

Government Services

Annual Report
2014–2015

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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 Government Services,
Province of New Brunswick, for the fiscal year April 1, 2014, to March 31, 2015.

Respectfully submitted,



Dr. Ed Doherty, M.D.
Minister

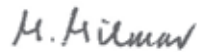
From the Deputy Minister/President to the Minister

Dr. Ed Doherty, M.D.
Minister of Government Services

Sir:

I am pleased to be able to present the Annual Report describing operations
of Government Services for the fiscal year 2014–2015.

Respectfully submitted,



Gordon Gilman
Deputy Minister/President

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Minister's Message

As the newly elected Minister of Government Services, I am proud of the success we have seen this year.

It is worth highlighting a few initiatives that are helping to improve the finances of our Province and foster a culture of smarter government and efficiency.

Most notably, Government Services launched three significant legislative reviews: a review of the *Right to Information and Protection of Privacy Act* (RTIPPA), a review of the *Business Corporations Act* and the legislation governing Limited Liability Partnerships. These reviews are important because they help the government ensure that the legislation remains effective and is administered in a way that continues to serve the needs of New Brunswickers. This initiative will also foster economic development in New Brunswick and help create a strong business climate for investors.

As a government, we listened to New Brunswickers and recognized the need for a more fair, transparent and predictable property assessment system. Government Services is modernizing the province's property assessment system by using specialized imagery software. The use of this smart technology will ensure that all properties are assessed more frequently, thereby decreasing the level of fluctuations and providing homeowners with more precise information about their property's value. This will make life easier for families as they prepare their budgets every year.

In June of 2015, Government Services introduced legislation to create a new Crown corporation responsible for shared services, including finance, information technology, and procurement. Known as Service New Brunswick, the new corporation will absorb the functions of Service New Brunswick, the New Brunswick Internal Services Agency, the Department of Government Services, and FacilicorpNB. This initiative will modernize the way services are delivered across government and the regional health authorities. The consolidation of common services is a great example of how the government can do things better, smarter and more efficiently, all at a lower cost. I am very excited about this initiative and the benefits it will bring.

As a government, our goal is to create jobs and make life more affordable for families in New Brunswick. I am proud of the work accomplished by Government Services to achieve this goal, and proud of the client-focused customer service we provide New Brunswickers every day. I look forward to future success as we grow our organization.



Dr. Ed Doherty, M.D.
Minister of Government Services

Deputy Minister/ President's Message

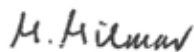
On behalf of the management and staff at Government Services, I am pleased to present our 2014–2015 Annual Report.

This year we have continued our ongoing efforts to streamline Government Services, taking it from the three distinct entities — the New Brunswick Internal Services Agency, Service New Brunswick and the Department of Government Services — to a single organization that provides exceptional shared services to parts of government.

Through Lean Six Sigma projects, Waste Walks and the introduction of Daily Management in many areas, we have demonstrated our commitment to improving performance and saving money. Thanks to continuous improvement efforts, Government Services achieved \$1.7 million in savings for our organization. Many of these improvement projects came directly from our staff members, who every day share ideas about how they can do their work more efficiently and effectively.

In this fiscal year, the organization also generated \$32.6 million in savings through strategic procurement efforts. Our new Collections Services Branch also recovered \$28.1 million for the Province during its first full year of operation.

These are exciting times for our organization, and we are dedicated to continuing to support the government's vision. I am proud of the commitment that Government Services employees demonstrate in providing services to the public and to government, and I want to take this opportunity to thank them for their contribution. I would also like to thank our partners, stakeholders and our boards of directors.



Gordon Gilman
Deputy Minister/President

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 and continuously drive improvement.

The development of the strategy, using the formal management system, starts with a strategic vision of *Moving New Brunswick Forward*. This vision is anchored in four strategic themes, which include:

1. **More 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. This includes providing seamless support to businesses, leveraging new technologies and innovation by supporting research and development, and developing a skilled workforce by improving literacy and education.
2. **Fiscal responsibility** — Getting New Brunswick's fiscal house in order through a balanced approach to decrease costs and increase revenues.
3. **Best place to raise a family** — Designing social programs to make life more affordable and make New Brunswick the best place to raise a family.
4. **Smarter government** — Providing taxpayers with better value for their money by transforming the culture of government by eliminating waste and duplication, adopting new innovations in technology to improve services and savings, and improving accountability measures.

Highlights

During the 2014–2015 fiscal year, Government Services focused on these strategic priorities through the following:

Strategic Procurement saved \$32.6 million, for a total of \$72.7 million since the initiative began in 2012.



Through 136 Waste Walks and nine Lean Six Sigma projects, Government Services saved \$1.7 million.



A comprehensive IT Service Catalogue was produced containing service features, service level targets and pricing to provide clients with a clear understanding of services provided.



A major system enhancement was undertaken as a result of the Public Service Shared Risk Plan, which allows casual employees into the pension plan.



A new queue management system installed in service centres allows Service New Brunswick to better allocate resources thereby reducing customer wait times and improving service.



A five-year Property Assessment Modernization Strategy is underway to make New Brunswick a leader in property assessment, where property values are equitable, predictable and well understood by the public.



Public consultation was conducted on improvements to legislation intended to make it easier for businesses to operate in today's competitive environment and global economy.



Amendments to the *Vital Statistics Act*, *Change of Name Act* and the *Marriage Act* were proclaimed, allowing for the implementation of a civil officiant program for marriages.



The New Brunswick Hydrographic Network — which supports environmental, developmental and land use planning — and the New Brunswick Road Network — which provides a single authoritative source for road data — were implemented.



A new web-based licensing system enabled the delivery of the New Brunswick Outdoors Card, angling licences and moose draw applications through multiple channels, online, Service New Brunswick centres and vendors.



Data centre facilities were optimized and operational procedures were enhanced, with a focus on major incident management.

Performance Measures

Fiscal responsibility	Measures
Optimize service delivery	Dollars saved through continuous improvement
	Dollars saved through strategic procurement (across GNB)
Best place to raise a family	Measures
Easier to interact with/within government	NBISA Client Satisfaction Index
	SNB Customer Satisfaction Index
Smarter government	Measures
Align performance to GNB strategy	Average number of sick leave days
	Percentage of employee performance reviews completed

Fiscal responsibility

Objective of the measure
Optimize service delivery

Measure
Dollars saved through continuous improvement

Description of measure
This measure targets savings achieved through Lean Six Sigma projects and related continuous improvement efforts.

Year	Value (\$ M)
2012-2013	0.22
2013-2014	1.20
2014-2015	1.67

Overall performance
Government Services increased its savings from the previous year by 39 per cent.

- Baseline: \$1.2 million
- - - Target: \$1.8 million
- Actual: \$1.7 million

Why do we measure this?

This measure encompasses all formal continuous improvement activities, including Lean Six Sigma, Waste Walks and Kaizen events. It is an indicator of increased process efficiency and waste reduction, ultimately reducing costs. Involving employees in continuous improvement projects and exposing them to training helps to change organizational culture to one that constantly seeks ways to improve.

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

Lean Six Sigma projects were conducted in various parts of the organization, including Accounts Payable, IT Service Desk, Postal Services, Translation Bureau, TeleServices, Central Stores and Customer Care. In addition to savings achieved through these projects, Waste Walks contributed \$258,000 to overall results.

This year, we implemented Daily Management procedures in several functional areas. “Plan-Do-Check-Act” is the essence of Daily Management, in which we make a *plan*, we *do* the right work, we *check* our progress against the plan and then we *act* on what needs to change to stay on track. This methodology includes team huddles, visual boards and leader standard work to ensure everyone understands what is required to maintain the course.

Fiscal responsibility

Objective of the measure

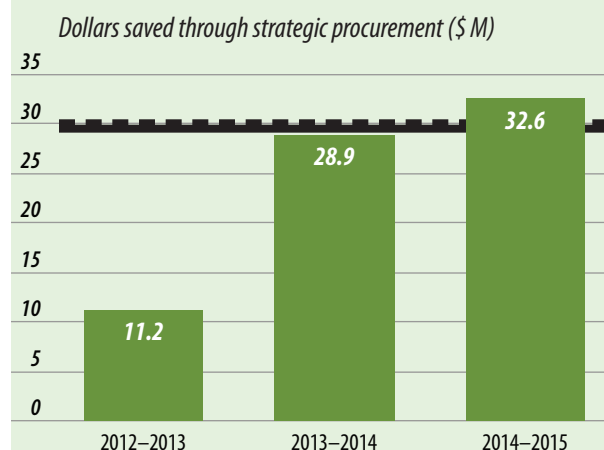
Optimize service delivery

Measure

Dollars saved through strategic procurement (across GNB)

Description of measure

Measures dollars saved through improvements made to procurement processes. It is based on the difference between what government would have paid for goods and services in the absence of strategic procurement, and what will be paid for goods and services as a result of strategic procurement. The savings to government are the result of a collaborative effort across GNB.



Overall performance

For the second year in a row, results exceeded the target, with a total of \$72.7 million saved since inception of the Strategic Procurement initiative in 2012.

— **Baseline:** \$28.9 million
- - - **Target:** \$30 million
— **Actual:** \$32.6 million

Why do we measure this?

Improving procurement processes results in cost increase avoidance, purchase avoidance and compliance, price reduction and competitive tender, collaborative savings and volume buying and specification standardization. The overall impact is significant savings to the government.

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

The following are a few of the projects included in the strategic procurement results:

- **Volume aggregation**
 - Car rental services resulted in savings of \$723,400;
 - Electronic whiteboards for Part 1 and 2 resulted in savings of \$233,000; and
 - Musical instruments for 12 schools resulted in savings of \$36,106.
- **Strategic sourcing and negotiations**
 - Vendor negotiations resulted in savings of \$225,837 for the provision of insurance brokerage services for GNB's Vehicle Management Agency (VMA); and
 - Leveraging of longer contract terms for the provision of Accidental Death and Dismemberment (AD&D) benefits for GNB employees, resulted in savings of \$222,239.
- **Two-stage Request for Proposal**
 - Convalescent items for the Department of Social Development resulted in savings of \$150,000; and
 - Competitive tendering for architectural services resulted in savings of \$129,557.
- **Joint Procurement**
 - Continued Atlantic joint procurement initiatives for school buses, traffic paint and calcium chloride were valued at \$22.1 million and continued to yield savings through inter-provincial cooperation.

Best place to raise a family

Objective of the measure

Easier to interact with/within government

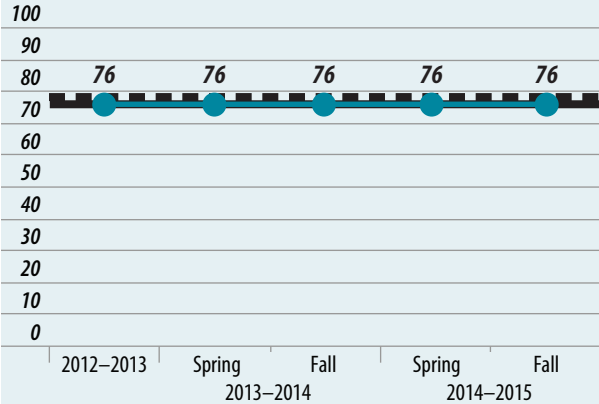
Measure

NBISA Client Satisfaction Index

Description of measure

An electronic survey is sent to clients of NBISA to determine their level of satisfaction with services received. The survey is conducted twice a year (spring and fall).

NBISA client satisfaction for services received (%)



Overall performance

Client satisfaction remained stable at 76 per cent for both surveys conducted in 2014-2015, two percentage points below target.

- Baseline: 76 per cent
- - - Target: 78 per cent
- Actual: 76 per cent

Why do we measure this?

Client satisfaction is a reflection of how well NBISA delivers services. A high degree of satisfaction indicates that clients are satisfied with the ease and timeliness of service received as well as the competence and helpfulness of employees providing the service.

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

A new service catalogue was produced and service agreements were simplified to enable our customers to better understand our service offerings and our service standards. Process improvements in Accounts Payable and the IT Service Desk resulted in faster processing of service requests in these areas.

Best place to raise a family

Objective of the measure

Easier to interact with/within government

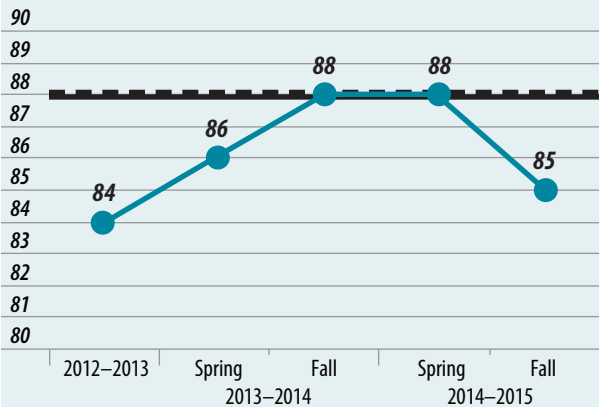
Measure

SNB Customer Satisfaction Index

Description of measure

A random telephone survey is conducted with New Brunswickers and businesses to determine their satisfaction with services provided through SNB. The survey is conducted twice a year (spring and fall).

SNB client satisfaction for services provided (%)



Overall performance

Results in the third quarter showed a drop in customer satisfaction rates for the first time in several years.

- Baseline: 88 per cent
- - - - - Target: 88 per cent
- Actual: 85 per cent

Why do we measure this?

Customer satisfaction is a reflection of the quality of services being delivered to individuals and businesses. A high degree of satisfaction indicates that customers are satisfied with the ease and timeliness of service received as well as the competence and helpfulness of SNB employees providing the service.

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

In May 2014, GNB implemented a new technology solution to deliver motor vehicle services to the public. This system replaced infrastructure that had been developed in the 1970s and was becoming increasingly vulnerable to failure. Several challenges arose during implementation of the system, which resulted in longer than average wait times in SNB centres throughout the province. These issues were addressed, although customer dissatisfaction during the transition period was evident in the survey results obtained in the fall.

Smarter government

Objective of the measure

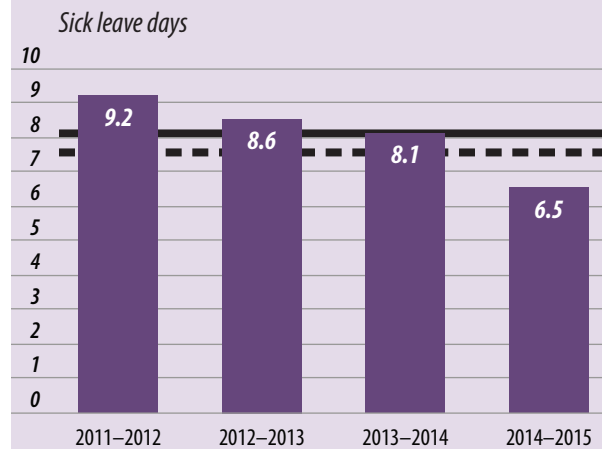
Align performance to GNB strategy

Measure

Average number of sick leave days

Description of measure

The number of sick leave days taken, on average, per full-time Government Services employee.



