

Service New Brunswick

Annual Report
2016–2017

**Service New Brunswick
Annual Report 2016-2017**

Province of New Brunswick
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Transmittal Letters

From the Minister to the Lieutenant-Governor

The Honourable Jocelyne Roy Vienneau
Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of Service New Brunswick for the fiscal year April 1, 2016, to March 31, 2017.

Respectfully submitted,



Serge Rousselle
Minister

From the Board of Directors to the Minister

Serge Rousselle
Minister of Service New Brunswick

Dear Minister Rousselle:

On behalf of the Board of Directors, I am pleased to submit the Annual Report of Service New Brunswick for the fiscal year 2016–2017.

Respectfully submitted,



Elizabeth Webster
Board Chair

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Chief Executive Officer's Message

On behalf of the management and staff at Service New Brunswick (SNB), I am pleased to present our 2016-2017 Annual Report. This report provides a summary of the activities of each SNB division within fiscal year 2016-2017, along with audited financial statements for the corporation.

This year marked the first full year of operations for the "new" Service New Brunswick. Our work over the last year has focused on streamlining our processes, initiating a five-year Strategic Plan process for SNB, and integrating new operations as we welcomed Information Technology and Human Resources employees who formerly worked in government departments.

SNB is now home to more than 2,400 employees who work tirelessly every day to provide services to the public and to government. This is a challenging but exciting time in our organization's history, and it is a privilege to work with such committed employees.

I would like to thank these employees, along with our Board of Directors and the many partners and stakeholders who have worked with and supported us through the year.



Alan Roy
Chief Executive Officer

Highlights

The following are a list of particular achievements for the organization within this fiscal year:

- SNB provided leadership and support on a number of projects in relation to the provincial government's Priority Delivery Units (PDU), including the Digital ID project, which will provide a single, secure online identity for New Brunswick citizens to access government services.
- Progress continued on the modernization of the Enterprise Resource Planning (ERP) systems PDU project, which will provide government with a common core infrastructure of systems, technology, and processes.
- As part of the provincial government's commitment to common services, more than 200 Information Technology employees from Part 1 departments merged into SNB on April 1, 2016.
- In an effort to streamline processes and service delivery, SNB commenced the consolidation of 74 government-operated contact centres into four business centres.
- SNB began work on the consolidation of 13 existing land registry offices into one provincial office in St. Stephen, for an estimated savings of \$2 million.
- To ensure it continues to provide the Regional Health Authorities with quality laundry services in the most effective way possible, SNB made significant investments in laundry operations while completing necessary consolidations.
- A new vendor outreach program was launched to create opportunities for New Brunswick businesses to participate in the public procurement process. SNB realized \$10.2 million in savings for fiscal 2016-2017.
- SNB eliminated fees applied to auto dealers for basic online registration services and made it easier for individuals to obtain a variety of licenses by going online.
- In 2016, the provincial government introduced legislation to adopt gender-neutral names. This includes the Office of the Rentalsman, which will be renamed the Residential Tenancies Tribunal.
- SNB provided support during an ice storm in January 2017. Over a five-week period, staff addressed the needs of more than 2,700 citizens, answering general questions and assisting with compensation requests. SNB locations in northern New Brunswick provided Emergency Measures Organization staff with office space and expanded office hours to assist with inquiries from the public.
- SNB processed approximately 155 disaster relief funding applications over a two-week period for victims of wildfires in Alberta and waived fees for the replacement of documents. The organization also provided assistance to 1,500 Syrian newcomers at welcome centres in Fredericton, Saint John and Moncton.
- Horizon Health Energy Network received an award of excellence for health-care facilities management. Since the program began, \$4.5 million has been achieved in energy cost avoidances, while carbon dioxide emissions have been reduced by 15,000 equivalent tonnes.

Governance of the Corporation

Service New Brunswick's Board of Directors endorses the principle that sound corporate governance practices are essential for the proper functioning of the corporation and for enhancing the interest of its sole shareholder, the Government of New Brunswick.

The Board discharges its responsibilities directly and through committees in accordance with the *Service New Brunswick Act*, Service New Brunswick's bylaws, and the Board of Director's Governance Manual. The Board holds at least five scheduled meetings each year, with unscheduled meetings held as required.

Board Committees

The Board of Directors is responsible for the governance and functioning of the following two committees:

- Audit and Finance Committee is responsible for reviewing and recommending finance, audit and risks items; and
- Governance and Human Resources is responsible for reviewing all governance and human resource items.

The Board committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.

Board of Directors

Name	Role	Board meeting attendance	Committee membership	Committee meeting attendance
Roland T. Cormier	Director	5/5	Audit and Finance	4/5
L. Craig Dalton	Director	4/5	Governance and HR	1/3
Roberta Dugas	Director	5/5	Governance and HR	3/3
Rachelle Gagnon ¹	Director	4/5	Governance and HR	2/2
Gordon A. Gilman ²	Chief Executive Officer	2/2	Audit and Finance	1/1
			Governance and HR	1/1
Gilles Lanteigne	Director	4/5	Audit and Finance	2/5
Garth Lawson	Director	5/5	Audit and Finance	5/5
John McGarry ³	Director	2/3	Governance and HR	0/2
Karen McGrath ⁴	Director	0/1	Governance and HR ⁵	n/a
Mary-Eileen O'Brien	Director	5/5	Governance and HR	3/3
Gérald Richard	Director	5/5	Governance and HR	2/3
Alan Roy ⁶	Chief Executive Officer	3/3	Audit and Finance	4/4
			Governance and HR	2/2
Mireille Saulnier	Director	5/5	Audit and Finance	4/5
Judy Wagner	Director	2/5	Audit and Finance	2/5
Elizabeth Webster	Board Chair	5/5	Audit and Finance	5/5
			Governance and HR	3/3

1 Rachelle Gagnon resigned on March 1, 2017, because of her appointment as the Board Chair of ANBL.

2 Gordon Gilman resigned on September 6, 2016, because of his appointment as Deputy Minister of Treasury Board.

3 John McGarry resigned on January 13, 2017, to coincide with his resignation as CEO of Horizon Health Network.

4 Karen McGrath, the new CEO of Horizon Health Network, was appointed a Director on January 17, 2017.

5 Karen McGrath was appointed as a member of the Governance & HR Committee on April 13, 2017.

6 Alan Roy was appointed CEO of Service New Brunswick on September 7, 2017. As CEO, he is an ex officio, non-voting member of the Board of Directors.

Strategic Priorities

Strategy Management

The Government of New Brunswick (GNB) uses a Formal Management system built on leading business practices to develop, communicate and review strategy. This process provides the Public Service with a proven methodology to execute strategy, increase accountability, and continuously drive improvement.

The development of the strategy, using the Formal Management system, starts with a strategic vision to move New Brunswick forward. This vision is anchored in five priority areas:

- 1. Jobs** – Creating the best environment for jobs to be generated by New Brunswickers, by businesses, by their ideas, by their entrepreneurial spirit, and by their hard work. Growth efforts will be guided by the New Brunswick Economic Growth Plan, which focuses on strengthening the workforce; expanding innovation capacity; increasing the agility of government; fostering public and private investment in strategic infrastructure; and growing capital investment from the private sector.
- 2. Education** – Improving education as guided by two 10-year plans, *Everyone at Their Best* for the anglophone sector and *Donnons à nos enfants une longueur d’avance* for the francophone sector, that identify objectives for the early learning and education system and establish clear expectations for standards and performance. The areas of focus for the first year are: ensuring children and other learners develop the competencies they need to be successful in school and life; improving both literacy and numeracy skills for all learners; and working to make post-secondary education more accessible and affordable.
- 3. Families** – Creating a healthier and stronger New Brunswick by focusing on seven key areas: improving access to primary and acute care; promoting wellness; supporting those with mental health challenges; fostering healthy aging and support for seniors; advancing women’s equality; reducing poverty; and providing support for persons living with a disability.
- 4. Federal and Aboriginal Relations** – Building stronger relationships with First Nations; strengthening action on climate change; and working with the federal government to maximize federal funding, including optimizing infrastructure funding and growing the workforce through immigration.
- 5. Smart Province** – Providing taxpayers with better value for their money by transforming the culture of government by eliminating duplication; adopting new innovations in technology to improve services and savings; and ensuring GNB has a ready workforce that has the skills, training, support, leadership and working environments it needs to thrive.

Performance Measures

Smart Province	Measures
Eliminate waste and duplication	Dollars saved through continuous improvement
Optimize delivery of services	SNB Customer Satisfaction Index
Enhance employee involvement, commitment and productivity	Average number of sick leave days
	Percentage of employee performance reviews completed

Smart Province

Objective of the measure

Eliminate waste and duplication

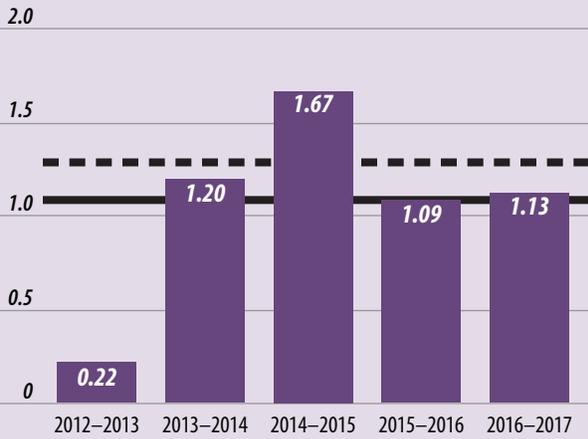
Measure

Dollars saved through continuous improvement

Description of measure

This measure targets savings achieved through Lean Six Sigma projects and other process improvement efforts.

Dollars saved through continuous improvement (\$1.13M)



— Baseline: \$1.09 million
 - - - Target: \$1.29 million
 Actual: \$1.13 million

Overall performance

The target for dollars saved through continuous improvement was not met.

Why do we measure this?

This measure includes all formal continuous improvement activities, including Lean Six Sigma projects, Kaizen and Rapid Improvement Events, Waste Walks, and Daily Management improvements. It is an indicator of increased process efficiency and waste reduction, which ultimately results in reduced costs for the organization. Involving employees in continuous improvement activities helps to promote an organizational culture where employees are engaged to find ways to improve to better serve the customer.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Continuous improvement activities occurred across the organization, including projects in several divisions. Employees also embraced continuous improvement by participating in Waste Walks and Daily Management activities with their coworkers.

