statements and other supplementary financial information as required by the *Government Accountability Act*.

The Ministry supports all government ministries and agencies by providing advice and assistance in developing risk management processes, accounting and financial management policy.

Strategies

- 3.1 Refine the Government of Alberta's financial policies to address current issues.
- 3.2 Work with the Public Sector Accounting Board in the implementation of accounting and performance reporting standards and policies to provide improved accountability.
- 3.3 Contribute to a governance review that provides recommendations on how the government can improve the transparency, accountability and governance of its agencies, boards and commissions.
- 3.4 Participate in the development and introduction of measures to benchmark improvements in the quality of life for all Albertans.

Performance Measures

Performance measure under development. Satisfaction level of Provincial Audit Committee with the Government of Alberta Annual Report.

Core Business Four: Corporate Internal Audit Services

GOAL FOUR **4** Objective, risk-based audit services that improve government programs and services

What it means The Ministry of Treasury Board conducts internal audits, on a risk-prioritized basis, across the Government of Alberta and its ministries. These audits are based on a systematic and disciplined approach to evaluating and improving the effectiveness of ministries' risk management, control and governance systems while maintaining the independence required by the standards of the Institute of Internal Auditors.

Strategies

- 4.1 Consult with ministries to identify significant risks to the achievement of their program and service goals.
- 4.2 Provide ministries with a disciplined approach to evaluating and improving the effectiveness, efficiency and economy of their programs and services.
- 4.3 Examine cross-government issues, providing assurance and advice to the Internal Audit Committee and internal government councils.
- 4.4 Create policies and implement processes that will ensure the development of risk-prioritized audit plans.

Performance Measures

Performance measure under development. Satisfaction rating received from the Internal Audit Committee.

Core Business Five: Oil Sands Sustainable Development Secretariat

GOAL FIVE **5** Managing growth and development in oil sands areas

What it means

In February 2007, the Oil Sands Ministerial Strategy Committee issued its report on oil sands areas of the province, "Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development." This report provides 30 recommendations to address the current and anticipated challenges from growth and development in oil sands areas. The report recommends the government establish an Oil Sands Sustainable Development Secretariat to support the Oil Sands Ministerial Strategy Committee. The Secretariat is tasked with developing a work plan and, in collaboration with other ministries, industry, communities and other stakeholders to oversee the implementation of the work plan.

Strategies

- 5.1 Lead the development of a work plan to ensure the coordinated implementation of the government's response to the Oil Sands Ministerial Strategy Committee Report.
- 5.2 Collaborate with other ministries, industry, communities and other stakeholders to facilitate a common approach to address the social, environmental and economic impacts of oil sands development.
- 5.3 Manage and direct, in consultation with other government ministries, the provincial delivery of infrastructure and services to the Regional Municipality of Wood Buffalo and other oil sands areas.

Performance Measures

The Ministry of Treasury Board is a newly established Ministry in the process of developing performance measures that indicate progress made toward meeting this goal.

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
Spending Management and Planning	2,632	2,912	2,925	4,396	4,531	4,635
Strategic Capital Planning	422	922	901	4,755	4,877	4,902
Accountability in Government	1,874	2,084	2,096	3,357	3,476	3,564
Corporate Internal Audit Services	2,013	3,840	2,914	5,232	5,305	5,378
Oil Sands Sustainable Development Secretariat	-	-	-	1,400	1,410	1,420
MINISTRY EXPENSE	6,941	9,758	8,836	19,140	19,599	19,899

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
REVENUE						
Other Revenue	26	-	-	-	-	-
MINISTRY REVENUE	26	-	-	-	-	-
EXPENSE						
Program						
Ministry Support Services	-	785	785	1,633	1,679	1,725
Secretariat of Treasury Board	121	121	121	868	881	899
Oil Sands Sustainable Development Secretariat	-	-	-	1,100	1,100	1,100
Corporate Internal Audit Services	2,013	3,652	2,714	4,932	4,995	5,058
Office of the Controller	1,874	1,897	1,897	3,057	3,166	3,244
Spending Management and Planning	2,572	2,647	2,647	3,600	3,718	3,803
Strategic Capital Planning	361	656	622	2,239	2,285	2,292
Alternative Capital Financing Office	-	-	-	1,711	1,775	1,778
Valuation Adjustments and Other Provisions	-	-	50	-	-	-
MINISTRY EXPENSE	6,941	9,758	8,836	19,140	19,599	19,899
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	(6,915)	(9,758)	(8,836)	(19,140)	(19,599)	(19,899)

CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
Ministry Revenue	26	-	-	-	-	-
<i>Inter-ministry consolidation adjustments</i>	-	-	-	-	-	-
Consolidated Revenue	26	-	-	-	-	-
Ministry Expense	6,941	9,758	8,836	19,140	19,599	19,899
<i>Inter-ministry consolidation adjustments</i>	-	-	-	-	-	-
Consolidated Expense	6,941	9,758	8,836	19,140	19,599	19,899
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	(6,915)	(9,758)	(8,836)	(19,140)	(19,599)	(19,899)