Overall performance

Government Services exceeded its target for number of sick leave days taken. The improvement rate was 20 per cent when compared with 2013-2014.

— Baseline: 8.1 days per year
- - - Target: 7.6 days per year
Actual: 6.54 days per year

Why do we measure this?

The Department of Human Resources (DHR) determined there is a high absenteeism rate in GNB resulting in high cost to government. A reduction in absenteeism would reduce costs associated with lost productivity as well as staff replacements. As a result, GNB set an aggressive reduction target in sick leave usage to be achieved by all departments.

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

The senior management team made this a priority action item and closely monitored results on a regular basis. Government Services' Human Resources Branch provided all managers with training and support to help address employee absenteeism.

Smarter government

Objective of the measure

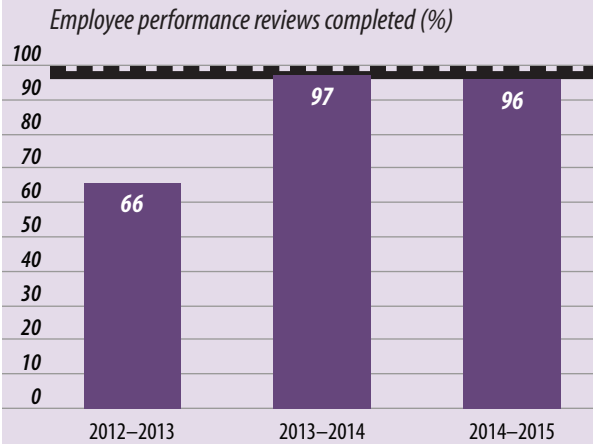
Align performance to GNB strategy

Measure

Percentage of employee performance reviews completed

Description of measure

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



Overall performance

Percentage of employee reviews completed did not meet the target.

- Baseline: 97 per cent
- - - Target: 98 per cent
- Actual: 96 per cent

Why do we measure this?

Performance reviews enable 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?

Managers were provided with training on how to improve performance reviews and engage employees in meaningful conversations related to their review. The senior management team monitored divisional results quarterly and focused on areas that required additional encouragement while holding managers accountable for completing and submitting reviews.

Overview of Organizational Operations

Government Services is composed of three distinct entities that serve clients within the Public Service as well as the public.

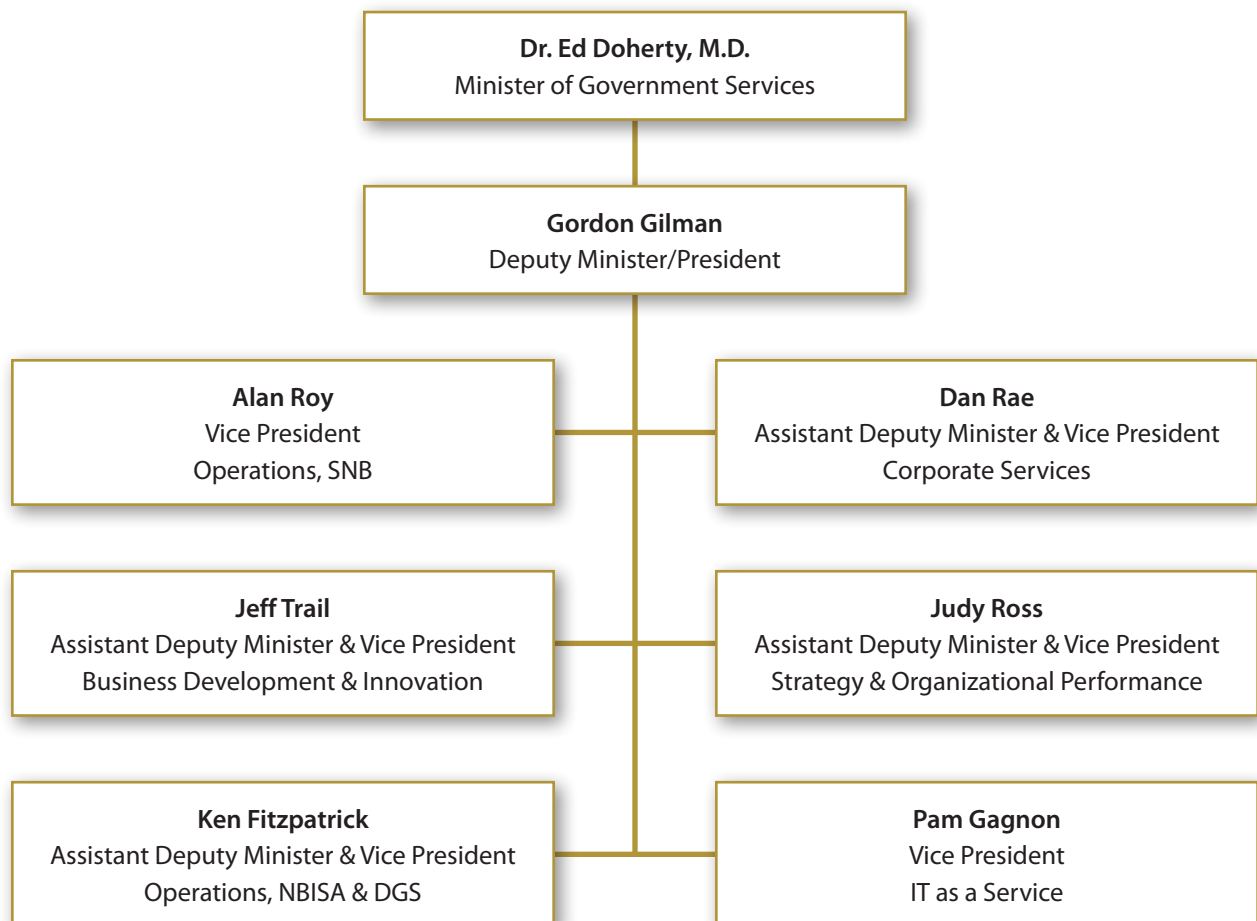
The Department of Government Services (DGS) is responsible for providing services related to procurement, translation, provincial archives, marketing, graphic design, web and event management. At the end of 2014–2015, DGS had 191 positions.

The New Brunswick Internal Services Agency (NBISA) was created in 2010 to bring together similar processes from all departments with the express purpose of improving service and gaining from economies of scale. NBISA

delivers Accounts Payable, Payroll and Benefits, IT Services, Print Services, Collections Services and Postal Services. At the end of 2014–2015, NBISA had 382 positions.

Service New Brunswick (SNB) was established as a Crown corporation in 1998, and it is committed to providing access to government services and public information through a single-window service model. New Brunswickers are provided access to government transactional services through service centres in 39 communities, a toll-free call centre or through the website www.snb.ca. At the end of 2014–2015, SNB had 687 positions, of which 567 were full-time and 120 were part-time.

High-level Organizational Chart



The following divisions provide service and support to the three areas of Government Services:

Business Development and Innovation

Client Relationship Management is responsible for developing and monitoring service level agreements between Government Services and clients such as departments, agencies and municipalities. These agreements outline the services offered and performance expectations of both parties. This branch also undertakes client engagement and collaboration as well as surveying, measuring and reporting of service delivery performance and client satisfaction.

The team proactively met with 96 per cent of clients this past year. Seventy-four per cent of service level agreements were completed while 23 per cent were under consideration by the partners. The team managed 184 active service level agreements for services to the public on behalf of other departments, agencies and municipalities.

Category Management and **Contract Management** are tasked with achieving more value and efficiencies from GNB's \$1.6 billion procurement process. Since its inception in 2012, Strategic Procurement has generated more than \$72.7 million in savings, including \$32.6 million in 2014–2015. This accomplishment is the result of a comprehensive approach to public procurement focused on stakeholder collaboration, modern sourcing techniques and sound management practices. Savings of this magnitude are only possible through the cooperation and combined efforts of departments.

The **Project Management Office** is responsible for overseeing large projects, with a focus on maintaining timely delivery and reducing risk. In 2014–2015, the office assisted with the delivery of a number of strategic projects, including the deployment of angling licences online on behalf of the Department of Natural Resources, the continued consolidation of 17 data centre locations to a new single data centre and the development of business requirements for a new Human Resource Management System for future deployment across GNB.

Corporate Services

Audit Services conducts internal compliance reviews with respect to cash management at SNB's 39 service centres. This team also leads Enterprise Risk Management; audits automobile dealerships enrolled on the Online Dealer program; and performs IT security reviews.

Budget and Administration provides budgeting, ordinary and capital expenditure management and coordination of the budget and forecast process with the Department of Finance. It is responsible for the fulfilment of organizational administrative requirements and the redistribution and disposal of surplus government assets (furniture and equipment). It provides for facilities management services, including lease administration, office relocation and renovations.

Corporate Information Technology Services provides the management, development and support of IT systems for many of Government Services' business programs and activities. This includes applications development and support, solutions planning and technology management and support. Other aspects include managing the Records Management program and services, Quality Assurance, SNB Infrastructure and IT Services support and Information Assurance and Risk Management.

Financial Services provides 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.

Human Resources is responsible for 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

Communications is responsible for the day-to-day communication needs of Government Services, both within the organization and to external clients. This includes maintaining the employee Intranet site and overseeing websites that provide information and services to clients.

Information Access and Privacy supports government departments and other public bodies in administering and responding to Right to Information requests and in protecting the privacy of individuals by providing training, expert advice and leadership.

Planning leads the strategic planning process, including developing and monitoring of business plans, annual action plans and performance metrics using the balanced scorecard methodology.

Policy is responsible for advancing the organization's legislation and corporate policies as well as working with central departments and other governments on policy issues. It coordinates briefing materials for the Deputy Minister/President and Minister. It is responsible for oversight of the access to information and protection of personal information.

Process Improvement is responsible for the implementation of process based methodologies to enable increased operational effectiveness and efficiency. The branch facilitates Lean Six Sigma, Kaizen, Daily Management and Waste Walk initiatives.

Department of Government Services

The Department of Government Services (DGS) is responsible for services associated with procurement, translation, provincial archives, marketing, graphic design, web and event management.

Operations

Corporate Marketing Services provides a range of marketing communications support services to more than 30 client departments and agencies. By providing in-house, centrally delivered marketing communications services, Government Services is able to reduce the overall cost of these services to its clients by about 50 per cent.

Services include:

- graphic design and materials production;
- website development and management of www.gnb.ca and associated sites;
- audio/visual production, photography and archiving;
- media planning and buying;
- government media monitoring services;
- event planning and coordination; and
- government brand management.

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

In 2014–2015, Corporate Marketing completed more than 400 graphic design projects. It developed seven new websites for departments and agencies, and it maintained 30 existing sites.

The team planned and placed more than 300 media buys and provided logistical and event support for about 50 government events. Staff prepared about 1,850 internal media monitoring reports for departments and agencies.

Provincial Archives is responsible for acquiring, preserving and making accessible public and private sector records of legal, administrative and historical significance to meet the needs of GNB, researchers and the public. It is responsible for developing and implementing an information management governance framework by helping public bodies establish and maintain programs to manage information, regardless of format, throughout its life cycle.

The popularity of Provincial Archives' website increased in 2014–2015, with more than double the number of pages viewed, totalling 54 million pages by more than 910,000 visitors. Enhancements to the website included an online War of 1812 document exhibit as well as more than 20,000 vital statistics registrations and accompanying digital copies added.

Staff responded to many inquiries from the public, including 2,869 email and mail requests, and 2,861 in-person visits. The Government and Private Sector Records area of the Archives identifies and acquires records of legal and historical significance, which included 54 acquisitions for which tax receipts were issued. With many anniversaries related to the First World War and the Second World War taking place this year, there were several related acquisitions, including the fonds of J. Walter McIntyre, a New Brunswicker with significant military service during the First World War.

Other important acquisitions included documents from the office of former Premier David Alward; the fonds of photographers William George Peacock and Jamie Wilson; and the records of several architectural firms.

The Recorded Information Management area develops and implements standards and systems that support efficient access to, and storage of, traditional and electronic records. The unit continued its focus on the development of an enterprise classification plan, a GNB-wide classification and retention standard. An influx of records occurred following the adoption of the records retention schedule for the regional health authorities. More than 90 government employees received training on transferring and recalling files from the Records Centre.

The Conservation area oversees the archival storage facility and retrieval services, the preservation of archival records and advisory and outreach services. Nearly 13,500 requests for archival records, an increase of about 1,500 requests from last year, were retrieved from the vault. Conservation also provided emergency response services and treatment of damaged records to the Department of Transportation and Infrastructure and the Department of Education and Early Childhood Development.

Strategic Procurement's role 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. The branch procured more than \$481 million in goods and services in 2014–2015.

HIGHLIGHTS

In 2014–2015, Strategic Procurement had a goal to save \$30 million. In fact, it saved \$32.6 million.

About 20 per cent of bids were received electronically on the New Brunswick Opportunities Network (NBON), and 75 per cent of all tendered purchase orders were awarded to New Brunswick suppliers.

A series of organizational and operational measures focusing on cost savings, increased efficiencies and customer service was implemented in 2013–2014 and are ongoing today. This branch continued its transformation in support of the Government Renewal agenda and a commitment to modernize the way it procures goods and services.

Central Tendering is responsible for receiving and logging bids and conducting public tender openings for goods and services tenders on behalf of Strategic Procurement. This section processed 1,855 requisitions in 2014–2015.

Central Stores operates a warehouse and delivery service for supplies and materials commonly used by government departments, Crown corporations, agencies, municipalities and other government-funded bodies.

Central Stores distributes products such as janitorial supplies and clothing and operates on a cost recovery basis. Central Stores processed 8,812 requisitions, generating sales of about \$3.1 million.

Activity	2014–2015	2013–2014
Procurement transactions	3,046	3,346
Electronic bids on NBON	20%	18%
Purchase orders, goods	\$148,074,524	\$286,024,102
Purchase orders, services	\$330,155,952	\$344,569,489
TOTAL PURCHASE VALUE	\$478,230,476	\$630,593,590

The **Translation Bureau** has provided professional services to departments and agencies since 1967. These services include written translation, interpretation and other linguistic services. The work performed by the Bureau helps departments and agencies meet GNB's obligations under the *Official Languages Act* and Subsection 16(2) of the *Canadian Charter of Rights and Freedoms*.