Smart Province

Objective of the measure

Optimize delivery of services

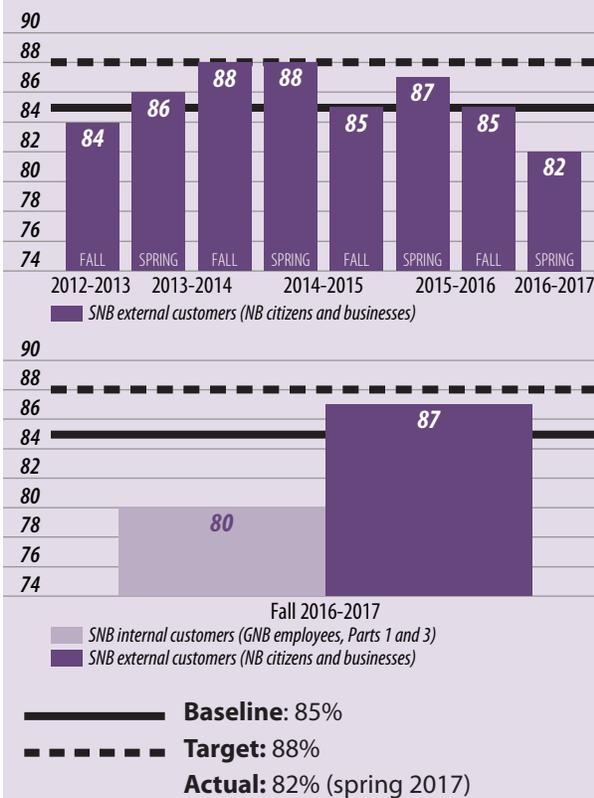
Measure

SNB Customer Satisfaction Index

Description of measure

In the fall of 2016-2017, a new approach and methodology were introduced to measure customer satisfaction. The customer satisfaction survey was conducted with internal customers (GNB employees from Parts I and III) in addition to external customers (New Brunswick citizens and businesses), and customer satisfaction was measured with an index of 11 questions. For prior measures, customer satisfaction was conducted with external customers only, and the level of customer satisfaction with services provided through SNB was measured with a single question. Customer satisfaction will be measured annually (in the fall).

Per cent of SNB customers satisfied with services provided



Going forward, the results from the 2016-2017 fall survey will be the new baseline.

Overall performance

While there is always room for improvement, when compared to scores from other Canadian public sector organizations,* SNB's fall results ranked amongst the top scores for the majority of the index questions. The lower scores for internal customers (79.6%) compared to external customers (86.9%) could be explained by the fact that this survey took place following myriad changes to internal services at SNB, including the merger with the New Brunswick Internal Services Agency (NBISA), the Department of Government Services, and FacilicorpNB, as well as the centralization of Information Technology and Human Resources services.

*Benchmarking provided by the Institute for Citizen-Centered Services

Why do we measure this?

Measuring customer satisfaction provides insight into customers' level of satisfaction when receiving SNB services. The survey is an opportunity for customers to communicate their needs and expectations, and for SNB to consider and respond. The new methodology used to measure customer satisfaction is based on six key drivers of customer satisfaction: timeliness, issue resolution, staff interactions, positive outcome, service design, and channel functionality. As such, a high degree of satisfaction indicates that customers are satisfied with the amount of time to obtain the service; how issues were resolved/handled; the level of competence, courtesy, and helpfulness of SNB employees providing the service; the overall quality of the service; the ease and convenience of accessing the service; and the channels available to obtain the service.

Smart Province

Objective of the measure

Enhance employee involvement, commitment and productivity

Measure

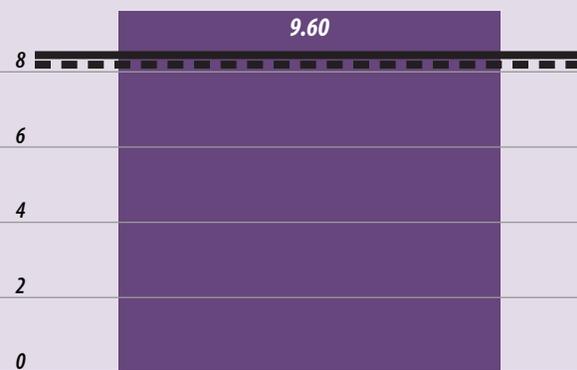
Average number of sick leave days

Description of measure

The number of sick leave days taken, on average, per full-time Service New Brunswick employee

Average number of sick leave days per employee

10



2016-2017

— **Baseline:** 8.45 days/year
- - - **Target:** 8.2 days/year
Actual: 9.6 days/year

Overall performance

The target for number of sick leave days taken was not met.

Why do we measure this?

Following a three-year initiative by the Department of Human Resources to reduce absenteeism, target reductions were achieved for GNB. All departments and agencies now continue to monitor sick leave usage to ensure the reductions are maintained and potentially garner further improvement.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Sick leave usage is reported on a monthly basis with instances of high usage being addressed where appropriate.

Smart Province

Objective of the measure

Enhance employee involvement, commitment and productivity

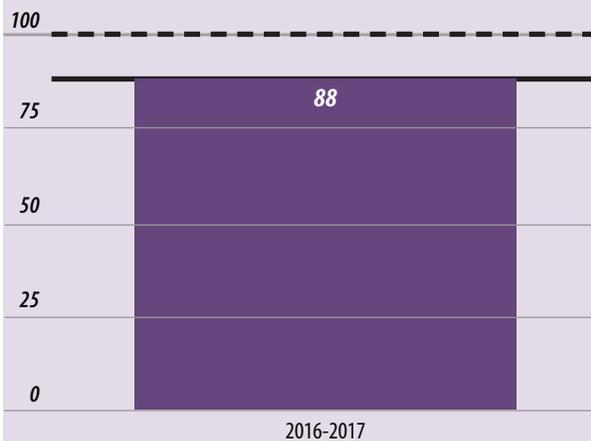
Measure

Percentage of employee performance reviews completed

Description of measure

The number of performance reviews completed divided by the total number of reviews planned

SNB performance reviews completed (%)



— Baseline: 88%

- - - - - Target: 100%

Actual: 88%

Overall performance

The percentage of employee performance reviews completed did not meet the target.

Why do we measure this?

Performance reviews allow managers and employees to discuss and review the completion of work objectives, competencies, training, and career goals. Performance reviews provide an opportunity for one on one discussion of strategic and organizational goals and how an individual's performance contributes to overall performance of the organization.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

In this fiscal year, results for completed performance reviews for SNB remained the same as in the previous fiscal year. We will continue to examine those areas of the organization that require assistance to achieve the target of 100 per cent completion in the coming year.

Overview of Organizational Operations

Service New Brunswick is a Part 1 Crown Corporation created to deliver shared services for the Government of New Brunswick with the express purpose of standardizing services and reducing costs. The Service New Brunswick Act provides the context for the activities of the corporation. Our mandate is to provide high-quality, innovative public services for customers with a focus on value for all New Brunswickers.

We fulfil our mandate by delivering high-quality services, standardizing processes and products, adopting best

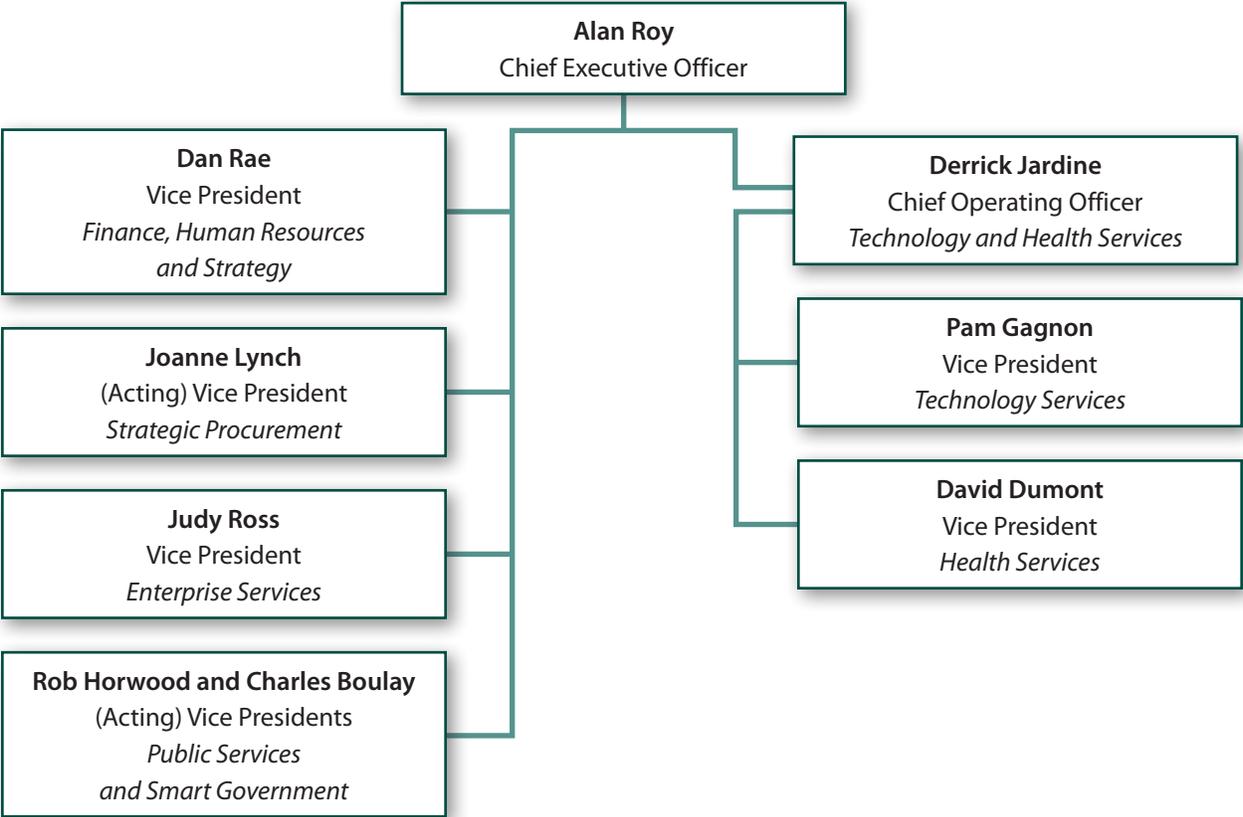
practices, and leveraging greater critical mass in the procurement of goods and services. Our operations are funded through a combination of regulated fees for registry services, payments from GNB and municipalities, grants that GNB provides to deliver service on its behalf, and sales of products and services.

Service New Brunswick employs approximately 2,400 people and has a budget of \$212 million.