In the past three years, the Bureau has focused on improving its internal processes and designing and implementing an innovative system for assigning translation requests. These cutting-edge tools have led to more competitive rates and savings for government.

In 2014–2015, the Bureau received 14,413 translation requests from client departments totalling close to 13 million words. In-house staff translated 11,221 of these requests for a total of 5.6 million words. The rest of the work (56.7 per cent, or 7.3 million words) was contracted out to the private sector.

The Bureau offers interpretation services to client departments. In 2014–2015, staff interpreters worked 626 days of simultaneous and/or consecutive interpretation, while New Brunswick freelance interpreters worked an additional 1,471 days.

Department of Government Services: Financial Overview 2014–2015 (\$)

Program	Main estimates	Adjustment	Amended budget	Expenditures	Variance (under)
General Services	9,238,000	40,680	9,278,680	8,314,297	(964,383)
NBISA	22,542,000	2,109,542	24,651,542	28,700,042	4,048,500
SNB	23,181,000	193,312	23,374,312	23,374,576	264
Total Ordinary Account expenditures	54,961,000	2,343,534	57,304,534	60,388,915	3,084,381
Special Purpose Accounts	-	-	-	-	-
Archives Trust Fund	15,000	0	15,000	0	(15,000)

New Brunswick Internal Services Agency

The New Brunswick Internal Services Agency (NBISA) was established on May 1, 2010, following the proclamation of the *New Brunswick Internal Services Agency Act*.

The creation of NBISA was based on the principle that shared services provide a way of reducing costs and leveraging capability in the delivery of services internal to government, such as Human Resources, IT and Financial Services. This has allowed departments to focus primarily on delivering their front-line core services to New Brunswickers.

Legislation

The *New Brunswick Internal Services Agency Act* enables NBISA to be wholly owned and operated by, and responsible to government, with the ability to pursue, deliver and manage shared services on behalf of departments and other areas of the Public Service. The Act enables NBISA to operate as a business with a focus on clients, delivering service excellence and driving performance.

Governance

NBISA's board of directors consists of 10 senior public servants appointed by the Minister designated by the Lieutenant-Governor in Council to administer the Act. The *New Brunswick Internal Services Agency Act* requires that at least six of the board members be at the deputy head level, plus the President of NBISA as an ex-officio member. The Lieutenant-Governor in Council, on the recommendation of the Minister, is also able to appoint two non-public servants as members. All appointments, with the exception of the President, are for a three-year term.

Members of the NBISA board of directors in 2014–2015:

- Tom Mann (Chairperson), Deputy Minister, Post-Secondary Education, Training and Labour
- Jean-Marc Dupuis, Deputy Minister, Finance
- Edith Doucet, Clerk, Executive Council Office
- Kelly Cain, Deputy Minister, Human Resources; Deputy Minister, Tourism, Heritage and Culture

- Gérald Richard, Deputy Minister, Education and Early Childhood Development
- Tom Maston, Deputy Minister, Health
- L. Craig Dalton, Deputy Minister, Public Safety
- Christian Couturier, Chief Information Officer, Executive Council Office
- Derrick Jardine, President and CEO, FacilicorpNB
- Gordon Gilman, Deputy Minister, Government Services; President, New Brunswick Internal Services Agency; President, Service New Brunswick

Operations

Accounts Payable manages the delivery of services to Part 1 departments and agencies covering both standard payables as well as transactions associated with numerous Client and Case Management Systems used to deliver programs for client departments.

HIGHLIGHTS

In 2014–2015, Accounts Payable processed more than 500,000 transactions representing payments of more than \$5 billion.

The team generated considerable efficiencies throughout the fiscal year with the implementation of the Errors and Defects Project, Daily Management and Process Standardization and Rationalization.

These initiatives will increase productivity, reduce the cost of service delivery and improve customer service.

The team is responsible for transactional services as well as for 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 established as part of service partnership agreements. The team provides end-user guidance, publishes procedural documentation and offers general process support to clients.

Collections Services was established in January 2014 as a shared services unit to manage debt owed to GNB, by collecting on overdue accounts that are more than 90 days in arrears.

HIGHLIGHTS

With a team of nine collection officers and two triage officers, Collections Services collected \$28.1 million in 2014–2015, surpassing its annual target by \$18.1 million.

In 2014–2015, the unit primarily focused on the collection of overdue property tax accounts from the Department of Finance. Overdue accounts from the Department of Agriculture, Aquaculture and Fisheries were transferred in February 2015. The unit intends to continue to take on overdue accounts from other departments and agencies during the next two years.

Enterprise Services

Printing Services is the resource centre for the production and distribution of government documents. It provides high-speed digital printing service for both black and white and colour print requests along with finishing capabilities such as collating, cutting and binding.

Postal Services provides a centralized mail and delivery service to GNB from its main processing facility in Fredericton. Regional inter-office mail services are provided to Bathurst, Miramichi, Moncton, Saint John, Richibucto, Campbellton, Edmundston, Grand Falls and Woodstock.

The Print Optimization initiative involves replacing more than 4,400 older, less functional devices (in Part 1) with 1,904 new, more efficient devices in more than 350 locations across the province. A chargeback model was implemented to provide all departments with an accurate and fully transparent costing of their print requirements and usage. Print optimization was also completed at all NBCC/CCNB campuses and most schools and district offices. As of the end of 2014–2015, the program generated more than \$10.5 million in savings.

The Employee/Agent Identification Cards service provides a secure and standardized process for the acquisition and distribution of government-issued identification cards for those employees/agents who may need to establish their identity as a GNB employee or agent within the performance of their duties. The process for applying for and receiving a card is fully paperless and leverages existing infrastructure within the Department of Public Safety, SNB and NBISA. The process has eliminated duplicate equipment for producing cards.

Hire to Retire is responsible for making payroll and benefits payments to about 8,400 civil servants and 1,100 casual employees as well as pension payments to about 31,000 retirees on behalf of DHR. Payroll and Benefits is also responsible for maintaining employee records and leave entry, and reporting for accounting and regulatory compliance.

HIGHLIGHTS

In 2014–2015, the implementation of the new Public Service Shared Risk Plan saw the inclusion of casual employees into the pension plan. This required major system enhancement and resulted in new processes for staff.

In 2014–2015, Payroll and Benefits Services processed more than 32,500 service requests or more than 132,000 transactions covering appointments, salary, pension and insured benefits, and other regulatory payments.

In October 2014, the branch managed the transition from the outgoing government to the incoming one, in collaboration with client departments and the DHR. This was the first time this was a coordinated process led by NBISA.

There were more than 150,000 leave requests managed through Employee Self-Service. This innovation continues to deliver benefits to government. Since its implementation in 2012, there have been more than 381,000 requests. These electronic requests and approvals have reduced time, paper handling and keying errors.

IT as a Service

IT as a Service is composed of three main areas: IT Operations and IT Service Desk, IT Applications and Data Centre Facilities and Operations.

HIGHLIGHTS

Staff produced a comprehensive IT Service Catalogue containing information on services, features, service level targets, and pricing. This document will provide clients with a clear understanding of the service they can expect from NBISA.

Process improvements were implemented at the IT Service Desk that improved the telephone answer rate from an average of 76 per cent of calls answered by a live agent to 84 per cent.

IT Operations and **IT Service Desk** provides infrastructure, technology services and support to Part 1 of GNB as well as other agencies and organizations in Part 2 and Part 4. It is responsible for:

- Management of personal computing devices;
- Messaging, collaboration, video conferencing and web meeting services;
- Secure file transfer and file sharing services;
- Server support and management;
- Web hosting and content management;
- Infrastructure services, including network connectivity security, and backup and recovery services; and
- IT procurement and telecommunication contract management.

IT Operations and IT Service Desk implemented a new self-service password reset tool that allows clients to reset their own password and unlock their network account without help from the service desk. Working with the Executive Council Office (ECO), staff proactively planned for and supported IT activities before and after the 2014 provincial election. This work allowed for a smooth transition for the outgoing and incoming governments.

The branch worked with ECO on a process improvement project to reduce costs by eliminating landlines for employees also using a BlackBerry.

GNB's Internet and firewall technology was upgraded to improve the protection of our computing environment against sophisticated cybersecurity attacks.

IT Applications is responsible for developing, maintaining and supporting NBISA corporate applications that enable the delivery of a variety of services to clients.

Applications supported include:

- Imaging and process management system for invoice management;
- Human Resources Information System;
- Genesys payroll system;
- Employee Self-Service for online access of employee records;
- Remedy IT service management software;
- Collections Services applications; and
- Project in a Box for Project Management support.

HIGHLIGHTS

The IT Applications team completed an enhancement to the Human Resources Information System that allowed casual employees to participate in the Public Service Shared Risk Plan.

In 2014–2015, the Data Centre Facilities and Operations Branch coordinated the post-incident reviews of the Marysville Data Centre outage of June 9, 2014. Staff led the planning and on-going implementation of recommendations resulting from the review.

The branch continued work on the migration of Part 1 departmental servers to NBISA's enterprise data centre, and led efforts to enhance operational maturity in the secondary Data Centre.

In conjunction with the Collections Services Branch, the team engaged with a third party subject matter expert to review collection business processes and document requirements for a Collections Services software system.

Staff continued work with the IT Service Desk to expand employee self-service options using Remedy's IT service management software.

Data Centre Facilities and Operations is responsible for providing server housing services and data centre facilities management to Part 1 as well as agencies and organizations in Part 2 and Part 4.

Responsibilities include:

- facilities operations and performance monitoring;
- physical security and related audits;
- facilities asset management;
- facilities-related maintenance contract management; and
- data centre server housing, environmental monitoring, incident management, change management and capacity management.

Staff also provided technical expertise on the:

- development of the Human Resource Management System business case and requirements; and
- electronic transfer of sick leave data from Parts 1, 2 and 3 to a single database. This work supported DHR's Attendance Management project.

Financial Statement Discussion and Analysis

The Financial Statement Discussion and Analysis document presents management's commentary on the financial position of the New Brunswick Internal Services Agency, and is meant to be used as supporting information to the March 31, 2015 audited financial statements. This discussion highlights key features of the financial statements and provides additional information and perspectives that go beyond the 12 months covered by the statements themselves.

Overview of the Financial Statements

The NBISA's Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for public sector entities.

These statements consist of:

- Statement of Financial Position;
- Statement of Operations;
- Statement of Changes in Net Financial Assets (Debt);
- Statement of Cash Flows; and
- Notes to Financial Statements.

The Statement of Financial Position can be used to determine the level of an entity's indebtedness, the degree to which it possesses liquid assets to settle its obligations, and the value of the capital assets that can be leveraged to support its operations. This information allows the reader to determine the amount of resources that an entity has at its disposal, the financial obligations that it must meet, and the resulting effectiveness with which the organization can fulfil its mandate. NBISA maintains a net financial asset position which is a positive indication that the Agency can meet its obligations.

The Statement of Operations provides information on the financial impact that the entity's operations have had over the course of the year in question. NBISA was able to realize a surplus for 2014–2015, despite recognizing significant expenditures stemming from two government-wide initiatives aimed at reducing redundancy and improving human resource management.

The Statement of Changes in Net Financial Assets (Debt) allows readers to see the combined effect of changes to an entity's non-financial assets on its Financial Position. Despite the challenges of the past fiscal year, NBISA continues to maintain a net financial asset balance.

The Statement of Cash Flows allows readers to see the activities that either used or generated cash over the course of the year in question. NBISA's operations and capital investment activities represent a net use of cash for the current fiscal year.

Notes to Financial Statements provide readers with further detail on the events and activities documented in the Financial Statements.

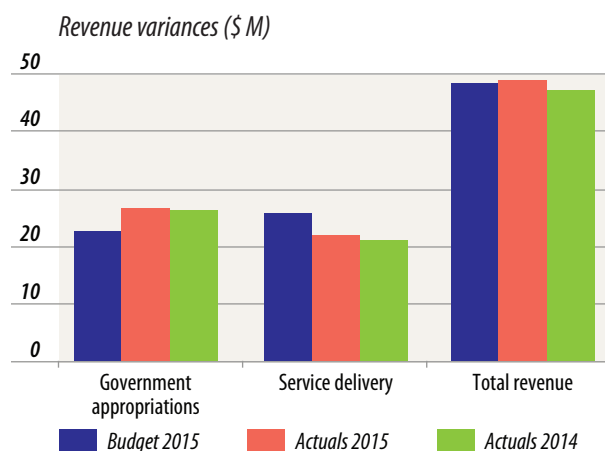
Significant Financial Variances

The following table compares actual financial results to budgeted figures for 2014–2015, as well as to actual financial results for the 2013–2014 fiscal year.

Financial Statement Analysis for the year ended March 31: Statement of Operations (\$)					
	Budget 2015	Actuals 2015	Actuals 2014	Actuals Difference	Budget Difference
Revenue					
– Government appropriations	22,542,000	26,698,523	26,099,308	599,215	4,156,523
– Service delivery	25,683,556	22,075,389	21,081,646	993,743	(3,608,167)
TOTAL REVENUE	48,225,556	48,773,912	47,180,954	1,592,958	548,356
Expense					
– Executive Administration	490,740	532,342	434,207	98,135	41,602
– Corporate Services	3,618,881	3,462,876	3,389,768	73,108	(156,005)
– Business Development & Innovation	1,682,882	2,256,789	1,236,666	1,020,123	573,907
– IT as a Service	25,718,643	24,977,708	24,549,467	428,241	(740,935)
– Operations	16,714,410	16,687,651	15,517,197	1,170,454	(26,759)
TOTAL EXPENSE	48,225,556	47,917,366	45,127,305	2,790,061	(308,190)
ANNUAL SURPLUS (DEFICIT)	-	856,546	2,053,649	(1,197,103)	856,546

Revenue Variances

Total revenues for 2014–2015 are \$0.5 M over budget, and \$1.6 M higher than in 2013–2014.



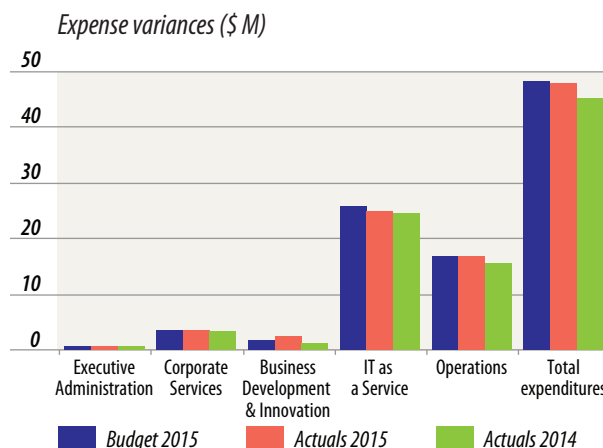
Government appropriations — Government appropriations increased from budgeted figures by \$4 M, and from previous year’s results by \$0.6 M. The increase from prior year is due to additional funding from government for two new initiatives. The increase from budget is a result of changing the classification of funding revenue from Service delivery to Government appropriations.

Service delivery — Service delivery revenue decreased by \$3.6 M from budgeted figures as a result of the change in allocation as mentioned above. The increase from prior year of \$1 M is due primarily to additional revenue received from Print Optimization, including additional

deployment in Part 2, and an increase in postage costs which necessitated an increase in the recovery from client departments and agencies.

Expense Variances

Total expenses for 2014–2015 are \$0.3 M under budget and \$2.8 M higher than in 2013–2014.



Executive Administration — Costs associated with Executive Administration were \$0.1 M higher than in the previous year. The increase is due to an increased share in the executive split between the three Government Services’ organizations.

Corporate Services — Costs associated with Corporate Services were \$0.2 M less than anticipated due to vacancies.

Business Development and Innovation — Costs in this division were \$1 M higher than prior year's expenditures, and \$0.6 M more than budgeted amounts. These increases were a result of unanticipated costs related to new projects.

IT as a Service — Costs in this category increased by \$0.5 M as compared to prior year balances, but were close to \$1 M less than anticipated. The increase from prior year is due primarily to costs stemming from the Marysville Data Centre outage, increased costs for enterprise software, and additional staff. The decrease from budget is due primarily to vacancies.

Operations — The increase in Operations costs by \$1.2 M as compared to the prior year are due primarily to an increase in Print Optimization costs including additional deployment in Part 2.

Risks and Other Dependencies

The Enterprise Risk Management Policy at NBISA outlines a framework of objectives and processes to ensure risk management is integrated throughout the Agency on a consistent and continuous basis. Some of the key risks that have been identified for NBISA are:

- *Fiscal sustainability and economic climate* — NBISA is wholly dependent on government for its revenues. Budgeting and forecasting processes and financial planning enable the Agency to monitor and proactively manage changes in revenues and expenditures throughout the year.
- *Planning and priorities* — The Agency has implemented project management and IT portfolio management which promote the effective prioritization of projects and appropriate allocation of resources. Collaboration at the executive level, and at the program manager level, is regularly conducted with external resources and partners to promote congruency with their overall goals and programs.

- *Human resources* — The ability to attract and retain qualified resources is challenging. Retirement of key personnel in specialized areas, pension reform, continuing wage freezes, and pressures on budgets must also be managed. Employee engagement initiatives, succession planning, re-assignments and contract negotiations help mitigate the risk in this area.
- *External pressures* — Externally driven events and decisions could impact the ability to accomplish objectives. Environmental events such as power outages and flooding can impact the ability to deliver services. Changes in workforce availability can impact the effectiveness and speed with which objectives are achieved. The organization has closely aligned its strategy map with that of GNB and maintains close relations with central government. The Agency's Continuous Improvement Process, Balanced Scorecard, and emergency response planning help to mitigate this risk area.
- *Technological changes* — Changes in technology are occurring rapidly and can be challenging to keep up with. The Agency has adopted a prioritization methodology to ensure focus on projects that are aligned with the strategy map. In addition, the Agency works to maintain a culture that promotes continuous improvement and innovation, and is developing a capital investment plan to help manage technological challenges.
- *Shared responsibilities* — The extent to which the Agency is dependent upon partners and their systems can add variables that can be difficult to manage and which can ultimately impact resources and deadlines. Regular joint meetings with partners at the executive level, along with strategic initiatives that are congruent with those of GNB are making this less of a challenge.

New Brunswick Internal Services Agency

Management Report

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Agency. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles in Canada.

The Agency maintains an accounting system 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 Canadian public sector accounting standards.

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 financial statements. It is assisted in its responsibilities by the Audit and Finance Committee. This committee reviews and recommends approval of the 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 Committee, these financial statements are approved by the Board of Directors.



Gordon Gilman
President



Dan Rae, CPA, CGA
Chief Financial Officer

Fredericton, N.B., Canada
June 18, 2015

Independent Auditor's Report



AUDITOR GENERAL
OF NEW BRUNSWICK

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the
New Brunswick Internal Services Agency

I have audited the accompanying financial statements of New Brunswick Internal Services Agency, which comprise the statement of financial position as at March 31, 2015, and the statement of operations & change in accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the New Brunswick Internal Services Agency as at March 31, 2015, and the results of its operations & change in accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

I draw attention to Note 11 to the financial statements which describes the subsequent restructuring of the New Brunswick Internal Services Agency. The restructuring is expected to occur October 1, 2015. My opinion is not modified in respect of this matter.

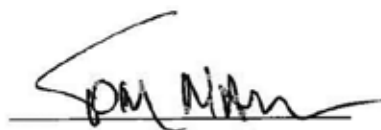
Kim MacPherson, CPA, CA
Auditor General

Fredericton, NB
June 18, 2015

P.O. Box 758
6th floor, Suite 650
520 King Street
Fredericton, NB E3B 5B4

Statement of Financial Position, as at March 31 (\$)		
	2015	2014
Financial Assets		
– Due from Province of New Brunswick	8,078,715	13,783,611
– Accounts receivable	1,739,216	1,112,272
TOTAL FINANCIAL ASSETS	9,817,931	14,895,883
Liabilities		
– Accounts payable and accrued liabilities (Note 6)	3,248,974	6,555,616
TOTAL LIABILITIES	3,248,974	6,555,616
NET FINANCIAL ASSETS	6,568,957	8,340,267
Non-Financial Assets		
– Prepaid expenses	3,294,443	1,637,268
– Inventory	79,548	80,945
– Tangible capital assets (Note 7)	12,007,254	11,035,176
TOTAL NON-FINANCIAL ASSETS	15,381,245	12,753,389
ACCUMULATED SURPLUS	21,950,202	21,093,656

See accompanying notes: *Contingent Liabilities, Note 9; Lease Commitments, Note 10*



Tom Mann
Chair - Board of Directors



Tom Maston, CPA, CA
Chair - Audit & Finance Committee

Statement of Operations for the years ended March 31 (\$)			
	Budget Note 3	Actuals 2015	Actuals 2014
Revenue (Note 5)			
– Government appropriations	22,542,000	26,698,523	26,099,308
– Service delivery	25,683,556	22,075,389	21,081,646
TOTAL REVENUE	48,225,556	48,773,912	47,180,954
Expense			
– Executive Administration	490,740	532,342	434,207
– Corporate Services	3,618,881	3,462,876	3,389,768
– Business Development & Innovation	1,682,882	2,256,789	1,236,666
– IT as a Service	25,718,643	24,977,708	24,549,467
– Operations	16,714,410	16,687,651	15,517,197
TOTAL EXPENSE	48,225,556	47,917,366	45,127,305
Annual Surplus	-	856,546	2,053,649
Accumulated Surplus, Beginning of Year	-	21,093,656	19,040,007
ACCUMULATED SURPLUS, END OF YEAR	-	21,950,202	21,093,656

Statement of Changes in Net Financial Assets (Debt) for the years ended March 31 (\$)		
	Actuals 2015	Actuals 2014
Net Financial Assets, Beginning of Year	8,340,267	8,972,468
– Annual surplus	856,546	2,053,649
– Acquisition of tangible capital assets	(2,963,398)	(3,104,680)
– Amortization of tangible capital assets	1,991,320	1,526,987
– Net changes in prepaid expenses	(1,657,175)	(1,027,212)
– Net changes in inventory	1,397	(80,945)
Increase (Decrease) in Net Financial Assets	(1,771,310)	(632,201)
NET FINANCIAL ASSETS, END OF YEAR	6,568,957	8,340,267

See accompanying notes

Statement of Cash Flows for the years ended March 31 (\$)		
	2015	2014
<i>Cash and cash equivalents generated by (used in):</i>		
Operating Activities		
– Annual surplus	856,546	2,053,649
– Amortization	1,991,320	1,526,987
	2,847,866	3,580,636
Changes in non-cash working capital balances:		
– Accounts receivable	(626,944)	690,568
– Accounts payable and accrued liabilities	(3,306,642)	2,551,388
– Prepaid expenses	(1,657,175)	(1,027,212)
– Inventory	1,397	(80,945)
	(2,741,498)	5,714,435
Capital Activities		
– Acquisition of tangible capital assets	(2,963,398)	(3,104,680)
	(2,963,398)	(3,104,680)
Increase (Decrease) in Cash and Cash Equivalents	(5,704,896)	2,609,755
Cash and Cash Equivalents, Beginning of Year	13,783,611	11,173,856
CASH AND CASH EQUIVALENTS, END OF YEAR	8,078,715	13,783,611

Cash and cash equivalents is represented by (\$):		
	2015	2014
Due from Province of New Brunswick	8,078,715	13,783,611

See accompanying notes

Notes to Financial Statements, March 31, 2015

1. Description of Operations

New Brunswick Internal Services Agency (hereafter referred to as the Agency) is responsible for developing and managing the delivery of shared services internal to government. The *New Brunswick Internal Services Agency Act* was proclaimed and came into force May 1, 2010.

2. Accounting Policies

General — These financial statements are prepared by management using the Agency's accounting policies stated below, which are in accordance with Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board.

Cash and cash equivalents – Cash and cash equivalents consists of cash on hand and amounts held by the Province of New Brunswick (“the Province”) on behalf of the Agency. The Agency does not have a separate bank account; Agency expenses and revenues flow through the Province’s bank accounts.

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 and tangible capital assets.

Tangible capital assets — Tangible capital assets are assets owned by the Agency 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 of disposal, one-half of the annual amortization expense will be recorded.

Thresholds and Amortization Rates		
Class	Cost Thresholds	Amortization Rate
Buildings	\$100,000	40 years
Leasehold improvements	\$100,000	Lease term
Capital leases (various classes)	As per related class	Terms of lease
Computer hardware	\$30,000	Expected life
Software acquisition and development	\$30,000	Expected life
Motor vehicles	\$15,000	5 – 10 years
Major equipment	\$15,000	5 – 15 years
First-time equipping of new buildings	\$100,000	5 years
Assets under construction	As per related class	n/a

Revenue recognition — Service delivery revenue is recognized on an accrual basis as earned. Amounts receivable but deemed uncollectible are recognized

as bad debt expense. Government appropriations are recognized as revenues when the transfer is authorized and when the Agency is reasonably certain of the receipt.

Pension contributions — Effective January 1, 2014, the *Public Service Superannuation Act* (the “PSSA”) was converted and replaced by the Public Service Shared Risk Plan (PSSRP). The PSSRP is a shared risk pension plan in accordance with New Brunswick’s *Pension Benefits Act*. Certain employees of the Agency are entitled to receive benefits under the PSSRP. This converted plan requires all employer classified full-time employees participate in this new plan, which is funded by both the employee and the employer. Employer pension contributions are paid and expensed by the Province on behalf of the Agency. The Agency is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions.

Agency expenses paid by other parties — Employer expenses such as Pension contributions \$2.22 million (2014: \$1.48 million), Canada Pension Plan contributions \$0.72 million (2014: \$0.71 million), Retirement Allowance payments of \$0.28 million (2014: \$0.15 million) and Sick Leave Accrual are paid and expensed by the Province on behalf of the Agency. These expenses and any related asset/liability balances are not presented in these financial statements. Under the agreed operating terms of the Agency, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by the Agency.

In Fiscal 2014, the Province changed the Retirement Allowance plan that certain Agency employees participate in. An option for management and non-unionized employees to elect for a payout of their accumulated retirement allowance benefit was provided. Payouts provided to the Agency employees by the Province during the year were \$0.03 million (2014: \$1.74 million).

Financial instruments and comprehensive income — Section 3450 of the PSAS requires that the Agency designate its financial instruments into one of two measurement categories (i) at fair value (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments

classified as at fair value are subsequently measured as such, with any subsequent change recorded as revenue.

The Agency designates its financial instruments as follows:

- a) Cash and cash equivalents are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.
- b) Accounts receivable and related entity receivables are classified as at “cost or amortized cost”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Agency, the carrying value approximates fair value.
- c) Accounts payable and accrued liabilities, and related entity liabilities are classified as at “cost or amortized cost”. Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Agency, the carrying value approximates 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 and employee benefit accruals. 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 which are charged to expense over the periods expected to benefit from it.

3. Budget

The budget figures included in these financial statements have been derived from the estimates approved by the Agency’s Board of Directors.

4. Risk Management

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

An analysis of significant risk from the Agency’s financial instruments is provided below:

- a) 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. Accounts receivable balances from external organizations are deemed insignificant to the Agency’s financial statements. The Agency’s maximum exposure to credit risk at March 31, 2015, is equal to the accounts receivable balance of \$1,739,216. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance.
- b) Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. The Agency manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.
- c) Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Agency’s management considers exposure to interest rate risk to be insignificant.
- d) Currency risk arises on financial instruments denominated in a foreign currency. The Agency is exposed to currency risk on purchases and that are denominated in a currency other than the Agency’s functional currency, primarily in US Dollars (USD). The Agency’s foreign currency transactions are normally settled in the short-term, therefore management considers exposure to currency risk to be insignificant.

5. Related Entity Transactions (\$)

The Agency is controlled by and is economically dependent on the Province. The Statement of Financial Position contains the following Province-related entity amounts:

	2015	2014
Cash and cash equivalents	8,078,415	13,783,011
Accounts receivable	1,721,178	1,086,784
Accounts payable and accrued liabilities	(306,588)	(397,321)
NET DUE TO THE AGENCY	9,493,005	14,472,474

The Statement of Operations contains the following amounts that were received from or paid to the Province-related entities:

	2015	2014
Revenue	48,643,284	46,928,828
Expense	(2,798,698)	(2,584,954)
NET REVENUE	45,844,586	44,343,874

7. Tangible Capital Assets (\$)

	Computer Hardware & Software	Leasehold Improvements	First-Time Equipping of New Buildings	Assets Under Construction	2015 Total	2014 Total
<i>Estimated Useful Life (Years)</i>	<i>Expected Life</i>	<i>Lease Term</i>	<i>5 Years</i>	<i>As Related Class</i>		
Cost						
– Opening cost	8,232,687	4,087,427	1,794,274	973,810	15,088,198	11,983,517
– Additions	3,375,480	-	-	(412,083)	2,963,397	3,104,680
Closing costs	11,608,167	4,087,427	1,794,274	561,727	18,051,595	15,088,197
Accumulated Amortization						
– Opening accumulated amortization	1,745,617	1,051,412	1,255,992	-	4,053,021	2,526,034
– Amortization expense	1,254,661	377,805	358,854	-	1,991,320	1,526,987
Closing accumulated amortization	3,000,278	1,429,217	1,614,846	-	6,044,341	4,053,021
NET BOOK VALUE	8,607,889	2,658,210	179,428	561,727	12,007,254	11,035,176

The Assets under construction amount of \$561,727 represents computer hardware and software currently under development.