High-level Organizational Chart

SNB Executive Management Team

As of March 31, 2017



Division Overview and Highlights

Finance, Human Resources and Strategy

Finance

Finance provides both financial and operational reporting and analysis; internal controls; accounting for receivables, payables and assets; coordination of internal and external audits; and the preparation of financial statements. The branch also provides budgeting, ordinary and capital expenditure management, and coordination of the budget and forecast process with the Department of Finance; and facilities management services, including lease administration, office relocation and renovations. Fulfilment of organizational administrative requirements also falls under the responsibility of the branch. The Audit Services Unit conducts internal compliance reviews with respect to cash management at SNB's service centres, audits automobile dealerships enrolled in the Online Dealer program, and performs IT security reviews.

Human Resources

As a part of the Common Services initiative, effective October 1, 2016, Service New Brunswick is responsible for delivering the operational and transactional human resource services to Part 1 departments/agencies and some services to Parts 2 and 3.

Service New Brunswick Human Resources Services provides integrated and customer-driven HR services to clients through embedded HR Client Services teams within client organizations and Centres of Excellence in the areas of Employee Relations, Classification and HR Programs (Employee and Organizational Development, Wellness, Health and Safety and Official Languages and Programs).

The team is responsible for HR services such as employee recruitment and retention; human resources planning and management; workforce planning; employee engagement; classification; employee and labour relations; performance management, training and development; and the coordination of a variety of employee programs.

Strategy and Organizational Performance

This branch is responsible for strategic planning and the measurement of performance across the organization. Day-to-day communication needs of Service New Brunswick are provided including maintenance of the employee intranet site and websites that provide information and services to clients. It leads the strategic planning process, including developing and monitoring of strategic initiatives, annual action plans and performance metrics using the balanced scorecard methodology, and driving continuous improvement to enable increased operational effectiveness and efficiency using project management and Lean Six Sigma methodologies.

The branch leads in the advancement of the corporation's legislation, privacy and corporate policies, and in administering and responding to Right to Information requests.

The branch also develops the corporate customer relationship management strategy, which includes developing and monitoring service level agreements that outline the services offered and the performance expectations. In addition, measurement of service delivery performance and client satisfaction is undertaken to inform continuous improvement.

HIGHLIGHTS

- ◆ *HR Services transitioned 149 HR positions and associated employees on October 1, 2016, and subsequently implemented a new organizational structure to support a centralized HR service delivery model in January 2017.*
- ◆ *The Waste Walk program resulted in 50 employees trained to identify waste in their workplace, resulting in more than \$400,000 in identified savings.*

Strategic Procurement

Strategic Sourcing

The role of Strategic Sourcing is to maximize competition to achieve the best value for money while ensuring that all suppliers who wish to compete for government contracts have a fair and open opportunity to do so. Competitive quotes or formal bids are solicited for goods and services except in specific circumstances, which are exempted from the normal process by legislation.

In the fiscal year 2016-2017, Strategic Procurement achieved more than \$10.2 million in cost savings for government.

Strategic Sourcing employs a comprehensive approach to public procurement focused on stakeholder collaboration, modern sourcing techniques, sound management practices, and strategic planning initiatives. The strategic sourcing team includes a group of procurement specialists, senior procurement specialists, category managers, and strategic sourcing managers.

Procurement Enablement

Procurement Enablement provides the policies, systems, and frameworks to support the sourcing teams and the wider GNB community. Procurement Enablement helps support the daily operations of the Procurement Specialists by providing documentation and support for policies and regulations. Through its Central Tendering office, it is also responsible for receiving and logging bids and for conducting public tender openings for goods and services tenders on behalf of Strategic Procurement. The Procurement Enablement team works together to ensure the entire procurement process functions efficiently and effectively for clients and vendors.

Statistics at a glance	2016-2017	2015-2016	Change
Procurement transactions	3,275	4,432	-1,157
Electronic bids on NBON	22%	19%	3%
Purchase orders, goods	\$230,617,652	\$266,019,958	(\$35,402,306)
Purchase orders, services	\$662,464,132	\$1,102,511,454	(\$440,047,322)
Total purchase value*	\$893,081,785	\$1,368,531,412	(\$475,449,627)

* Activity for 2016-2017 is lower than 2015-2016 due to several high-value procurements being awarded in 2015-2016. When a service is acquired for a multi-year period, the dollar value of the purchase of service for the entire period is applied against the fiscal year in which the purchase order is issued.

HIGHLIGHTS

- ♦ Working with client departments, Strategic Procurement achieved savings of more than \$10.2 million in 2016-2017. These savings include both soft savings, such as negotiated price discounts and cost increase avoidance, and hard savings such as year-over-year price reductions.
- ♦ Strategic Procurement successfully completed its annual Procurement Planning exercise, meeting with senior officials from 12 client departments to discuss their major upcoming procurement requirements. This pro-active approach to procurement resulted in the identification of 71 additional procurement opportunities across all departments.

Health Services

Clinical Engineering

Health-care professionals use a wide array of diagnostic and therapeutic medical equipment in their day-to-day work. This equipment can be complex and costly. Clinical Engineering works with customers to plan for and evaluate new and existing health-care technologies. Responsibilities include inspecting and maintaining the equipment, and ensuring the technology complies with all applicable regulations. Staff also support the investigation of incidents related to medical equipment and participate actively in the training and education of technical and medical personnel regarding its use.

Finally, Clinical Engineering helps to determine when equipment has reached end-of-life status and plays a significant role in the decommissioning process.

Statistics at a glance	2016-2017	2015-2016	Change
Work orders*	64,846	66,845	(1,999)
Preventative maintenance service orders**	20,026	21,598	(1,572)
Equipment alerts requiring action***	780	520	260

* The total number of work orders has decreased, however, the total number of documented support hours only slightly decreased by -1.6%. The decrease in hours contributed to a 5% decrease in corrective work orders from past 2015-16 fiscal.

** Although the number of preventative maintenance work orders declined, the number of support hours only decreased by -24 hours from past fiscal. Preventative Maintenance hours increased by + 1% while incoming inspections on net new equipment declined by -1 %. Gains have been achieved towards the provincial standardization of maintenance procedures and maintenance frequencies.

***The number of alerts handled varies from year to year, as they are dependent on the quantity of equipment in service and the details of the published alert.

Strategic Procurement Health and Supply Chain

On a day-to-day basis, a wide variety of equipment, supplies and services are used in the delivery of healthcare to New Brunswickers. Supply Chain supports health-care professionals by ensuring the right goods and services are available at the right time and place. It is responsible for the sourcing, procurement, storage, delivery, and distribution of all equipment, supplies, and services for the health system throughout New Brunswick. Supply Chain includes the following: strategic sourcing, purchasing, inventory management/stores, shipping and receiving, distribution, logistics, print shops, and mail rooms.

Statistics at a glance	2016-2017	2015-2016	Change
Purchase orders	145,173	130,601	14,572
Dollar value of purchase orders	\$303,737,214	\$301,314,336	\$2,422,878
Contracts	1,492	1,444	48
RFPs/tenders	68	78	(10)
# Lines received	525,311	548,099	(22,788)
Avg. monthly inventory turnover	1.12	1.04	0.08
Avg. monthly main inventory value	\$5,336,788	\$4,807,456	\$529,332
# Lines picked	2,840,937	2,579,691	261,246

Laundry and Linen Services

New Brunswick's many healthcare facilities and nursing homes require a wide variety of clean and sterile linen on a daily basis. Laundry provides complete services, including pick-up of soiled linen and delivery of clean items throughout the province.

In 2016-2017, the laundry facility at the Dr. Georges-L.-Dumont University Hospital Centre was closed, and volumes were transferred to the Saint John laundry facility. Also in this fiscal year, \$1.7 million was invested at the Saint John laundry facility, while \$1.7 million in improvements were made to the Campbellton laundry facility.

Statistics at a glance	2016-2017	2015-2016	Change
Poundage of laundry processed	22,282,907	22,299,333	(16,426)
Number of customers	80	80	

Energy Management

Energy Management enables energy to be a manageable input to health care facility operations by incorporating energy into everyday organizational practices while maintaining or improving patient thermal comfort and indoor air quality. A continual improvement approach is used and is instrumental in optimizing energy use, which is an essential solution to rising energy costs and carbon dioxide emissions. Health Services actively supports the Regional Health Authorities and laundry operations in the identification, prioritization, and execution of energy efficiency initiatives. Successful collaboration with the Department of Transportation and Infrastructure's Energy Efficiency Program has resulted in a significant increase in feasible energy efficiency project investment.

Horizon Health Network was the recipient of the 2016 Wayne McLellan Award of Excellence in Healthcare Facility Management from the Canadian Healthcare Engineering Society for its Energy Management Program. Health Services has supported the integration of the Energy Management Program for the Horizon Health Network.

Statistics at a glance	2016-2017	2015-2016	Change
Energy management information systems	11	8	3
Actual cost avoidance*	\$1.4M	\$1.5M	(\$100,000)
Investments in energy efficiency projects**	\$3.1M	\$4.25M	(\$1.15M)

* Horizon Health Network only reporting

** Investments in year will realize energy cost avoidances 12 months after completion.

HIGHLIGHTS

- ◆ Clinical Engineering successfully attained its strategic targets for maintenance completion on high life-critical and high-risk medical devices.
- ◆ Clinical Engineering was recognized by ECRI Institute and received the Health Devices Achievement Award for its work on improving IPM Completion Rates in New Brunswick.
- ◆ The implementation of the Category Management Model for the delivery of Strategic Procurement and Purchasing services for the Regional Health Authorities was completed in fiscal 2016-17.
- ◆ The division launched the implementation of hand-held scanner technology for hospital supplies inventory management across the province. This project will carry over and be completed in 2017-18.
- ◆ The division successfully completed the consolidation of eight Material Safety Data Sheet (MSDS) systems into one provincially managed electronic system for the Regional Health Authorities and SNB Health Services.

Enterprise Services

Accounts Payable and Collections Services

Accounts Payable manages the delivery of standard payables as well as transactions associated with numerous Client and Case Management Systems used to deliver programs for client departments. The unit is responsible for transactional services as well as ensuring compliance with purchasing policies and regulations, administration of the purchase-card and i Expense processes, supplier maintenance, payment processing, and delivering services in accordance with Key Performance Indicators (KPIs)

established as part of service agreements. The team provides end-user guidance, publishes procedural documentation, and offers general process support to clients.

Collections Services manages debt owed to GNB by collecting on overdue property tax accounts that are more than 90 days in arrears.

Statistics at a glance	2016-2017	2015-2016	Change
Account payable transactions processed	500,000	500,000	–
Payment arrangements negotiated for debt collection	\$28.1M	\$28.8M	(\$0.7M)

Translation Bureau

The Translation Bureau provides services such as written translation; simultaneous interpretation for conferences, seminars, and other gatherings; consecutive interpretation for court proceedings and administrative tribunal hearings; and other linguistic services. The work performed by the Bureau helps departments and agencies meet GNB's obligations under the *Official Languages Act* as well as Subsection 16(2) of the *Canadian Charter of Rights and Freedoms*.