8. Expenses by Object (\$)

	2015	2014
Personnel services	19,651,410	18,388,344
Other services	23,171,928	20,230,662
Materials & supplies	391,050	258,018
Property & equipment	2,711,658	4,723,294
Amortization	1,991,320	1,526,987
	47,917,366	45,127,305

6. Accounts Payable and Accrued Liabilities (\$)

	2015	2014
Regular accounts payables	2,491,370	5,889,432
Salary accruals	302,995	128,240
Vacation liability	454,609	537,944
	3,248,974	6,555,616

9. Contingent Liabilities

- The Agency does not carry general liability insurance on its assets. Any successful liability claims against the Agency and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement.
- Following a preliminary review subsequent to March 31, the Agency became aware that it had potentially issued more Microsoft Licenses than contemplated under the terms of its current

contract with Microsoft. As a shared services entity, the Agency obtains licenses on behalf of itself and client departments. A chargeback is levied to clients for licenses obtained on their behalf. The Agency will be engaging in negotiations with Microsoft to address this situation. At this point, the financial impact on the Agency is uncertain.

10. Lease Commitments (\$)

The following are future minimum contractual payments for leased premises and equipment:

Fiscal Year	Amount
2016	6,510,897
2017	4,637,101
2018	3,767,003
2019	2,800,503
2020	2,458,403
Thereafter	10,817,488
	30,991,395

11. Subsequent Event

On May 28, 2015, an announcement was made by the Province that Service New Brunswick, FacilicorpNB, the Department of Government Services, and the New Brunswick Internal Services Agency will become a single Crown corporation. The merger is expected to occur on October 1, 2015. An estimate of the financial effect of this event cannot be made at this time.

Service New Brunswick

Governance

The *Service New Brunswick Act* provides the context for the activities of Service New Brunswick (SNB). As specified in the Act, SNB is the principal provider of customer service on behalf of GNB. These services are offered through offices, telephone and electronic channels. SNB administers a number of acts on behalf of GNB.

A board of directors guides SNB. There are two committees of the board of directors. The audit committee monitors financial affairs and reviews the financial statements of SNB. It also monitors Enterprise Risk Management. The development committee oversees new system development.

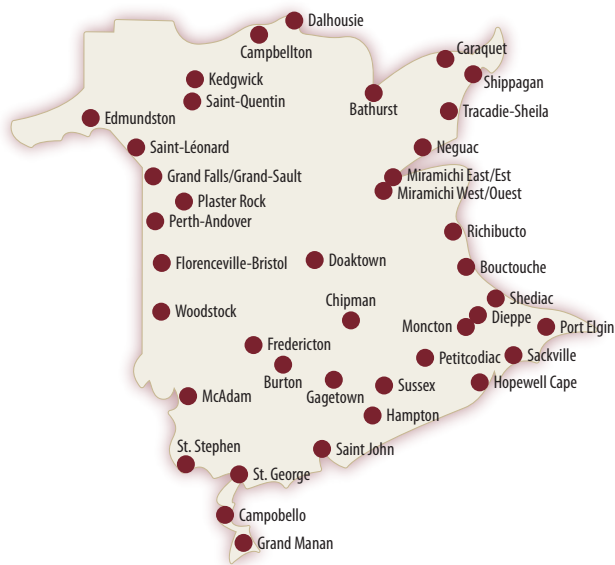
Revenues are acquired through a combination of fees for services in the Land, Personal Property, Vital Statistics and Corporate registries, payments from GNB and municipalities, grants that GNB provides to deliver services on its behalf, and sales of products and services.

The board of directors consists of nine members from the public appointed by the Lieutenant-Governor in Council and the President of SNB to administer the Act. All appointments, with the exception of the President, are for a three-year term.

Members of the SNB board of directors for 2014–2015:

- Luc St-Jarre (Chairperson), Saint-Jacques
- Brian Baxter, Shediac Cape
- Donna M. Bovolaneas, Beaver Harbour
- Gildard Chiasson, Bertrand
- Christopher P. MacPherson, Fredericton
- Paul J. Palmer, Quispamsis
- Michèle Pelletier, Balmoral
- Earl R. Robinson, Upper Kingsclear
- T.J. Smith, Fredericton
- Pamela Trites, Rothesay
- Gordon Gilman, Deputy Minister, Government Services; President, Service New Brunswick; President, New Brunswick Internal Services Agency

The following map shows locations of 39 service centres across the province.



Customer Care

SNB is the gateway for the public to a number of government services offered through a multichannel service delivery network. Services are offered to the public on behalf of departments and municipalities.

HIGHLIGHTS

Customer Care installed a new queue management system, Qmatic, in a number of centres to monitor customer wait and service times in real time. This system will allow SNB to better allocate resources to meet customer needs and address inconsistencies in service.

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 39 service centres. Each centre offers the most common services, while 13 of the centres 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 is delivered on behalf of various departments and agencies, including the federal government. SNB accepts 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.

TeleServices is SNB's customer contact centre. This line is the main point of contact for Medicare services. TeleServices also replies to service requests that arrive

via email. The centre, one of the first units to install Daily Management in 2014–2015, handled 345,473 calls and 7,210 emails this fiscal year.

SNB Online offers numerous products and services as well as online forms, including applications for birth certificates, property tax allowances, and Medicare change request, replacement and renewal forms. A number of forms from various municipalities are available on the website.

SNB partnered with the Department of Natural Resources to develop a web-based e-licensing system that enables residents and non-residents to buy licences and apply for draws online for angling, hunting and trapping. In the spring of 2015, e-registration consisted of the New Brunswick Outdoors Card, angling licences and applications to the moose draw, all available online, through the SNB centres or the vendor channel.

Service delivery transactions			
Volume by partner	2014–2015	2013–2014	2012–2013
Provincial, federal and municipal include: Provincial (all government departments); Federal (Pleasure Craft Licensing); Municipalities (62 to date)	2,770,766	2,541,244	2,466,482
SNB: Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Rentalsman, Vital Statistics and SNB products	2,362,403	2,419,030	2,417,035
Other partners: Payment taking for NB Power, Regional Health Authorities, WorkSafeNB and others	122,446	117,627	136,984
TOTAL TRANSACTIONS	5,255,615	5,077,901	5,020,501

Office of the Rentalsman

The Office of the Rentalsman provides an alternative dispute resolution program outside of the traditional court process. The Rentalsman is 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);
- mediating mutual agreements or, where mediation is not possible, arbitrating disputes between parties regarding the disbursement of security deposits;
- mediating or arbitrating complaints by both landlords and tenants regarding breach of a tenancy agreement or failure to adhere to the *Residential Tenancies Act*; and
- providing information with regard to residential tenancies.

The Office provided landlords and tenants with general tenancy information through trained TeleServices agents and service centre representatives, who received more than 1,600 requests for information per month. This was a decrease of about 100 requests per month based on process improvements related to security deposit return.

The Office accepted 13,953 security deposits. As of March 31, 2015, security deposits held in trust amounted to \$22.9 million, an increase of 4.56 per cent from the previous year.

The Office processed 10,384 applications for the return of security deposits, of which 8,100 (78 per cent) were submitted online. Landlords submitted 3,151 claims against security deposits.

The Office received 2,578 applications for assistance or disputed claims alleging that either party failed in his or her obligations under a tenancy agreement.

Land Information Infrastructure Secretariat

SNB is the lead agency for coordination of geomatics and base mapping in New Brunswick.

HIGHLIGHTS

In 2014–2015, the Secretariat completed the New Brunswick Hydrographic Network, which delineates the surface drainage features for the province, including rivers, lakes and watershed boundaries. This data support environmental, developmental and land use planning.

The New Brunswick Road Network was completed, providing a single authoritative source for data, including road centrelines, road names, road class, surface type, and other road attributes. This is used by first responders, map and GPS service providers and the business community.

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.

As a gateway for all geographic items, GeoNB hosts 48 data sets and 15 applications on behalf of 19 partners. GeoNB receives about 120,000 visits per year and provides 80,000 downloads of data annually.

In 2014–2015, the Secretariat provided key geomatics and mapping support to critical government initiatives and operations such as mapping for the Emergency Measures Organization during post-tropical storm Arthur and the dissemination of NB Power outage information.

Staff developed the Department of Natural Resources *Crown Land Forest Management Strategy* conservation map, and they supported a River Watch application that allows users to view river flow volumes mapped against warning and flood level indicators in the St. John River basin. Staff developed Elections NB mapping in support of the provincial election.

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.

HIGHLIGHTS

Property Assessment Services entered the second year of its five-year modernization strategy. It is designed to make New Brunswick a leader in property assessment, where property values are well understood by the public, are equitable and predictable.

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (“market value”) as of Jan. 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.

In 2014–2015, activities included re-inspections, sales analysis, new construction assessment, market adjustments of assessed values and appeals.

Property assessment statistics					
Tax year	Number of properties	Assessment base (billion \$)	Request for review	% of property accounts	Appeals (Assessment Board)
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
2006	441,161	40.5	6,598	1.5	250

Property assessments in New Brunswick are based on mass-appraisal techniques used world-wide. Each year, the branch must measure its assessment values to ensure they comply with accepted international standards as established by the International Association of Assessing Officers (IAAO).

The three indicators used are:

- **Assessment-to-Sale Ratio** — an indication of how closely the assessed value reflects the market price, measured by comparing the current assessed value to the sale price;
- **Co-efficient of Dispersion** — a measure of uniformity that indicates whether assessment values within a jurisdiction are varied or similar (a lower number indicates greater uniformity and consistency); and
- **Price-related Differential** — an indication of how closely assessment values relate to their selling price within different price ranges (an indicator of 1.00 means that the ratio of assessed values to market prices is consistent).

Assessment and sale performance indicators						
Indicators	Assessment-to-Sale Ratio		Co-efficient of Dispersion		Price-related Differential	
	Residential 0.90–1.10	Commercial 0.90–1.0	Residential 10–15	Commercial <20	Residential 0.98–1.03	Commercial 0.98–1.03
IAAO standards						
2014	0.97	0.90	9.8	14.2	1.012	1.043
2013	0.98	0.90	8.1	13.3	1.009	1.037
2012	0.96	0.92	10.4	12.4	1.013	1.018
2011	0.94	0.92	11.0	12.7	1.014	1.026
2010	0.93	0.93	11.2	14.3	1.013	1.027
2009	0.94	0.91	11.1	14.4	1.015	1.059
2008	0.95	0.89	10.9	14.6	1.013	1.045
2007	0.95	0.92	10.1	14.8	1.013	1.042
2006	0.95	0.92	10.1	13.1	1.013	1.041

In 2014, pictometry imagery was acquired to conduct a pilot project in Greater Moncton. This high-resolution imagery and measurement software will be integrated into a Geographic Information Mapping and Reporting System (GIS) to improve significantly the inspection cycle and provide more information on property attributes.

Desktop reviews with pictometry, when assessors conduct virtual assessments from their office, are used successfully in many other Canadian jurisdictions such as Nova Scotia, Prince Edward Island, Ontario and British Columbia. In 2015, pictometry imagery will be expanded to include Greater Fredericton and Greater Saint John.

Registries

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 to the original Crown grants more than 200 years ago and are available for public scrutiny.

HIGHLIGHTS

Vital Statistics completed the implementation of the final phase of its new registry system.

Amendments to the *Vital Statistics Act*, *Change of Name Act* and the *Marriage Act* were proclaimed to allow for the implementation of a civil officiant program for marriages, including application, appointment and renewal processes.

The Corporate Registry started a public consultation regarding the modernization of the *Business Corporations Act* and legislation governing Limited Liability Partnerships. Modernized legislation will make it easier for businesses to operate in today's competitive environment and global economy.

The Corporate Registry streamlined the content and process of handling certificates of status for provincial and extra-provincial corporations under the *Business Corporations Act* and companies under the *Companies Act*. This will allow information to be retrieved electronically online and completed certificates delivered by email.

Land Registry maintains the PLANET system, which allows users to conduct land-based transactions quickly, efficiently and accurately through this comprehensive, integrated online source of land registration, assessment, mapping and information services.

Land Registry 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.

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.

New Brunswick Account Business Numbers are assigned through the incorporation/registration process. The Business Number is a unique common identifier that can be used for provincial, federal and municipal services.

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.

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.

Registries statistics						
Activity	2014–2015	2013–2014	2012–2013	2011–2012	2010–2011	2009–2010
Land Registry						
– Registrations	86,482	90,186	98,041	107,102	111,468	109,959
– Searches	34,773	36,370	37,159	39,573	42,554	46,841
– Certificate of Registered Ownership Sold	26,815	25,745	26,477	27,581	27,603	30,565
Personal Property Registry						
– Registrations	142,191	139,341	143,529	134,356	127,003	126,938
– Searches	66,688	62,408	57,750	54,873	54,263	54,980
Corporate Registry						
– Incorporations	2,373	2,433	2,503	2,546	2,547	2,612
– Registrations	2,956	3,038	3,102	3,108	3,334	3,073
– Annual return	39,362	38,190	37,228	37,243	35,848	35,718
– Certificate of Status/certified copy	4,050	4,019	4,279	4,515	4,210	4,257
Vital Statistics						
– Certificates issued (all types)	33,313	29,444	34,033	33,168	34,414	38,657
– Change of Name processed	264	290	236	314	261	313
– Amendments processed	838	1,745	1,711	1,851	1,907	2,109
– Vital events registered	18,390	16,054	17,124	17,399	17,253	17,126
Condominiums						
– New corporations	11	9	10	13	13	19
– New units approved	156	164	218	306	321	553

Financial Statement Discussion and Analysis

The Financial Statement Discussion and Analysis document presents management’s commentary on the financial position of Service New Brunswick and is meant to be used as supporting information for the March 31, 2015 audited financial statements. This discussion highlights key features of the financial statements and provides additional information and perspectives that go beyond the 12 months covered by the statements themselves.

Overview of the Financial Statements

SNB’s financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for public sector entities. These statements consist of:

- Statement of Financial Position;
- Statement of Operations;
- Statement of Changes in Net Financial Assets (Debt);
- Statement of Cash Flows; and
- Notes to Financial Statements.

The Statement of Financial Position can be used to determine the level of an entity’s indebtedness, the degree to which it possesses liquid assets to settle its obligations, and its investments in capital assets. This information allows the reader to ascertain the amount of resources that an entity has at its disposal, the

financial obligations that it must meet, and the resulting effectiveness with which the organization can fulfill its mandate. Since Public Sector Accounting Standards (PSAS) were introduced in 2012, SNB has maintained a net financial asset position, with balances in liquid assets and capital exceeding amounts arising from liabilities.

The Statement of Operations provides information on the financial impact that the entity’s operations have had over the course of the year in question. Economic and financial pressures have impacted revenues and expenses to the extent that the growth in SNB’s annual surplus has slowed in comparison to recent years.

The Statement of Changes in Net Financial Assets (Debt) allows readers to see the combined effect of changes to an entity’s non-financial assets on its Financial Position. Despite the pressures of the past fiscal year, SNB’s net financial asset balance continues to grow.

The Statement of Cash Flows allows readers to see the activities that either used or generated cash over the course of the year in question. This year, cash generated by operations exceeded cash used in capital and investing activities.

Notes to Financial Statements provide readers with further detail on the events and activities documented in the Financial Statements.

Significant Financial Variances

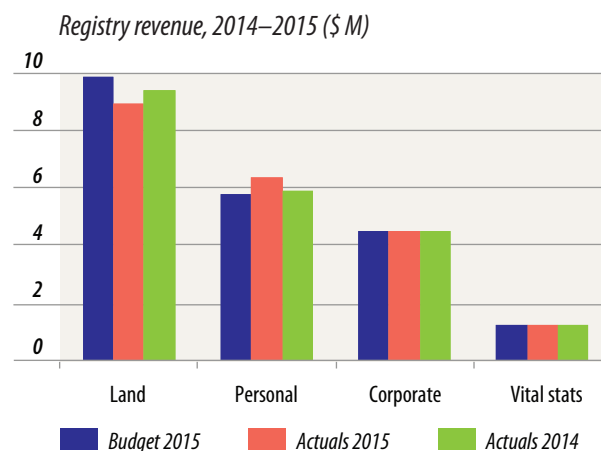
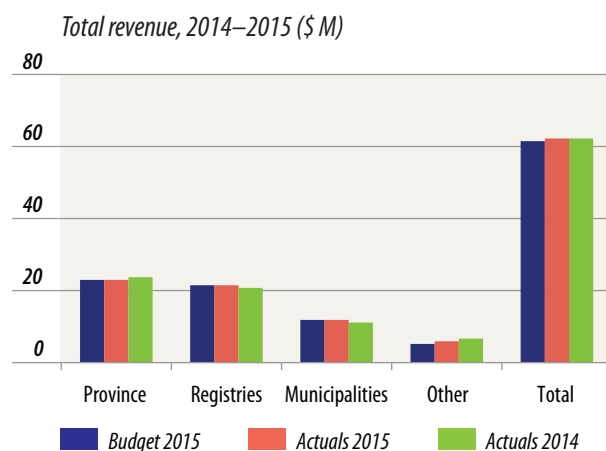
The following table compares actual financial results to budgeted figures for 2014–2015, as well as to actual financial results for the previous year:

Financial Statement Analysis for the year ended March 31: Statement of Operations (\$)					
	Budget 2015	Actuals 2015	Actuals 2014	Actuals Difference	Budget Difference
Revenue					
– Provincial services	23,180,266	23,374,576	23,713,831	(339,255)	194,310
– Municipal services	11,775,548	11,775,548	11,416,023	359,525	-
– Registry services	21,592,180	21,207,923	21,064,401	143,522	(384,257)
– Products & services	4,514,328	4,912,804	4,892,967	19,837	398,476
– Interest	900,000	1,157,871	991,231	166,640	257,871
– Contributed capital	-	-	695,100	(695,100)	-
– Salary recoveries	-	25,321	12,005	13,316	25,321
– Other	2,500	250	1,375	(1,125)	(2,250)
TOTAL REVENUE	61,964,822	62,454,293	62,786,933	(332,640)	489,471
Expense					
– Personnel services	40,328,494	40,716,172	38,058,790	2,657,382	387,678
– Space & equipment services	7,232,771	7,213,331	6,993,155	220,176	(19,440)
– Communications & computer services	6,137,062	5,994,248	5,826,314	167,934	(142,814)
– Professional services	3,307,686	3,816,680	2,869,423	947,257	508,994
– Amortization	2,448,539	2,536,153	2,876,754	(340,601)	87,614
– Travel & meetings	1,185,725	842,827	888,079	(45,252)	(342,898)
– Materials & supplies	710,869	641,207	579,676	61,531	(69,662)
– Furniture & equipment	148,879	85,491	210,531	(125,040)	(63,388)
– Other	464,797	451,213	394,991	56,222	(13,584)
TOTAL EXPENSE	61,964,822	62,297,322	58,697,713	3,599,609	332,500
ANNUAL SURPLUS (DEFICIT)	-	156,971	4,089,220	(3,932,249)	156,971

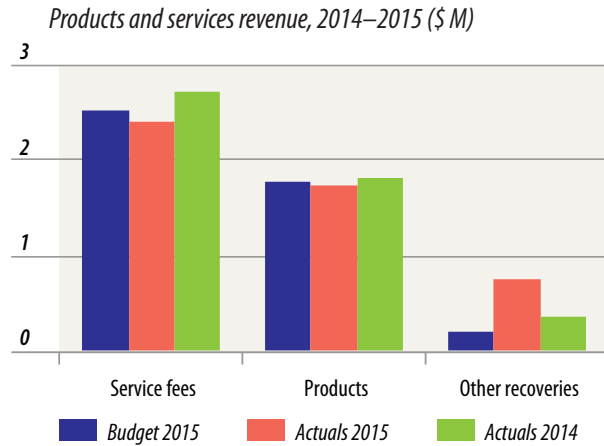
Revenue Variances

Total revenue for 2014–2015 is \$0.5 M more than budgeted due to unanticipated increases in revenues associated with products and services and interest income, but is \$0.3 M less than previous year. The largest contributor to the decrease in revenue was the recognition in 2013–2014 of \$0.7 M of one-time funding for the Vital Statistics system.

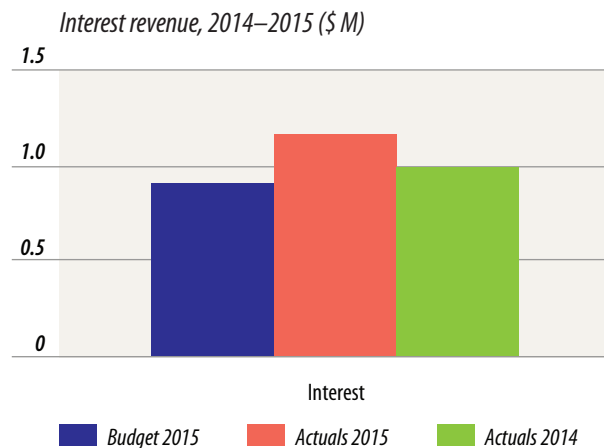
Registries — Registry revenue totals increased only slightly by \$0.1 M in 2014–2015, but were \$0.4 M less than anticipated overall, largely due to a decrease in transaction volumes for the land registry. The performance of the land registry is heavily dependent on the strength of the economy, and the degree to which consumers are selling and purchasing real property.



Products and services — Revenues resulting from the sale of products and services fared slightly better than expected in 2014–2015. Most of the unanticipated revenues are attributable to recoveries of system development costs related to the implementation of an e-licensing system.

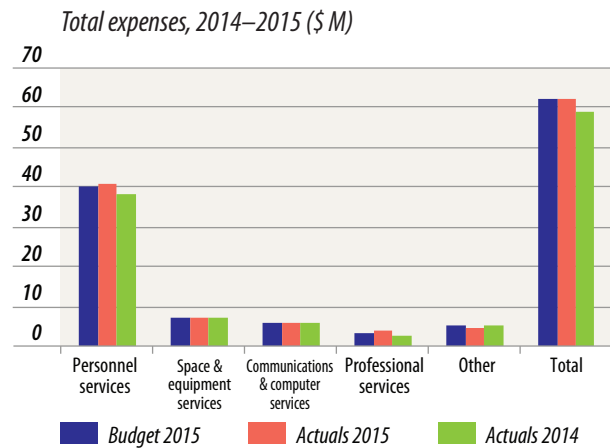


Interest — Interest revenues exceeded budget expectations by \$0.3 M, and were slightly higher than in previous year. Growth in interest income is contingent upon interest rates. The current investment strategy continues to yield higher rates of return and growth in investment income.

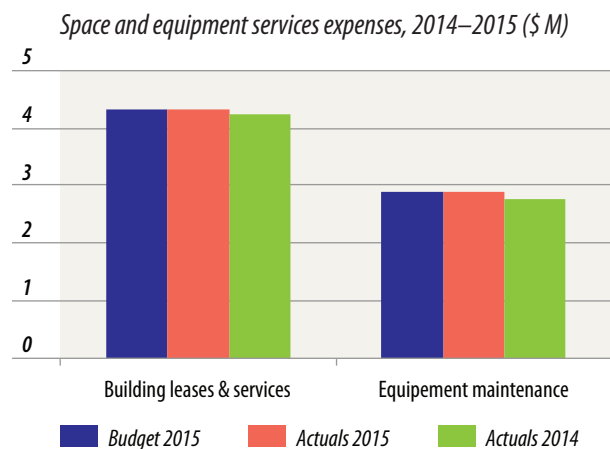


Expense Variances

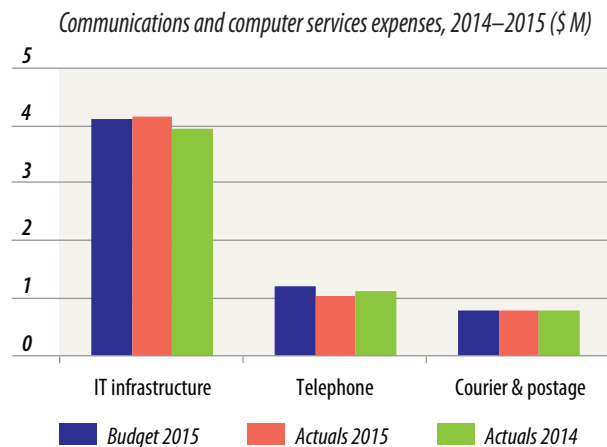
Total expenses for 2014–2015 are \$3.6 M more than in 2013–2014, and \$0.3 M more than budgeted. Most of the increase over budgeted and prior year’s figures is due to a rise in expenditures related to personnel services, which include costs related to salaries, benefits and training. Personnel services costs for 2014–2015 are \$2.6 M higher than previous year and \$0.4 M more than budgeted. The difference between budgeted and actual figures is related primarily to increased costs for employee future benefits (sick leave and the retirement allowances). The remaining difference between current year and prior year’s expenditure levels is a result of a variety of staffing and personnel activities, including casual salary expenses for the increase in front-line staff necessitated by the implementation of a new system last spring.



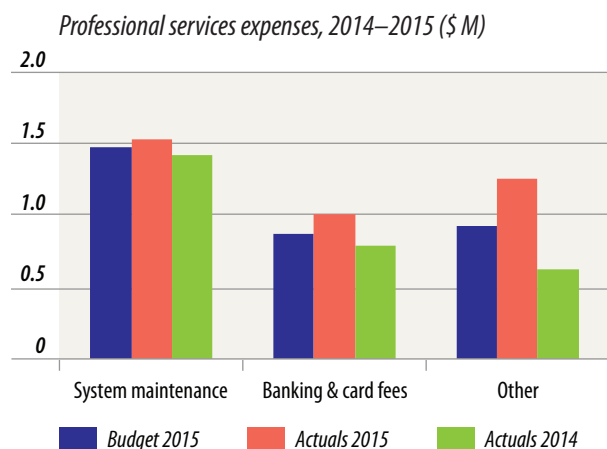
Space and equipment services — This expenditure category includes costs related to building and equipment leases and maintenance. Costs for 2014–2015 behaved as anticipated and are comparable to last year’s results.



Communications and computer services — This is comprised of IT infrastructure costs, telephone charges and postage. Costs for 2014–2015 behaved as anticipated and are comparable to last year’s results.

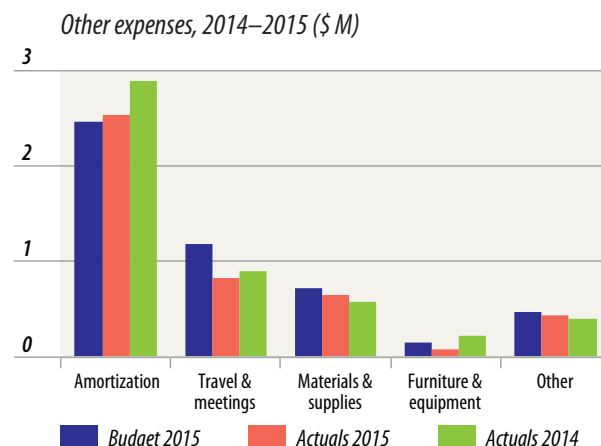


Professional services — Professional services include consulting, project management, translation, board member per diems, and audit and legal fees. Also included in this category are credit card discount and banking fees as well as Work Safe New Brunswick administrative fees. Professional services costs are \$0.9 M higher than in 2013–2014, and \$0.5 M more than budgeted. The variance from budgeted figures (and, to a lesser extent, actuals) stems from consulting costs related to the government’s platform commitment on the centralization of common services. The remainder of the variance from prior year’s balances is a result of increased credit card processing costs and the upgrade of the Corporation’s Enterprise Resource Planning system (JD Edwards).



Other — Other costs include amortization, expenditures for travel and meetings, materials and supplies, and furniture and equipment. These costs are \$0.4 M less

than previous year and budgeted figures, largely due to expenditure restraint in the categories of travel and meetings, and furniture and equipment. Amortization expense was also lower in 2014–2015 than in the previous year, due to the extended life expectancy of many service delivery assets which continue to adequately support the Corporation’s ability to deliver services.



Risks and Other Dependencies

The Enterprise Risk Management Policy at SNB outlines a framework of objectives and processes to ensure risk management is integrated throughout the Corporation on a consistent and continuous basis. Some of the key risks that have been identified for SNB are:

Fiscal sustainability and economic climate — The current economic climate and fiscal realities may cause some revenue streams to decline while some operating costs continue to rise. Additionally, SNB is dependent on government funding for a significant portion of its revenues. Budgeting and forecasting processes, financial planning, and SNB’s Balanced Scorecard enable the Corporation to monitor and proactively manage changes in revenues and expenditures throughout the year.