Statistics at a glance	2016-2017	2015-2016	Change
Translation requests processed by employees	12,287 requests 5.6M words	10,887 requests 5.5M words	1,400 requests 0.1M words
Translation requests processed externally	4,042 requests 7.2 M words	4,302 requests 7.9M words	(260 requests) (0.7 M words)
Days of simultaneous and/or consecutive interpretation provided by employees	638	608	30
Days of simultaneous and/or consecutive interpretation provided externally	1,631	1,237.5	393.5

Payroll and Benefits Services

Payroll and Benefits Services is responsible for making payroll and benefits payments to about 10,000 civil servants and 1,400 casual employees as well as pension payments to about 33,400 retirees on behalf of Treasury Board. Payroll and Benefits Services is also responsible for maintaining employee records and leave entry and reporting for accounting and regulatory compliance.

Statistics at a glance	2016-2017	2015-2016	Change
Transactions processed	99,500	136,405	-36,905*
Employee self-service leave requests	150,000 (96% of all leave submitted)	140,000 (93% of all leave submitted)	+10,000 3%

* Automated process implemented leading to fewer transactions to be processed.

Corporate Marketing Services

Corporate Marketing Services provides a range of marketing support services to more than 30 client departments and agencies, including:

- graphic design and photography;
- website development and management of www.gnb.ca and associated sites;
- media planning and buying;
- government media monitoring services;
- government brand management; and
- content development and management.

The branch also maintains a list of pre qualified vendors for these services and acquires external marketing communications services for departments and agencies when required.

Statistics at a glance	2016-2017	2015-2016	Change
Graphic design projects	415	405	10
Media buys	339	314	25
Websites maintained	38	38	0
Vendor contracts	21	14	7

Managed Print and Distribution

The Printing Services unit of Managed Print and Distribution is the resource centre for the production and distribution of government documents. It provides high speed digital printing and finishing services for both black and white and colour print requests.

Through its Print Optimization program, Printing Services ensures efficient printing devices are employed throughout GNB and centrally managed.

The Postal Services unit provides centralized mail and delivery services to GNB clients from its main processing facility in Fredericton. Regional inter office mail services are also provided throughout the province.

Managed Print and Distribution also provides an employee/agent identification card service and administers GNB's surplus assets.

Statistics at a glance	2016-2017	2015-2016	Change
Printing Services			
Internal print jobs	1,793	1,875	(82)
Third-party print jobs	284	258	26
Print Optimization			
Device count	3,841	3,842	(1)
Impressions	212,126,278	198,031,969	14,094,309
Postal Services			
Pieces metered	4,143,234	4,246,334	(103,100)
Pieces shipped	13,790	19,370	(5,580)

HIGHLIGHTS

- ♦ *Print and Postal Services moved to new and modern facilities allowing for soft cost savings through the streamlining of workflow processes.*
- ♦ *New digital services were implemented for client departments including additional hunting and angling licenses and a lobbyist registry.*
- ♦ *Six collective agreements were signed during this period which resulted in the processing of retroactive pay for 4,000 employees and 2,600 retirement allowance payouts. Staff reviewed more than one million lines of data to complete the required calculations.*
- ♦ *The implementation of new delivery models has improved service for our clients. Staff now work in teams by function, (Timesheets, Commencements, Terminations, etc.) which increased efficiency, and a Client Services team was introduced to answer all client inquiries to improve response times.*
- ♦ *The implementation of an auto-load of Department of Transportation and Infrastructure timesheets into HRIS significantly reduced manual keying.*

Technology Services

Client Services

The Client Services unit is responsible for two major functions: IT Client Support Services and IT Business Services.

The IT Client Support Services team is the first line of contact for clients experiencing IT issues. This team is primarily responsible for ensuring clients have access to the appropriate IT services to support their business functions. This team provides technical support to 35,000 clients and manages more than 26,000 desktops, laptops, tablets, and mobile devices. Technical support services are provided to Part 3 clients 24 hours a day, seven days a week. During 2016-2017, the IT Client Support Services team resolved more than 50,000 technical issues.

The IT Business Services team is responsible for providing a variety of business services to SNB's Technology Services Division, including the administration of more than 750 contracts, revenue recovery and procurement of IT goods and services.

Strategy, Planning and Solution Services

The Strategy, Planning and Solution Services branch is responsible for developing IT strategies to meet business objectives. This team identifies standardized and cost effective IT services/systems and coordinates activities across organizational units to drive common approaches. Collaborating with various clients organizations, the branch is also responsible for the delivery and implementation of technology solutions enabling enterprise initiatives and business transformation.

Infrastructure Operations

The Infrastructure Operations team is responsible for the procurement, implementation, evergreen, maintenance, support, and housing of the underlying Information Technology infrastructure used by GNB. This includes operations and support of government IT infrastructure such as servers, the government email system, provincial IT networks, and datacentres. This team works in partnership with the Applications Services teams to provide the necessary infrastructure backbone to support the business applications used by government.

Corporate Applications and Security Services

The Corporate Applications and Security Services branch provides services related to the development, implementation, enhancement, maintenance, and support of business applications for Service New Brunswick. In addition, this branch provides specialized services in IT security, database administration, system integration, system reporting, and quality assurance services. Many of the business applications and IT environments supported by this team are considered mission critical and are used throughout GNB as well as by the public.

Business Application Services

The Business Application Services branch provides services related to the development, implementation, enhancement, maintenance, and support of applications for all Part I departments with the exception of the Department of Health. Teams support a wide variety of line of business applications ranging from critical public-facing applications to internal applications that provide key business support to the departments. The primary objective of the branch is to ensure the continuous operation of the business through the support and maintenance of its applications and to assist each organization in achieving maximum benefit from its application investments.

Health Application Services

The Health Application Services branch provides services related to the development, implementation, enhancement, maintenance, and support of a large portfolio of applications utilized by the Regional Health Authorities and the Department of Health. Teams support a wide variety of applications, including major clinical and decision-support systems used to treat patients and administer health services to New Brunswickers. The primary objective of the branch is to ensure that each organization achieves maximum benefits from its application investments.

HIGHLIGHTS

- ◆ *The Technology Services division worked with clients at Energy and Resource Development to provide the public with the ability to purchase hunting and trapping licenses and to apply to the antlerless deer and bobcat draws via the web, vendors, or SNB.*

- ◆ *In partnership with its clients, the division implemented PowerSchool in both the Anglophone and Francophone sectors. PowerSchool is a full-service student information system that allows schools to manage administration processes and student data.*
- ◆ *In partnership with its clients, the division implemented several changes to the Motor Vehicle System to strengthen the Motor Vehicle Act, at the request of Mothers Against Drunk Driving (MADD). These changes will result in immediate and direct action to remove high risk drivers from New Brunswick roads. The system changes are scheduled to be implemented in July 2017.*
- ◆ *The division implemented a fully functional solution for the National Safety Code (NSC) and Motor Vehicle branches of Justice and Public Safety (JPS) within the Motor Vehicle System. The NSC is a set of national standards, supported by provincial regulations, for commercial carriers to establish minimum safety standards for commercial vehicles and drivers.*
- ◆ *In partnership with JPS, the division established a secure online web portal permitting payers and beneficiaries of family support orders access to financial and tax information. This portal provides an efficient way for the public to self-serve and reduces requests for court services JPS staff.*
- ◆ *In partnership with its clients, the division developed a secure central test repository of cervical (Pap and HPV) and colon test results. This system also sends reminder letters to citizens when screening or a follow-up is overdue.*
- ◆ *The division put in place wireless access for patients and visitors in major healthcare facilities in the Horizon Health Network. Further roll-outs in Vitalité will occur in 2017/18.*

- ◆ *In collaboration with its client, the division implemented a provincial drug information system. All community pharmacies in New Brunswick can now submit prescription information to this system. Authorized healthcare professionals can view a patient's medication history in real-time within the Electronic Health Record. The system also provides physicians and pharmacists with data to support appropriate and accurate prescribing and dispensing.*

Public Services and Smart Government

Customer Care

Service New Brunswick is the gateway for the public to a number of government services offered through a multichannel service delivery network. Customer convenience is a key factor in service delivery. To meet New Brunswickers' expectations, SNB offers three channels of delivery:

- in person, through a network of 32 service centres offering the most common services, while 13 provide the full range of services;
- over the telephone (TeleServices) at 1-888-762-8600; and
- online at www.snb.ca.

A range of services are delivered on behalf of various departments and agencies including the federal government. SNB also accept payments on behalf of 62 municipalities.

Services include:

- Motor vehicle — driver's licences, registration, placards for disabled persons;
- Recreation — hunting and fishing licences, online tickets for some major attractions;
- Government forms — Medicare, lottery registration;
- Federal government — pleasure craft licensing; and
- Municipalities — water and sewage payments.

Service Delivery Transactions			
Volume by partner	2016-2017	2015-2016	Change
Government partners: Provincial (all government departments); federal (Pleasure Craft Licensing); municipalities	3,517,663	3,429,098	88,565
SNB: Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Rentalsman, Vital Statistics, and SNB products	2,367,084	2,403,118	(36,034)
Other partners: Payment taking for NB Power, Regional Health Authorities, WorkSafeNB, and others	271,908	116,968	154,940
TOTAL TRANSACTIONS	6,156,655	5,949,184	207,471

Residential Tenancies Tribunal

The Residential Tenancies Tribunal provides an alternative dispute resolution service outside of the traditional court process.

Residential Tenancies Officers are appointed to carry out duties prescribed by the *Residential Tenancies Act*. The activities include holding in trust all security deposits paid by tenants pursuant to a residential tenancy lease (the only Canadian jurisdiction to perform this function); investigating and resolving disputes and complaints by mediation when possible or adjudication; enforcing the *Residential Tenancies Act*; and providing information with regard to residential tenancies.

Statistics at a glance	2016-2017	2015-2016	Change
Security deposits accepted	16,831	16,178	4%
Value of security deposits held in trust	\$26M	\$24.3M	7%
Applications for return of security deposits processed	12,886	11,993	7%
Applications for assistance or disputed claims received	4,565	3,984	15%

Land Information Infrastructure Secretariat, Business Opportunities and Digital Services

SNB is the lead agency for coordination of geomatics and base mapping in New Brunswick. The activities of the Land Information Infrastructure Secretariat include:

- managing an inter-agency governance framework to facilitate collaboration on geomatics across GNB;
- implementing inter-agency projects such as the development of provincial standards and data sets, and creation of authoritative road, water, and imagery data sets;
- developing and operating the GeoNB infrastructure, which allows for discovery, access, storage, and dissemination of geographic data and related applications on behalf of partners; and
- coordinating geomatics educational and outreach activities.