Planning and priorities — Emergency situations, dependency on external resources and partners (and their systems), and insufficient analysis and planning, could all potentially introduce variables that would be difficult to manage and ultimately impact SNB’s ability to accomplish business plan objectives. The Corporation has implemented project management and IT portfolio management which promote the effective prioritization of projects and appropriate allocation of resources. Collaboration at the executive level, and at the program manager level, is regularly conducted with external resources and partners to promote congruency with their

overall goals and programs. Service Delivery Support Account Managers at SNB continuously foster positive relationships with business partners.

Technological changes and security — The pace with which technological change occurs is increasing, and creating challenges with respect to obsolescence. In addition to this, there are an increasing number of security threats in today's world of information technology and any breach could be challenging to manage. SNB continuously monitors its systems for threats and weaknesses and has designated employees who are responsible for privacy and information security on a daily basis. SNB's policy on technology upgrades (which is strategically aligned with that of the Province's Office of the Chief Information Officer) follows a continuous process improvement methodology to mitigate the threat of technological obsolescence.

Human resources — The ability to attract and retain qualified resources is challenging. Retirement of key personnel in specialized areas, pension reform, continuing wage freezes, and pressures on budgets must also be managed effectively. Employee engagement initiatives, succession planning, re-assignments and contract negotiations help mitigate the risk in this area.

External pressures — Externally driven events and decisions could impact the ability to accomplish objectives. Environmental events such as power outages and flooding can impact our ability to deliver services. Market fluctuations, hiring restraint, and workforce reductions can impact the effectiveness and speed with which objectives are achieved. The organization has closely aligned its strategy map with that of GNB, and maintains close relations with central government. The Corporation's Continuous Improvement Process, Balanced Scorecard, and emergency response planning help to mitigate this risk area.

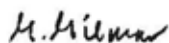
Management Report

MANAGEMENT REPORT

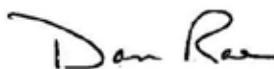
The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles in Canada.

The Corporation maintains an accounting system 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 Canadian public sector accounting standards.

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 financial statements. It is assisted in its responsibilities by the Audit Committee. This committee reviews and recommends approval of the 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 Committee, these financial statements are approved by the Board of Directors.



Gordon Gilman
President



Dan Rae, CPA, CGA
Chief Financial Officer

Fredericton, N.B., Canada
June 25, 2015

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors
Service New Brunswick

We have audited the accompanying financial statements of **Service New Brunswick**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes 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 financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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2.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Service New Brunswick** as at March 31, 2015, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saint John, N.B., Canada,
June 25, 2015

Ernst + Young LLP
Chartered Professional Accountants

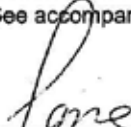


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Statement of Financial Position, as at March 31 (\$)

	2015	2014
Financial Assets		
– Cash and cash equivalents	22,786,919	19,419,160
– Short-term investments	2,000,000	4,000,000
– Restricted assets (Note 5)	12,555,314	12,919,161
– Accounts receivable (Note 6)	2,692,880	3,461,965
– Long-term investments	23,000,000	21,000,000
TOTAL FINANCIAL ASSETS	63,035,113	60,800,286
Liabilities		
– Accounts payable and accrued liabilities (Note 8)	5,769,783	4,692,592
– Partner liabilities (Note 9)	7,240,563	7,846,464
– Deferred receipts	906,958	357,121
– Land titles assurance (Note 10)	5,314,751	5,072,697
– Retirement allowance (Note 11b)	3,271,130	3,195,730
– Early retirement incentive (Note 11c)	1,049,670	923,500
– Sick leave (Note 11d)	3,598,000	3,471,200
TOTAL LIABILITIES	27,150,855	25,559,304
NET FINANCIAL ASSETS	35,884,258	35,240,982
Non-Financial Assets		
– Prepaid expenses	1,567,466	1,231,006
– Tangible capital assets (Note 7)	13,424,055	14,246,820
TOTAL NON-FINANCIAL ASSETS	14,991,521	15,477,826
ACCUMULATED SURPLUS	50,875,779	50,718,808

Lease commitments (Note 12)
See accompanying notes



Luc St-Jarre
Chairperson



Gordon Gilman
President

Statement of Operations, for the years ended March 31 (\$)			
	Budget 2015	Actuals 2015	Actuals 2014
Revenue (Schedule 1)			
– Provincial services	23,180,266	23,374,576	23,713,831
– Municipal services	11,775,548	11,775,548	11,416,023
– Registry services	21,592,180	21,207,923	21,064,401
– Products & services	4,514,328	4,912,804	4,892,967
– Interest	900,000	1,157,871	991,231
– Contributed capital	-	-	695,100
– Salary recoveries	-	25,321	12,005
– Other	2,500	250	1,375
TOTAL REVENUE	61,964,822	62,454,293	62,786,933
Expense (Schedule 1)			
– Personnel services	40,328,494	40,716,172	38,058,790
– Space & equipment services	7,232,771	7,213,331	6,993,155
– Communications & computer services	6,137,062	5,994,248	5,826,314
– Professional services	3,307,686	3,816,680	2,869,423
– Amortization	2,448,539	2,536,153	2,876,754
– Travel & meetings	1,185,725	842,827	888,079
– Materials & supplies	710,869	641,207	579,676
– Furniture & equipment	148,879	85,491	210,531
– Other	464,797	451,213	394,991
TOTAL EXPENSE	61,964,822	62,297,322	58,697,713
Annual Surplus	-	156,971	4,089,220
Accumulated Surplus, Beginning of Year	-	50,718,808	46,629,588
ACCUMULATED SURPLUS, END OF YEAR	-	50,875,779	50,718,808

See accompanying notes

Statement of Changes in Net Financial Assets (Debt), for the years ended March 31 (\$)			
	Budget 2015	Actuals 2015	Actuals 2014
Annual Surplus	-	156,971	4,089,220
Acquisition of tangible capital assets	(3,228,000)	(1,713,788)	(1,368,312)
Amortization of tangible capital assets	2,448,539	2,536,153	2,876,754
Write-downs of tangible capital assets	-	400	-
	(779,461)	822,765	1,508,442
Acquisition of prepaid expenses	-	(1,567,466)	(1,231,006)
Use of prepaid expenses	-	1,231,006	1,123,999
	-	(336,460)	(107,007)
Increase (Decrease) in Net Financial Assets	(779,461)	643,276	5,490,655
Net Financial Assets, Beginning of Year	35,240,982	35,240,982	29,750,327
NET FINANCIAL ASSETS, END OF YEAR	34,461,521	35,884,258	35,240,982

See accompanying notes

Statement of Cash Flows, for the years ended March 31 (\$)		
	2015	2014
<i>Cash and cash equivalents generated by (used in):</i>		
Operating Activities		
– Annual surplus	156,971	4,089,220
– Amortization	2,536,153	2,876,754
– Deferred employee benefits	328,370	(1,557,000)
– Write-downs of tangible capital assets	400	-
	3,021,894	5,408,974
Changes in non-cash working capital balances:		
– Accounts receivable	769,085	(989,302)
– Prepaid expenses	(336,460)	(107,007)
– Accounts payable & accrued liabilities	1,077,191	(494,496)
– Deferred receipts	549,837	(607,264)
	5,081,547	3,210,905
Capital Activities		
– Additions to equipment	(91,665)	(582,939)
– Additions to leaseholds	(264,884)	(143,971)
– Additions to system development	(352,422)	(814,290)
– Net change in work in process	(1,004,817)	172,888
	(1,713,788)	(1,368,312)
Investing Activities		
– Purchase of long-term investment certificates	-	(5,000,000)
	-	(5,000,000)
Increase (Decrease) in Cash	3,367,759	(3,157,407)
Cash and Cash Equivalents, Beginning of Year	19,419,160	22,576,567
CASH AND CASH EQUIVALENTS, END OF YEAR	22,786,919	19,419,160

See accompanying notes

Notes to Financial Statements for the year ended March 31, 2015

1. Service New Brunswick

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”). Its mission is providing excellence in the delivery of government services to citizens and businesses.

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.

2. Accounting Policies

General — The Corporation follows Canadian Public Sector Accounting Standards (PSAS).

Cash and cash equivalents — Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Financial instruments and comprehensive income — Section 3450 of the PSAS requires that the Corporation designate its financial instruments into one of two measurement categories (i) at fair value (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments classified as at fair value are subsequently measured as such, with any subsequent change recorded as revenue.

The Corporation designates its financial instruments as follows:

- a) Cash and cash equivalents and restricted assets are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.
- b) Accounts receivable and partner receivables are classified as at “cost or amortized cost”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.
- c) Accounts payable and accrued liabilities, and partner liabilities are classified as at “cost or amortized cost”. Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.

Restricted assets — Management has segregated 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 — Investments in information systems and databases and in physical assets having a value of \$5,000 or greater are capitalized and written off to income in accordance with the amortization policy.

Revenue recognition — Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollectable are recognized as bad debt expense.

Deferred revenue — In accordance with section 3410 of the PSAS, monies received in consideration for the development of tangible capital assets such as systems are initially accounted for as deferred revenue, and recognized as revenue in the period in which the asset is completed and deployed.

Pension expense — The Corporation’s employees are part of a multi-employer shared risk plan, and accordingly, only current-year contributions are expensed.

Amortization — Amortization is computed on a straight-line basis on original cost with rates as follows:

Class	Amortization Rate
Databases and Systems	depending on estimated useful life, up to 15 years
Furniture	10 years
Leasehold Improvements	duration of lease up to 10 years
Equipment	5 years
Computers and Software	4 years

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. Actual results could differ from those estimates.

3. Financial Instrument Risk

The reported values of financial instruments, which comprise cash and cash equivalents, accounts receivable, partner receivables, accounts payable and accrued liabilities, and partner liabilities, approximates fair value due to the short-term maturities of these instruments. The Corporation is not subject to significant interest rate or credit risks arising from these instruments.

Potential credit risk related to accounts receivable is low due to the fact that a significant portion of the receivable balance is due from federal or provincial government entities.

Interest income is subject to interest rate fluctuations. A change of 1% would affect interest income by an amount of approximately \$300,000.

4. Related Entity Transactions (\$)

The Corporation is solely owned by the Province of New Brunswick ("the Province"). The Statement of Financial Position contains the following related entity amounts:

	2015	2014
Accounts receivable	390,737	495,436
Accounts payable	810,512	1,144,605
NET OWED BY THE CORPORATION	(419,775)	(649,169)

The Statement of Operations contains the following related entity amounts:

	2015	2014
Revenue	37,588,428	37,627,801
Expense	2,413,473	4,297,237
NET REVENUE	35,174,955	33,330,564

6. Accounts Receivable (\$)

	2015			2014		
	Accounts Receivable	Allowance for Doubtful Accounts	Net	Accounts Receivable	Allowance for Doubtful Accounts	Net
Trade	1,331,267	16,835	1,314,432	1,902,310	8,121	1,894,189
HST rebate	419,175	-	419,175	310,459	-	310,459
Province of New Brunswick	390,737	-	390,737	495,436	-	495,436
Corporate registry	74,658	522	74,136	145,842	-	145,842
Employee computer loans	2,028	-	2,028	12,705	-	12,705
Accrued interest	492,372	-	492,372	603,334	-	603,334
	2,710,237	17,357	2,692,880	3,470,086	8,121	3,461,965

The Corporation's trade accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

5. Restricted Assets (\$)

Restricted assets consist of the following amounts:

	2015	2014
Partner cash and receivables (Note 9)	7,240,563	7,846,464
Land titles assurance cash (Note 10)	5,314,751	5,072,697
	12,555,314	12,919,161

7. Tangible Capital Assets (\$)

2015								
	Computers & Software	Furniture & Equipment	Total Equipment	Leasehold Improvements	Work in Process (Leaseholds)	Databases & Systems	Work in Process (Systems)	Total
Estimated Useful Life (Years)	0-4	0-10		0-10		0-15		
Cost								
– Opening cost	6,959,486	1,406,159	8,365,645	4,835,810	900	48,726,648	496,415	62,425,418
– Additions	91,665	-	91,665	264,884	-	352,422	1,358,139	2,067,110
– Disposals	-	-	-	-	-	-	(400)	(400)
– Completions	-	-	-	-	(900)	-	(352,422)	(353,322)
Closing costs	7,051,151	1,406,159	8,457,310	5,100,694	-	49,079,070	1,501,732	64,138,806
Accumulated Amortization								
– Opening accumulated amortization	5,860,966	1,364,531	7,225,497	3,934,459	-	37,018,642	-	48,178,598
– Amortization expense	463,327	10,984	474,311	262,853	-	1,798,989	-	2,536,153
– Disposals	-	-	-	-	-	-	-	-
Closing accumulated amortization	6,324,293	1,375,515	7,699,808	4,197,312	-	38,817,631	-	50,714,751
NET BOOK VALUE	726,858	30,644	757,502	903,382	-	10,261,439	1,501,732	13,424,055

2014								
	Computers & Software	Furniture & Equipment	Total Equipment	Leasehold Improvements	Work in Process (Leaseholds)	Databases & Systems	Work in Process (Systems)	Total
Estimated Useful Life (Years)	0-4	0-10		0-10		0-15		
Cost								
– Opening cost	6,376,547	1,406,159	7,782,706	4,691,839	67,789	47,912,358	602,414	61,057,106
– Additions	582,939	-	582,939	143,971	900	814,290	938,560	2,480,660
– Disposals	-	-	-	-	-	-	-	-
– Completions	-	-	-	-	(67,789)	-	(1,044,559)	(1,112,348)
Closing costs	6,959,486	1,406,159	8,365,645	4,835,810	900	48,726,648	496,415	62,425,418
Accumulated Amortization								
– Opening accumulated amortization	5,233,910	1,353,578	6,587,488	3,641,474	-	35,072,882	-	45,301,844
– Amortization expense	627,056	10,953	638,009	292,985	-	1,945,760	-	2,876,754
– Disposals	-	-	-	-	-	-	-	-
Closing accumulated amortization	5,860,966	1,364,531	7,225,497	3,934,459	-	37,018,642	-	48,178,598
NET BOOK VALUE	1,098,520	41,628	1,140,148	901,351	900	11,708,006	496,415	14,246,820

8. Accounts Payable and Accrued Liabilities (\$)

	2015	2014
Trade	3,897,852	2,550,697
Salary and benefit accruals	951,183	898,051
Payroll deductions	110,236	99,239
Province of New Brunswick	810,512	1,144,605
	5,769,783	4,692,592

9. Partner Liabilities (\$)

The Corporation collects cash on behalf of the Province and other business partners. The following amounts were payable to the Province and other partners at year-end.

Provincial receivables are short-term accounts that are collected from provincial clients and then remitted to the Province. Efficiency NB receivables are interest-free loans issued to members of the public to finance energy efficiency improvements to their homes. These loans are administered by the Corporation on behalf of Efficiency NB and can have repayment terms of up to six years. They carry no risk to the Corporation.

	2015			2014		
	Cash	Receivables	Total	Cash	Receivables	Total
Efficiency NB	207,032	743,294	950,326	347,140	2,438,017	2,785,157
Other provincial	5,765,198	285,998	6,051,196	4,101,410	361,560	4,462,970
Other partners	239,041	-	239,041	598,337	-	598,337
	6,211,271	1,029,292	7,240,563	5,046,887	2,799,577	7,846,464

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 provide for a fund 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.

	2015	2014
Opening balance	5,072,697	4,821,564
Assurance fees collected	\$242,054	\$251,133
ENDING BALANCE	5,314,751	5,072,697

11. Employee Future Benefits (\$)

a) Regular employees of the Corporation are covered by the Public Service Shared Risk Plan of the Province of New Brunswick. The plan is a shared risk, multi-employer plan under which contributions are made by both the Corporation and the employees. For the year ended March 31, 2015, the Corporation expensed contributions in the amount of \$3,698,196 under the terms of the plan. The comparable amount for the year ended March 31, 2014, totalled \$2,527,568. The Corporation has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

- b) Regular employees of the Corporation are entitled to a paid retirement allowance prior to their retirement based upon years of service. Using the 2015 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$3,315,600 as at March 31, 2015. At the end of this fiscal year, the Corporation had recorded a total liability of \$3,271,130 (2014 - \$3,195,730).

	2015	2014
Accrued benefit obligation		
– Beginning balance	2,956,200	4,813,000
– Current service cost	202,700	221,000
– Interest cost on obligation	113,400	112,100
– Settlement costs	-	14,800
– Benefit payments	(223,600)	(1,789,100)
– Experience loss (gain)	266,900	(415,600)
Accrued benefit obligation	3,315,600	2,956,200
Reconciliation of accrued benefit obligation to accrued benefit liability		
– Accrued benefit obligation	3,315,600	2,956,200
– Unamortized actuarial gains (loss)	222,430	(176,070)
– Experience gain (loss) during period	(266,900)	415,600
Accrued benefit liability	3,271,130	3,195,730
Accrued benefit liability		
– Opening balance	3,195,730	4,622,230
– Retirement allowance expense	299,000	362,600
– Benefit payments	(223,600)	(1,789,100)
ENDING BALANCE	3,271,130	3,195,730

This estimate is based on a current service cost of 1.23% of payroll and an annual discount rate of 2.67%. The transitional obligation related to the retirement allowance is amortized on a straight-line basis over the estimated remaining service period of the employees that participate in the plan (fourteen years).

- c) The Corporation incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province for the year ended March 31, 1996. The amount of the obligation and expense recorded is equal to the actuarial reduction that the employee would have otherwise had to forego, were it not for the fact that the Province waived this penalty for eligible employees. The Corporation annually reduces the recorded obligation by the amount it remits to the Province, and annually increases the obligation to match the actuarially determined estimate of the obligation. The estimate is based on an annual discount rate of 2.67%. The benefit obligation amounted to \$1,049,670 at March 31, 2015 and \$923,500 as at March 31, 2014.

d) Regular employees of the Corporation are entitled to sick leave benefits which accrue, but do not vest. Using the 2015 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$3,715,900 as at March 31, 2015. At the end of this fiscal year, the Corporation had recorded a total liability of \$3,598,000 (2014: \$3,471,200).

	2015	2014
Accrued benefit obligation		
– Beginning balance	3,830,600	3,644,500
– Current service cost	461,900	448,500
– Interest cost on obligation	146,700	123,100
– Benefit payments	(502,900)	(472,900)
– Experience loss (gain)	(220,400)	87,400
Accrued benefit obligation	3,715,900	3,830,600
Reconciliation of accrued benefit obligation to accrued benefit liability		
– Accrued benefit obligation	3,715,900	3,830,600
– Unamortized actuarial gain (loss)	(338,300)	(272,000)
– Experience gain (loss) during period	220,400	(87,400)
Accrued benefit liability	3,598,000	3,471,200
Accrued benefit liability		
– Opening balance	3,471,200	3,353,100
– Sick leave expense	629,700	591,000
– Benefit payments	(502,900)	(472,900)
ENDING BALANCE	3,598,000	3,471,200

The estimate is based on an annual discount rate of 2.67%.

12. Lease Commitments (\$)

Future minimum payments for leased premises and equipment for the next five years and thereafter are outlined in the following list:

Fiscal year	Amount
2016	3,292,027
2017	2,508,568
2018	1,886,524
2019	1,369,071
2020	775,265
Thereafter	1,096,038
	10,927,493

13. Subsequent Event

On May 28, 2015, an announcement was made by the Province that Service New Brunswick, FacilicorpNB, the Department of Government Services, and the New Brunswick Internal Services Agency will become a single Crown corporation. The merger is expected to occur on October 1, 2015. An estimate of the financial effect of this event cannot be made at this time.

Schedules to Financial Statements, for the year ended March 31, 2015
Schedule 1: Statement of Operations by Segment (\$)

	Executive Administration	Corporate	Operations	Total
Revenue				
– Provincial services	-	-	23,374,576	23,374,576
– Municipal services	-	-	11,775,548	11,775,548
– Registry services	-	-	21,207,923	21,207,923
– Products & services	-	-	4,912,804	4,912,804
– Interest	-	1,157,871	-	1,157,871
– Salary recoveries	-	-	25,321	25,321
– Other	-	-	250	250
TOTAL REVENUE	-	1,157,871	61,296,422	62,454,293
Expense				
– Personnel services	400,849	6,132,125	34,183,198	40,716,172
– Space & equipment services	1,936	4,131,852	3,079,543	7,213,331
– Communications & computer services	2,385	95,660	5,896,203	5,994,248
– Professional services	562,600	1,325,103	1,928,977	3,816,680
– Amortization	-	265,728	2,270,425	2,536,153
– Travel & meetings	40,057	58,465	744,305	842,827
– Materials & supplies	1,875	36,043	603,289	641,207
– Furniture & equipment	162	3,848	81,481	85,491
– Other	81	340,866	110,266	451,213
TOTAL EXPENSE	1,009,945	12,389,690	48,897,687	62,297,322
ANNUAL SURPLUS (DEFICIT)	(1,009,945)	(11,231,819)	12,398,735	156,971

Schedules to Financial Statements, for the year ended March 31, 2015
Schedule 2: Systems Development (\$)

	2015			2014		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Personal property registration	5,162,166	5,162,166	-	5,162,166	5,162,166	-
PLANET	9,406,689	8,973,461	433,228	9,406,689	8,790,904	615,785
Customer service systems	6,718,690	6,718,690	-	6,718,690	6,718,690	-
Property mapping	1,018,040	1,018,040	-	1,018,040	1,018,040	-
Enterprise resource planning	2,336,578	2,336,578	-	2,336,578	2,336,578	-
Business registry	3,518,925	3,419,413	99,512	3,518,925	3,292,777	226,148
Infrastructure	7,862,647	6,681,420	1,181,227	7,778,144	6,417,112	1,361,032
E-services	1,173,116	924,256	248,860	1,164,097	808,983	355,114
Rentalsman	274,157	134,825	139,332	274,157	107,410	166,747
Land information	319,504	159,752	159,752	319,504	127,801	191,703
Vitals statistics	200,881	126,650	74,231	200,881	106,562	94,319
Historical documents	1,554,446	968,322	586,124	1,554,446	812,877	741,569
Licensing & permitting	873,156	207,767	665,389	872,833	120,387	752,446
Identity & access management	1,287,772	515,109	772,663	1,287,772	386,332	901,440
EvAN	7,323,997	1,448,947	5,875,050	7,113,726	812,023	6,301,703
Electronic data capture	48,306	22,235	26,071			
	49,079,070	38,817,631	10,261,439	48,726,648	37,018,642	11,708,006

Summary of Staffing Activity

Pursuant to section 4 of the *Civil Service Act*, the Deputy Minister of the Department of Human Resources (DHR) delegates staffing to each deputy head for his or her respective departments. Please find below a summary of the staffing activity for 2014–2015 for the Department of Government Services (DGS) and the New Brunswick Internal Services Agency (NBISA).**

Number of permanent and temporary employees, as of December 31 of each year		
Employee type	2014	2013
Permanent	433	437
Temporary	59	61
Total	492	498

Nineteen competitions were advertised, including nine open (public) competitions and 10 closed (internal) competitions.

Pursuant to Section 15 and Section 16 of the *Civil Service Act*, DGS and NBISA made the following appointments using other processes to establish merit other than the competitive process:

Appointment type	Appointment description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: <ul style="list-style-type: none"> – A high degree of expertise and training – A high degree of technical skill – Recognized experts in their field 	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	0
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	5
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part 1, Part 2 (school boards) and Part 3 (Hospital Corporations) of the Public Service.	16(1) or 16(1)(c)	7
Regular appointment of casual/temporary	An individual hired on a casual or temporary basis under Section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	11
Regular appointment of students/apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

** Please note that Service New Brunswick, as a Crown corporation, is not governed by the *Civil Service Act*.

Pursuant to Section 33 of the *Civil Service Act*, no complaints alleging favouritism were made to the Deputy Head of Government Services and no complaints were submitted to the Office of the Ombudsman.

Summary of Legislation and Legislative Activity

Bill #	Name of legislation	Date of Royal Assent	Link to bill
60	<i>An Act to Amend the Assessment Act</i>	May 21, 2014	http://www1.gnb.ca/legis/bill/editform-e.asp?id=1096&legi=57&num=4
74	<i>An Act to Amend the Business Corporations Act</i>	May 21, 2014	http://www1.gnb.ca/legis/bill/editform-e.asp?id=1110&legi=57&num=4
78	<i>An Act to Amend the New Brunswick Internal Services Agency Act</i>	May 21, 2014	http://www1.gnb.ca/legis/bill/editform-e.asp?id=1114&legi=57&num=4
83	<i>An Act to Amend the Procurement Act</i>	May 21, 2014	http://www1.gnb.ca/legis/bill/editform-e.asp?id=1119&legi=57&num=4

Summary of Official Languages Activities

Government Services recognizes its obligations under the *Official Languages Act* and is committed to actively offering and providing quality services in both official languages.

No complaints were filed against the Department of Government Services and the New Brunswick Internal Services Agency under the Act in 2014–2015. Four complaints were received by Service New Brunswick, all of which were reviewed and addressed.

Introduction	During 2014–2015, Government Services continued to ensure its obligations under the <i>Official Languages Act</i> were met across all parts of 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 (promotion of official languages): – It is mandatory for all new employees to complete the iLearn modules on Language of Service and Language of Work. Presentations on Official Languages are part of our orientation for new employees.
Focus 4	Ensure public service employees have a thorough knowledge and understanding of the <i>Official Languages Act</i> , relevant policies, regulations, and the Province’s obligations with respect to official languages: – The Government Services’ Intranet site has a section on Official Languages providing employees with links to the <i>Official Languages Act</i> , policies and toolkit.
Conclusion	During 2014–2015, Government Services continued to apply tools that help employees work in the language of their choice. The organization will be adopting the new government-wide <i>Official Languages Action Plan</i> in collaboration with ECO and DHR.

Summary of Recommendations from the Office of the Auditor General

Name and year of audit area with link to online document	Total	Adopted
Matters Arising from our Audit of the Financial Statements of the Province, 2014 – NBISA, Information Technology Findings http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf	18	18
Matters Arising from our Audits of Crown Agencies and Federal Claims, 2014 – NBISA, Financial Statements http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap5e.pdf	6	6
Matters Arising from our Audit of the Financial Statements of the Province, 2014 – NBISA, Change Management Approval http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf	1	1
Matters Arising from our Audit of the Financial Statements of the Province, 2014 – NBISA, Purchase Card Policy http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf	1	1
Matters Arising from our Audit of the Financial Statements of the Province, 2014 – SNB, Support for and Review of Changes to Property Tax Assessment Values http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V1/Chap4e.pdf	1	1
Data Centre Power Interruption, 2014 http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2014V2/Chap3e.pdf	4	4
Matters Arising from our Audit of the Financial Statements of the Province, 2013 – NBISA, Information Technology Findings http://www.gnb.ca/oag-bvg/2013v1/chap4e.pdf	10	10
Matters Arising from our Audits of Crown Agencies and Federal Claims, 2013 – NBISA, Financial Statements http://www.gnb.ca/oag-bvg/2013v1/chap5e.pdf	3	3
Department of Finance, Collection of Accounts Receivable, 2013 – NBISA, Collection of Accounts Receivable http://www.gnb.ca/oag-bvg/2013v2/chap5e.pdf	1	1
Department of Government Services: Procurement of Goods and Services – Phase I, 2013 – DGS, Procurement of Goods and Services http://www.gnb.ca/oag-bvg/2013v2/chap4e.pdf	9	9
Matters Arising from our Audit of the Financial Statements of the Province, 2013 – SNB, Property Tax Assessment System (EvAN), 2013 http://www.gnb.ca/oag-bvg/2013v1/agrepe.pdf	1	1
Matters Arising from our Audit of the Financial Statements of the Province, 2012 – NBISA, Payroll System http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf	7	7
Matters Arising from our Audit of the Financial Statements of the Province, 2012 – NBISA, Accounts Payable Input and Approval Process http://www.gnb.ca/oag-bvg/2012v1/chap3e.pdf	3	3
Matters Arising from our Audits of Crown Agencies and Federal Claims, 2012 – NBISA, Financial Statements http://www.gnb.ca/oag-bvg/2012v1/chap4e.pdf	4	4
Matters Arising from our Audit of the Financial Statements of the Province, 2012 – SNB, Property Tax System, 2012 http://www.gnb.ca/oag-bvg/2012v1/agrepe.pdf	2	2

Name and year of audit area with link to online document	Total	Adopted
Matters Arising from our Audits of Crown Agencies and Federal Claims, 2011 – NBISA, Financial Statements http://www.gnb.ca/oag-bvg/2011v2/chap4e.pdf	7	7
Matters Arising from our Audit of the Financial Statements of the Province, 2011 – NBISA, Payroll System http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf	10	10
Matters Arising from our Audit of the Financial Statements of the Province, 2011 – NBISA, Accounts Payable Input and Approval Process http://www.gnb.ca/oag-bvg/2011v2/chap3e.pdf	8	8

Report on the *Public Interest Disclosure Act*

Under subsection 18(1) of the *Public Interest Disclosure Act*, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the Public Service for which the chief executive officer is responsible. No disclosures of wrongdoings were received in 2014–2015 by Government Services.