Statistics at a glance	2016-2017	2015-2016	Change
GeoNB hosted datasets*	61	53	8
GeoNB hosted applications**	18	16	2
LiDAR acquired	18,757 km ²	9,644 km ²	9113 km ²
GeoNB hosted LiDAR	29,912 km ²	0	–
GeoNB visits	165,291	146,000	13%
Layers hosted on ArcGIS Online	66	27	39
Maps hosted on ArcGIS Online	59	47	12
Outreach / Education	6	6	–

* New hosted datasets: LiDAR data; LiDAR Index; Minerals and Petroleum Grid; Minerals and Petroleum Sections; Minerals and Petroleum Units; Mineral Claims; Property Assessment Data; Property Assessment Map.

** New application: New Brunswick Coastal Erosion; LiDAR Index.

Property Assessment Services

SNB is responsible for the valuation and classification of all “real property” in New Brunswick. Property Assessment is a vital component in the processes of real property taxation and municipal financing.

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (“market value”) as of January 1 of the year for which the assessment is determined. Individual property assessments are then compiled to produce municipal and provincial assessment bases.

These bases are shared with the Department of Environment and Local Government, which produces the tax bases for each municipality, rural community and local service district.

Individual property assessments are also provided to the Department of Finance. These are then used, along with municipal and provincial property tax rates, to produce an annual property tax bill.

Property assessors are responsible for maintaining an inventory of all real property information as well as administering many property tax-related benefits.

Property Assessment Statistics					
Tax year	Number of properties	Assessment base (Billion \$)	Request for review	Per cent of property accounts	Appeals (Assessment Board)
2016	466,022	62.5	7,156	1.5	180
2015	465,500	61.4	7,951	1.7	319
2014	464,000	60.0	6,947	1.5	242
2013	462,013	58.2	7,316	1.6	224
2012	460,236	56.3	5,642	1.2	247
2011	457,151	53.9	5,338	1.2	187
2010	454,426	51.4	8,691	1.9	258
2009	451,416	49.1	8,558	1.9	214
2008	448,224	46.7	5,526	1.2	174
2007	444,341	43.4	5,518	1.2	155

Registries

Condominiums are administered by the *Condominium Property Act*, which sets out the rules for developing, operating, and managing condominiums in New Brunswick. This area also provides approval for condominium corporations incorporated under the *Condominium Property Act* and accepts information on reserve funds, financial statements, insurance, and directors filed by condominium corporations.

Corporate Registry administers incorporation of New Brunswick-based business corporations and non-profit companies, registering partnerships and business

names, and registering extra-provincial corporations and businesses conducting business in New Brunswick. The registry maintains publicly available, up-to-date information on business and non-profit corporations and unincorporated business entities. Internet users are able to access information on past and existing businesses and non-profit companies through the registry.

Land Registry maintains a network of 13 land registry offices where legal plans and documents such as deeds, mortgages, and wills relating to the ownership of real property can be registered. Registry records date back

to the original Crown grants of more than 230 years ago and are available for public scrutiny. The unit maintains the PLANET system, which allows users to conduct land-based transactions efficiently and accurately through a comprehensive, integrated, online source of land registration, property mapping, and land information services. Land Registry also maintains a province-wide Global Positioning System-based survey network that includes a series of continuously operating Global Positioning System stations (Active Control Stations), which provides observations to users via the SNB website.

Personal Property Registry maintains a computerized, province-wide registry service where users can serve public notice of their security interests, judgments, and other claims affecting personal property, such as automobiles, recreational vehicles, furniture, and business inventory. It also offers individuals and businesses the opportunity to determine if there is a registered security interest on a personal property by providing the means to search the Personal Property Registry, primarily through the Atlantic Canada Online portal and SNB's Lien Check service.

Vital Statistics is responsible for registering, maintaining, verifying, and disseminating birth, death, stillbirth, and marriage data (vital events). Vital Statistics can search records, issue certificates of a vital event, distribute marriage licences, approve and register changes of name, and maintain an index of marriage officiants and churches/religions authorized to solemnize marriages in New Brunswick.

Activity	2016-2017	2015-2016	Change
Condominiums			
New corporations	2	7	(5)
New units approved	19	61	(42)
Corporate Registry			
Incorporations	2,662	2,775	(113)
Registrations	3,156	3,203	(47)
Annual Return	39,751	39,231	520
Certificate of Status/ certified copies	3,826	3,654	172
Land Registry			
Registrations	86,090	89,008	(2,918)
Searches	35,370	39,549	(4,179)
Certificate of Registered Ownership sold	28,504	26,629	1,875
Personal Property Registry			
Registrations	152,377	155,672	(3,295)
Searches	69,869	66,943	2,926
Vital Statistics			
Certificates issued (all types)	30,290	31,952	(1,662)
Change of name processed	312	383	(71)
Amendments processed	947	1,126	(179)
Vital events registered	17,250	17,119	131

Financial Overview

2016–2017 Consolidated Financial Discussion and Analysis

The Consolidated Financial Statement Discussion and Analysis document focuses on providing variance analyses between the Budget and Actual amounts for 2016-2017.

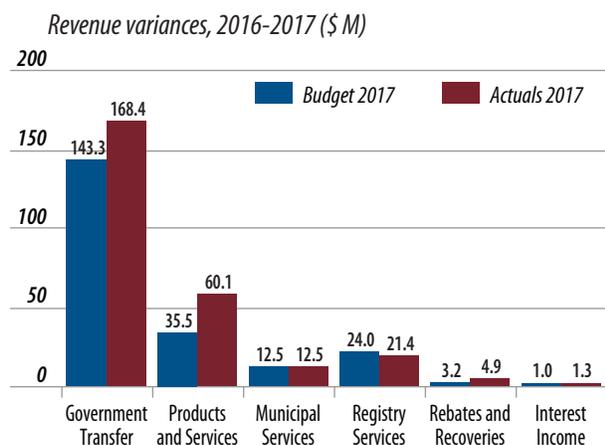
Significant Financial Variances

The following table compares actual financial results to budgeted figures for 2016-2017.

Financial Statement Analysis for the year ended March 31, 2017: Statement of Operations (\$)			
	Budget 2017	Actuals 2017	Budget Variance
Revenues			
– Government Transfers	143,328,683	168,396,556	25,067,873
– Products and Services	35,521,240	60,128,214	24,606,974
– Municipal Services	12,448,912	12,502,732	53,820
– Registry Services	23,947,435	21,440,913	(2,506,522)
– Rebates and Recoveries	3,174,000	4,934,913	1,760,913
– Investment Income	994,674	1,330,341	335,667
Revenue from Operations	219,414,944	268,733,669	49,318,725
Expenses			
– Executive Administration	2,335,955	1,194,264	(1,141,691)
– Finance, Human Resources and Strategy	18,339,500	22,278,208	3,938,708
– Strategic Procurement	3,414,851	2,313,755	(1,101,096)
– Technology Services	89,649,328	128,485,425	38,836,097
– Health Services	39,289,881	36,773,572	(2,516,309)
– Enterprise Services	28,962,404	26,403,665	(2,558,739)
– Public Services and Smart Government	37,423,025	30,995,116	(6,427,909)
Total Expense	219,414,944	248,444,005	29,029,061
SURPLUS	–	20,289,664	20,289,664

Revenue Variances

Total revenue for 2016-2017 is \$49.3M greater than budgeted. This variance is explained by revenue source below.

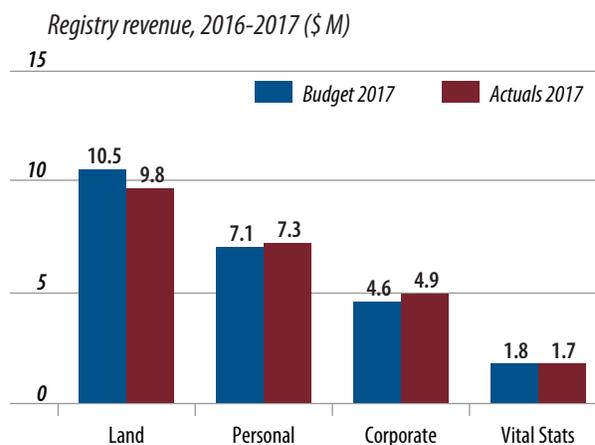


Government Transfer — Revenue from Government Transfers is \$25.1M higher than budgeted in 2016-2017. This increase is due to \$36.4M for the transfer of Technology Services and Human Resources from Part 1 departments to SNB, and funding for laundry capital purchases of \$3.4M. This increase is partially offset by a \$2.1M transfer with respect to the movement of the Provincial Archives and the Right to Information branches from Service New Brunswick to Treasury Board; \$1.7M in 'net new' services transferred to Products and Services revenue; and the transfer of responsibility for reporting employee benefits to the Province of New Brunswick, which resulted in a transfer to Central Government of \$10.9M.

Products and Services — Revenues resulting from the sale of products and services came in at \$24.6M more than budgeted for 2016-2017. Most of the change in revenue is attributable to the transfer of IT services, as there was a chargeback component in the service agreements, and 'net new' services. In addition, more revenue than anticipated was raised by the Translation Branch.

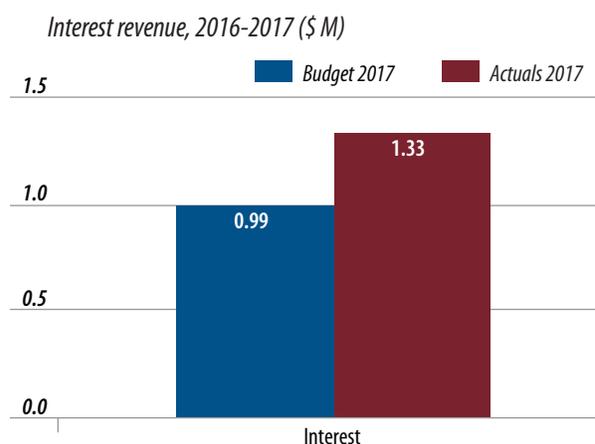
Registries — Registry revenue totals were \$2.5M less than budgeted for 2016-2017. This variance is largely due to a decrease in transaction volumes for the Land Registry.

The performance of the land registry is heavily dependent on the strength of the economy and the degree to which consumers are selling and purchasing real property.



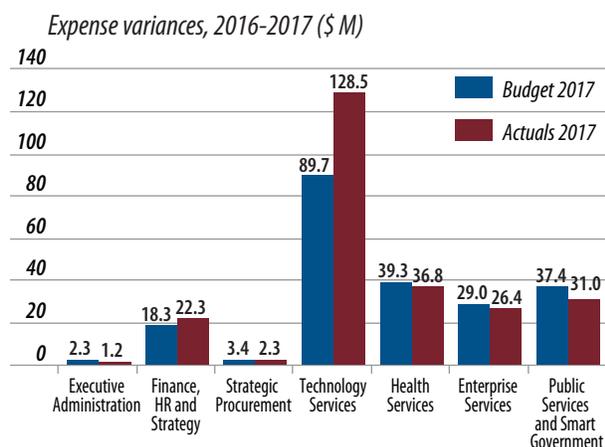
Rebates and Recoveries — This category includes revenues resulting from contracts with suppliers that have a rebate negotiated for meeting specified targets, as well as funds received for completing projects on behalf of other departments and federal partners, plus salary recovered for services provided to external entities. For 2016-2017, this revenue came in at \$1.8M more than budgeted primarily due to discounts received from vendors and the completion of the electronic Pleasure Craft Licensing project for the Federal Government.

Interest Income — Interest revenues exceeded budget expectations by \$0.3M in 2016-2017. Growth in interest income is contingent upon the amount of money invested, the term of the investment, and interest rates. For 2016-2017, SNB was able to retain a higher amount invested, and prior year investments continued to provide slightly higher rates of return than currently available.



Expense Variances

Total expenses for 2016-2017 are \$29.0M greater than budgeted. This over expenditure is due to the transfer of \$45.3M for Technology Services personnel and contracts from Part 1 departments and agencies, as well as \$4.1M for Human Resources budgets and personnel from Part 1 departments and agencies. This increase was offset by vacancies of \$7.3M, \$10.9M in employee benefits transferred to central government and Professional and Consulting fees of \$2.2M. Variances by division are explained below.



Executive Administration — Total expenses for 2016-2017 were \$1.1M less than budgeted. This decrease was due to savings in Professional Services.

Finance, Human Resources and Strategy — Total expenses for 2016-2017 were \$3.9M greater than budgeted. This increase was due to the transfer of Human Resources budgets and personnel from Part 1 departments in the amount of \$4.1M and \$2.7M for the Project Management team moving from Enterprise Services to this division. This increase was partially offset by vacancies of \$1.8M, employee benefits transfer of \$0.9M and savings related to discretionary expenses of \$0.2M.

Strategic Procurement — Total expenses for 2016-2017 were \$1.1M less than budgeted. This decrease was due to Professional Services fees being under spent by \$0.6M and savings related to vacancies and employee benefits transfer of \$0.5M.

Technology Services — Total expenses for 2016-2017 were \$38.8M greater than budgeted. This increase was related to the transfer of Technology Services personnel and contracts from Part 1 departments of \$45.3M and an increase in purchases of computer hardware of \$14.4M. These increases were partially offset by vacancy savings of \$4.9M; employee benefits transfer of \$3.2M; savings in software maintenance, professional services, and communications of \$10.4M; savings in machinery and equipment of \$1.6M; amortization savings of \$0.4M; and other efficiencies that equal \$0.4M.

Health Services — Total expenses for 2016-2017 were \$2.5M less than budgeted. This decrease was due to vacancies of \$0.6M, employee benefits transfer of \$2.5M, laundry supplies savings of \$0.1M, and travel savings of 0.2M. These savings were partially offset by over expenditures for buildings and equipment of \$0.8M related to repairs and maintenance of equipment. There was also a loss on disposal of Tangible Capital Assets of \$0.1M related to the removal of laundry carts that do not meet SNB's Tangible Capital Assets policy.

Enterprise Services — Total expenses for 2016-2017 were \$2.6M less than budgeted. Decreases related to the transfer of the Project Management employees to the Finance, Human Resources and Strategy division (\$2.7M and \$0.2M to Technology Services), vacancies of \$0.8M, employee benefits transfer of \$0.2M, and savings in discretionary expenses of \$0.2M. This decrease was partially offset by an increase in Corporate Marketing advertising expense of \$1.5M, which has a matching revenue.

Public Services and Smart Government — Total expenses for 2016-2017 were \$6.4M less than budgeted. This decrease was due to employee benefits transfer of \$4.0M and \$1.8M related to the transfer of the Provincial Archives branch to Treasury Board. Other savings of \$0.5M comes from travel, professional services, equipment, and communications, as well as savings of \$0.1M in office supplies and furniture, and \$0.1M in aerial photography. This decrease was offset by a slight overspend in personnel of \$0.1M.

Summary of Staffing Activity

Employee type	2016-2017
Permanent	137
Temporary	164
TOTAL	301

Summary of Legislation and Legislative Activity

Bill #	Name of legislation	Date of Royal Assent	Link to bill
2	<i>An Act to Repeal An Act to Comply with the Request of The City of Saint John on Taxation on the LNG Terminal</i>	December 16, 2016	http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1268&legi=58&num=3

Summary of Official Languages Activities

Service New Brunswick recognizes its obligations under the *Official Languages Act* and is committed to actively offering and providing quality services in both Official Languages.

Seven official complaints were filed under the Act in 2016–2017. Two of the complaints were deemed to be founded, and the issues surrounding each were reviewed and addressed. One of the complaints was deemed to be unfounded, and the remainder were handled through informal resolutions.

Introduction

During 2016-2017, Service New Brunswick continued to ensure its obligations under the *Official Languages Act* were met throughout the organization. Below are associated activities that were carried out on an ongoing basis during the year in question.

Focus 1

Ensure access to service of equal quality in English and French throughout the province:

- Review and discuss Language of Service policy and guidelines with new employees at time of group and individual orientation.

Focus 2

An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace:

- As part of the annual Performance Review process, all employees are required to review the Language of Service and Language of Work policies and discuss with their managers.

Focus 3

Ensure that new and revised government programs and policies took into account the realities of the province's official language communities:

- Presentations on Official Languages are part of the orientation for new employees.

Focus 4

Ensure public service employees have a thorough knowledge and understanding of the Official Languages Act, relevant policies, regulations, and the Province's obligations with respect to official languages:

- The Service New Brunswick Intranet site has a section on Official Languages that provides employees with links to the *Official Languages Act* and policies.

Conclusion

During 2016-2017, Service New Brunswick continued to apply tools that help employees work in the language of their choice. The organization will be developing corporate initiatives to address the objectives set out in the government-wide *Official Languages Action Plan*.

Summary of Recommendations from the Office of the Auditor General

Summary of matters arising from the Audit of the Financial Statements of Service New Brunswick (“the Corporation”), 2016-2017

- 1. Cash Management:** Recommend the Corporation settle Due to Province of New Brunswick amounts in a timely manner and collaborate with the Province to prevent significant increases in Cash and Due to Province of New Brunswick balances in the financial statements.
- 2. Managing Changes in Functions:** Recommend the Corporation prepare an in-depth accounting analysis for all future transfers in accordance with professional accounting standards, recommend the Corporation develop a plan outlining the steps involved when receiving or transferring function and recommend the Corporation track all system development especially work which is billed back to departments that is not part of the base budget transfer.
- 3. Requirement for New Accounting and Payroll Systems:** Recommend the Corporation proceed in implementing new accounting and payroll systems. If an extended timeframe for completing these projects is expected, the Corporation should seriously consider combining systems and transactions into one system to reduce the risks associated with operating multiple systems as well as help eliminate duplication and inefficiencies existing in the current processes.
- 4. Accumulated Surplus:** Recommend the Corporation develop a Board approved plan on its intended use of its accumulated surplus.
- 5. Accounting Issues:** Recommend the Corporation prepare an in-depth accounting analysis in accordance with professional standards for unusual or complex accounting transactions to support the presentation of the amounts in the financial statements, the Corporation obtain an up-to-date actuarial valuation for the land title assurance liability and management discuss the benefits of segment reporting with the Board to determine if this information would be beneficial to Board members to fulfill governance responsibilities.
- 6. Weaknesses in Internal Control Processes:** Recommend the Corporation address significant internal control weakness identified regarding bank transfers, JD Edwards payment processing, database passwords and registry services and recommend the Corporation review the internal control weaknesses identified and put processes in place to resolve the issues identified.
- 7. Tracking Implementation of Internal Audit Recommendations:** Recommend the Corporation report progress in implementing recommendations of the internal audit group to the Audit and Finance Committee.
- 8. Unsigned Agreements:** Recommend the Corporation work with business partners who have unsigned agreements to address any necessary amendments so that signed agreements are in place to cover the cost of services provided.

Summary of Recommendations from the Office of the Auditor General Previous Years

Name and year of audit area	Total	Adopted
Matters arising from the Audit of the Financial Statements of Service New Brunswick, 2015/2016 http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	8	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Property Tax Assessment System (EvAN) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	3	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – Payments Processed through the Image Process Management System (IPM) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	2	1
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Information Technology Findings http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	4	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Payroll and Benefits (HRIS) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	2	0
Department of Agriculture, Aquaculture and Fisheries: Agricultural Fair Associations, 2016 – SNB, Property Tax Assessment Services	2	1

Report on the *Public Interest Disclosure Act*

Service New Brunswick has policies and processes designed to manage public interest disclosures as required by the *Public Interest Disclosure Act*. Service New Brunswick received no claims or disclosures of wrongdoing in the 2016-2017 fiscal year.

Appendix: Financial Statements

Financial Statements – Service New Brunswick

October 1st, 2016 to March 31st, 2017

Management Report

The preparation of financial information is an integral part of management's responsibilities and the accompanying consolidated financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with Canadian Public Sector Accounting Standards (PSAS).

The Corporation maintains accounting systems and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with PSAS.

It is the responsibility of the Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the consolidated financial statements. It is assisted in its responsibilities by the Audit and Finance Committee. This committee reviews and recommends approval of the consolidated financial statements, and meets periodically with management and the external auditors concerning internal controls and matters related to financial reporting. Upon the recommendation of the Audit and Finance Committee, these consolidated financial statements for the year ended March 31, 2017 are approved by the Board of Directors.



Alan Roy
Chief Executive Officer



Dan Rae, CPA, CGA
Chief Financial Officer

Fredericton, N.B., Canada
June 21, 2017



INDEPENDENT AUDITOR'S REPORT

To the Chair and members of the Board of Directors of Service New Brunswick

Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of Service New Brunswick, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and change in accumulated surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Service New Brunswick as at March 31, 2017, and the results of its operations and changes in its accumulated surplus, its cash flows, and changes in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Kim MacPherson, CPA, CA, ICD.D
Auditor General

Fredericton, New Brunswick
June 21, 2017

Consolidated Statement of Financial Position

As at March 31, 2017 with comparative figures for the six months ended March 31, 2016

	2017	2016
Financial Assets		
Cash	\$ 61,535,528	\$ 998,581
Due from Province of New Brunswick	-	11,284,656
Short-Term Investments	26,000,000	22,000,000
Restricted Assets (Note 6)	12,229,408	13,371,490
Accounts Receivable and Advances (Note 7)	17,628,339	21,579,429
Long-Term Investments	24,000,000	30,000,000
Total Financial Assets	141,393,275	99,234,156
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	\$ 29,284,565	\$ 18,493,520
Due to Province of New Brunswick	24,021,570	-
Partner Liabilities (Note 9)	6,436,692	7,809,237
Deferred Receipts	335,222	973,117
Land Titles Assurance (Note 10)	5,792,716	5,562,253
Total Liabilities	65,870,765	32,838,127
Net Financial Assets	\$ 75,522,510	\$ 66,396,029
Non-Financial Assets		
Tangible Capital Assets (Note 11)	\$ 36,408,161	\$ 26,582,172
Inventory	92,431	91,687
Prepaid Expenses	8,511,643	7,175,193
Total Non-Financial Assets	45,012,235	33,849,052
Accumulated Surplus	\$120,534,745	\$100,245,081

The accompanying notes are an integral part of these Consolidated Financial Statements.

Contingent Liabilities (Note 13)

Subsequent Event (Note 16)

Commitments (Note 14)

Approved on Behalf of the Board



Elizabeth Webster
Chair - Board of Directors



Alan Roy
Chief Executive Officer

Consolidated Statement of Operations & Change in Accumulated Surplus

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

	Budget Note 3	2017	2016
Revenue			
Government Transfers	\$ 143,328,683	\$ 168,396,556	\$ 68,835,288
Products and Services	35,521,240	60,128,214	18,746,595
Municipal Services	12,448,912	12,502,732	6,150,224
Registry Services	23,947,435	21,440,913	11,393,092
Rebates and Recoveries	3,174,000	4,934,913	3,678,436
Investment Income	994,674	1,330,341	601,050
Revenue from Operations	219,414,944	268,733,669	109,404,685
Gain from Restructuring (Note 15)	-	-	97,344,138
Total Revenue	219,414,944	268,733,669	206,748,823
Expense			
Executive Administration	2,335,955	1,194,264	1,290,651
Finance, Human Resources and Strategy	18,339,500	22,278,208	8,755,594
Strategic Procurement	3,414,851	2,313,755	1,056,487
Technology Services	89,649,328	128,485,425	44,447,715
Health Services	39,289,881	36,773,572	18,147,706
Enterprise Services	28,962,404	26,403,665	15,981,614
Public Services and Smart Government	37,423,025	30,995,116	16,823,975
Total Expense	219,414,944	248,444,005	106,503,742
Surplus	-	20,289,664	100,245,081
Accumulated Surplus, Beginning of Period		100,245,081	-
Accumulated Surplus, End of Period		\$ 120,534,745	\$100,245,081

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

	2017	2016
Net Financial Assets, Beginning of Period	\$ 66,396,029	\$ -
Surplus	20,289,664	100,245,081
Loss on Disposal of Tangible Capital Assets	80,718	-
Tangible Capital Assets Transferred (Note 15)	-	(27,940,326)
Acquisition of Tangible Capital Assets (Note 11)	(16,842,518)	(2,104,096)
Disposal of Tangible Capital Assets (Note 11)	-	388,007
Amortization of Tangible Capital Assets	6,935,811	3,074,243
Net Changes in Prepaid Expenses	(1,336,450)	(7,175,193)
Net Changes in Inventory	(744)	(91,687)
Increase in Net Financial Assets	9,126,481	66,396,029
Net Financial Assets, End of Period	\$ 75,522,510	\$ 66,396,029

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

	2017	2016
Cash Generated by (used in):		
Operating Transactions		
Surplus	\$ 20,289,664	\$100,245,081
Amortization of Tangible Capital Assets	6,935,811	3,074,243
Loss on Disposal of Tangible Capital Assets	80,718	-
	27,306,193	103,319,324
Changes in Non-Cash Working Capital Balances		
Accounts Receivable and Advances (Note 7)	3,951,090	(21,579,429)
Due from Province of New Brunswick	11,284,656	(11,284,656)
Accounts Payable and Accrued Liabilities (Note 8)	10,791,045	18,493,520
Prepaid Expenses	(1,336,450)	(7,175,193)
Land Titles Assurance (Note 10)	230,463	5,562,253
Partner Liabilities (Note 9)	(1,372,545)	7,809,237
Deferred Receipts	(637,895)	973,117
Due to Province of New Brunswick	24,021,570	-
Inventory	(744)	(91,687)
Restricted Assets (Note 6)	1,142,082	(13,371,490)
	75,379,465	82,654,996
Capital Transactions		
Tangible Capital Assets Transferred (Note 15)	-	(27,940,326)
Acquisition of Tangible Capital Assets (Note 11)	(16,842,518)	(2,104,096)
Proceeds from Disposal of Tangible Capital Assets (Note 11)	-	388,007
	(16,842,518)	(29,656,415)
Investing Transactions		
Investments Purchased	(20,000,000)	(52,000,000)
Investments Redeemed	22,000,000	-
	2,000,000	(52,000,000)
Increase in Cash	60,536,947	998,581
Cash, Beginning of Period	998,581	-
Cash, End of Period	\$ 61,535,528	\$ 998,581

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

1. Description of Operations

Service New Brunswick (hereafter referred to as “the Corporation”) is a non-taxable Crown Corporation established under the *Service New Brunswick Act* (hereafter referred to as “the Act”) which was proclaimed and came into force October 1, 2015.

The Corporation has no share capital and the Act does not provide for this. However, the Act does stipulate that any profits may be appropriated by the Crown at the discretion of the Minister of Finance. The Corporation is not subject to any externally imposed capital requirements and has the ability to borrow funds when necessary.

The Corporation was formed as a result of the restructuring of the former common services organizations, the New Brunswick Internal Services Agency, Service New Brunswick, the Department of Government Services and FacilicorpNB into one common services organization Service New Brunswick. Its mission is providing high quality, innovative public services for customers with a focus on value for all New Brunswickers. The restructuring also resulted in Service New Brunswick being the sole shareholder of Contract Management Services Limited (“CMSL”) which is a New Brunswick based group purchasing organization designed to achieve discounted pricing by leveraging collective buying power and standardizing product use. CMSL financial results are consolidated with Service New Brunswick.

On April 1, 2016, 204 Information Technology employees transferred to the Corporation from various Provincial Government departments. On June 6, 2016 36 employees of the Provincial Archives and Right to Information and Protection of Privacy Act transferred to the Treasury Board. On October 1, 2016, 126 Human Resources employees transferred to the Corporation from various Provincial Government departments and Crown agencies. These transfers were made as part of the common services mandate.

2. Summary of Significant Accounting Policies

General

These consolidated financial statements are prepared by management using the Corporation's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Corporation and its wholly owned subsidiary CMSL. All inter-departmental and inter-entity accounts and transactions between these entities are eliminated upon consolidation.

Due to/from Province of New Brunswick

Represents the net amount of Province of New Brunswick (“the Province”) funds used by the Corporation in the course of its operations. It does not include all amounts owing to or receivable from the Province (Note 5).

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

Investments

The Corporation holds investments in the form of short-term and long-term Guaranteed Investment Certificates of varying interest rates. Short-term investments mature within the subsequent fiscal year while long-term investments are held to a maximum of 5 years.

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but instead are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses, inventory and tangible capital assets.

Restricted Assets

Management holds cash and receivables equal to the amount of Partner Liabilities (Note 9) and the amount accumulated under Land Titles Assurance (Note 10).

Tangible Capital Assets

Tangible capital assets are assets owned by the Corporation which have useful lives greater than one year. For practical purposes certain dollar thresholds have been established for each asset.

Tangible capital assets are reported at cost and amortized on a straight-line basis over their estimated useful lives.

In the year of acquisition and disposal, one-half of the annual amortization expense will be recorded.

Thresholds and Amortization Rates

Class	Cost Thresholds	Amortization Rate
Land	Any	n/a
Buildings	\$ 100,000	40 years
Leasehold Improvements	\$ 100,000	Lease Term
Capital Leases (various classes)	As per related class	Lease Term
Computer Hardware	\$ 100,000	5 years
Computer Software	\$ 100,000	5 years
Motor Vehicles	\$ 15,000	5 – 10 years
Major Equipment	\$ 100,000	5 – 15 years
Databases and Systems	\$ 100,000	5 – 15 years
First Time Equipping of New Buildings	\$ 100,000	5 years
Assets Under Construction	As per related class	n/a

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

Revenues

Government transfers are provided by the Province in the form of appropriations and operating grants in accordance with Government's Main Estimates process. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Deferred transfer revenue is recognized in the consolidated statement of operations & change in accumulated surplus as the liabilities are settled.

Other revenues; including Products and Services, Municipal Services and Registry Services are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Gains are generally recognized when realized. Items not practicably measurable until cash is received would be accounted for at that time.

Deferred Receipts

Monies received in consideration for the development of Tangible Capital Assets such as systems are initially accounted for as deferred receipts, and recognized as revenue in the period in which the asset is completed and deployed.

Pension Contributions

The Corporation has shared risk pension plans in accordance with New Brunswick's *Pension Benefits Act*. Certain employees of the Corporation are entitled to receive benefits under these plans. Employer pension contributions are accounted for by the Province on behalf of the Corporation. The Corporation is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions.

The Corporation's employer contributions are made by the Province as described below.

Expenses Paid by Other Parties

Employer expenses for Pension contributions, Canada Pension Plan contributions, Retirement Allowance payments, Group Life Insurance, and Supplementary Employee Retirement Program are accounted for by the Province on behalf of the Corporation. These expenses along with the Sick Leave Liability Accrual, Worksafe Liability Accrual, and vacation liability are not presented in these consolidated financial statements. Under the agreed operating terms of the Corporation, these benefit plan balances are obligations/assets of the Province and are not assumed by the Corporation.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

Financial Instruments

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their characteristics, the purpose for which the financial instruments were acquired or issued, and how they are evaluated or managed.

All financial assets and liabilities, not including Deferred Receipts, are subsequently measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, allocation of costs as well as the accrual of certain service delivery revenues and the gain from restructuring. Actual results could differ from management's estimates as additional information becomes available in the future.

Inventory

Inventory includes paper stock and supplies used in the Print Centre, postage on hand in Postal Services and is recorded at the lower of cost or net realizable value.

Prepaid Expenses

Prepaid expenses include maintenance and support amounts, in excess of \$10,000, which are charged to expense over the periods expected to benefit from it.

Restructuring Transactions

Effective October 1, 2015, the Corporation adopted PS 3430 – *Restructuring Transactions*. This new standard applies to restructuring transactions that occur in fiscal years beginning on or after April 1, 2018, however, early adoption is permitted. The effect of the adoption of this standard on the 2016 consolidated financial statements is detailed in Note 15.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

3. Budget

The budget figures included in these consolidated financial statements have been derived from management's estimates and approved by the Corporation's Board of Directors.

4. Risk Management

The carrying value of the Corporation's financial instruments are assumed to approximate their fair amounts because of their short term to maturity.

An analysis of significant risk from the Corporation's financial instruments is provided below:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances as described in Note 5 are due from related entities of the Province and are considered low risk due to excellent collection history. The Corporation's maximum exposure to credit risk at March 31, 2017 is equal to the accounts receivable balance of \$17,628,339. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance.

b) Liquidity risk

Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. The Corporation manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.

c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Corporation's management considers exposure to interest rate risk to be insignificant.

d) Currency risk

Currency risk arises on financial instruments denominated in a foreign currency. The Corporation is exposed to currency risk on purchases and that are denominated in a currency other than the Corporation's functional currency, primarily in US Dollars (USD). The Corporation's foreign currency transactions are normally settled in the short term, therefore management considers exposure to currency risk to be insignificant.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

5. Related Entity Transactions

The Corporation is controlled by and is economically dependent on the Province of New Brunswick.

The Consolidated Statement of Financial Position contains the following related entity amounts.

	<u>2017</u>	<u>2016</u>
Due from Province of New Brunswick	\$ -	\$ 11,284,656
Accounts Receivable	12,276,087	15,132,832
Accounts Payable and Accrued Liabilities	(668,304)	(2,942,798)
Due to Province of New Brunswick	(24,021,570)	-
Partner Liabilities	(5,960,400)	(7,809,237)
Net Due to (from) the Corporation	\$ (18,374,187)	\$ 15,665,453

The Consolidated Statement of Operations & Change in Accumulated Surplus contains the following amounts that were received from or paid to the Province of New Brunswick related entities:

	<u>2017</u>	<u>2016</u>
Revenue	\$235,480,871	\$ 87,151,041
Gain from Restructuring (Note 15)	-	97,344,138
Expense	(4,703,183)	(2,593,760)
Net Revenue	\$230,777,688	\$181,901,419

6. Restricted Assets

Restricted Assets consist of the following amounts:

	<u>2017</u>	<u>2016</u>
Partner Liabilities (Note 9)	\$ 6,436,692	\$ 7,809,237
Land Titles Assurance (Note 10)	5,792,716	5,562,253
	\$ 12,229,408	\$ 13,371,490

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

7. Accounts Receivable and Advances

	<u>2017</u>	<u>2016</u>
Accounts Receivable	\$ 17,003,115	\$ 20,961,425
Advances	77,346	22,320
Accrued Interest	588,079	667,320
Provision for Doubtful Accounts	(40,201)	(71,636)
	<u>\$ 17,628,339</u>	<u>\$ 21,579,429</u>

8. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Accounts Payables and Accrued Liabilities	\$ 25,876,017	\$ 15,098,886
Salary and Benefits Payable	3,408,548	3,394,634
	<u>\$ 29,284,565</u>	<u>\$ 18,493,520</u>

9. Partner Liabilities

The Corporation collects amounts on behalf of the Province of New Brunswick and other business partners. The following amounts were payable to the Province and other partners at the end of the period.

	<u>2017</u>	<u>2016</u>
Province of New Brunswick	\$ 5,770,793	\$ 7,025,793
Other Partners	665,899	783,444
	<u>\$ 6,436,692</u>	<u>\$ 7,809,237</u>

10. Land Titles Assurance

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a charge, based on an actuarial estimate, to cover potential claims pertaining to indemnification pursuant to the *Land Titles Act*. An assurance fee of \$3.00 is charged for each registration in the Land Titles registry:

	<u>2017</u>	<u>2016</u>
Opening Balance	\$ 5,562,253	\$ 5,444,373
Assurance Fees Collected	230,463	117,880
	<u>\$ 5,792,716</u>	<u>\$ 5,562,253</u>

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

11. Tangible Capital Assets

	Computer Hardware and Software	Land and Buildings	Databases and Systems	Motor Vehicles	Major Equipment	Leasehold Improvements	First Time Equipping of Buildings	Assets Under Construction (AUC)	March 31 2017 Total	March 31 2016 Total
Estimated Useful Life (Years)	5 Years	Buildings 40 Years	5 - 15 Years	5 - 10 Years	5 - 15 Years	Lease Term	5 Years			
Cost										
Opening Cost	\$20,126,026	\$3,214,627	\$49,079,070	\$192,541	\$10,811,507	\$5,905,998	\$1,794,274	\$2,652,152	\$93,776,195	\$-
Transferred from AUC	207,058	-	2,210,988	-	121,344	181,071	-	(2,720,461)	-	-
Transferred (Note 15)	-	-	-	-	-	-	-	-	-	92,060,106
Additions	6,400,287	-	6,999,427	108,926	979,209	217,357	-	2,137,312	16,842,518	2,104,096
Disposals	(574,913)	-	-	-	(761,333)	-	-	-	(1,336,246)	(388,007)
Closing Cost	26,158,458	3,214,627	58,289,485	301,467	11,150,727	6,304,426	1,794,274	2,069,003	109,282,467	93,776,195
Accumulated Amortization										
Opening Accumulated Amortization	11,796,083	3,008,373	40,374,748	21,823	6,963,966	3,234,756	1,794,274	-	67,194,023	-
Transferred (Note 15)	-	-	-	-	-	-	-	-	-	64,119,780
Disposals	(574,913)	-	-	-	(680,615)	-	-	-	(1,255,528)	-
Amortization Expense	3,800,326	7,042	2,078,175	35,868	429,873	584,527	-	-	6,935,811	3,074,243
Closing Accumulated Amortization	15,021,496	3,015,415	42,452,923	57,691	6,713,224	3,819,283	1,794,274	-	72,874,306	67,194,023
Net Book Value	\$11,136,962	\$199,212	\$15,836,562	\$243,776	\$4,437,503	\$2,485,143	\$-	\$2,069,003	\$36,408,161	\$26,582,172

Assets Under Construction at March 31, 2017 is as follows:

Major Equipment	\$	1,684,590
Leasehold Improvements		5,568
Computer Hardware and Software		378,845
Total	\$	2,069,003

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

12. Expenses by Object

	<u>2017</u>	<u>2016</u>
Personnel Services	\$124,601,794	\$ 56,289,005
Materials and Supplies	22,106,870	22,564,712
Telecommunications and Computer Services	80,666,304	14,289,744
Professional Services	3,008,429	5,084,378
Facilities	9,087,769	4,170,670
Travel and Meetings	2,037,028	1,030,990
Amortization	6,935,811	3,074,243
	\$248,444,005	\$106,503,742

13. Contingent Liabilities

The Corporation does not carry general liability insurance on the majority of its assets. Any successful liability claims against the Corporation and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement. There are currently outstanding a number of legal claims and/or potential claims against the Corporation where the outcome cannot be determined at this time. Management has not recorded any amounts associated with these claims in these consolidated financial statements. Management believes any material exposure or risk of loss associated with these claims is minimal.

14. Commitments

The Corporation has commitments related to technology agreements, office space leases, and service fees under an integrated pharmaceutical supply chain agreement. Minimum payments for these commitments are estimated as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 23,090,456
2019	16,134,864
2020	14,224,336
2021	13,632,215
2022	13,174,348
Thereafter	13,224,682
	<u>\$ 93,480,901</u>

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

15. Prior Year Restructuring Transactions

On October 1, 2015 new Service New Brunswick legislation was proclaimed which resulted in a new corporation being formed. As such, Service New Brunswick was created from the restructuring of the former New Brunswick Internal Services Agency, Service New Brunswick, the Department of Government Services and FacilicorpNB, all of which were controlled by the Province of New Brunswick. The Corporation was created as a result of the Platform Commitment - "eliminating duplication by centralizing functions that are common across all departments of government, including: communications, financial, human resources, information technology and policy development services". Provisions of the *Service New Brunswick Act* provided for the transfer to Service New Brunswick of all the assets, liabilities, rights and obligations of the predecessor organizations which includes contingent liabilities (Note 13) and contracts for leases and other agreements (Note 14) as well as contracts for cleaning, courier, procurement, employment, union, professional services, information technology, management consulting, and service delivery.

As a result of the restructuring, assets and liabilities in the following financial statement classifications were recognized by Service New Brunswick at the restructuring date:

	Transferor Carrying Value	Adjustments	
Cash and Cash Equivalents	\$ 7,777,967	\$ -	\$ 7,777,967
Due from Province of New Brunswick	4,194,215	-	4,194,215
Short-Term Investments	11,500,000	-	11,500,000
Restricted Assets	10,129,139	-	10,129,139
Accounts Receivable and Advances	16,934,546	-	16,934,546
Long-Term Investments	41,000,000	-	41,000,000
Tangible Capital Assets	31,224,158	(3,283,832)	27,940,326
Inventory	1,038,384	-	1,038,384
Prepaid Expenses	10,906,737	-	10,906,737
Total Assets Recognized			\$ 131,421,314
Accounts Payable and Accrued Liabilities	19,601,477	(3,209,279)	16,392,198
Partner Liabilities	4,715,768	-	4,715,768
Deferred Receipts	7,524,837	-	7,524,837
Land Titles Assurances	5,444,373	-	5,444,373
Employee Future Benefits	11,244,536	(11,244,536)	-
Total Liabilities Recognized			\$ 34,077,176
Gain Recognized in the Consolidated Statement of Operations & Change in Accumulated Surplus due to Restructuring			\$ 97,344,138

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017 with comparative figures for the six months ended March 31, 2016

The adjustments noted above occurred to 1) align with the accounting policy of Service New Brunswick relating to the threshold for recognition of Tangible Capital Assets and 2) to reflect the transfer of Employee Future Benefit Liabilities, Sick Leave and Vacation Liabilities to the Province of New Brunswick.

16. Subsequent Event

On April 3, 2017 the Premier of the Province of New Brunswick announced the Province's intention to have an agency independent of the provincial government perform property assessments in the future. A legislative proposal is required in order to effect the stated intention.