

# Service New Brunswick

Annual Report  
**2017–2018**



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Annual Report 2017-2018**

Province of New Brunswick  
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## **Transmittal Letters**

### **From the Minister to the Lieutenant-Governor**

The Honourable Jocelyne Roy Vienneau

Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the annual report of Service New Brunswick, Province of New Brunswick, for the fiscal year April 1, 2017, to March 31, 2018.

Respectfully submitted,



Benoît Bourque  
Minister

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### **From the Board of Directors to the Minister**

Honourable Benoît Bourque

Minister of Service New Brunswick

Dear Minister Bourque:

On behalf of the Board of Directors, I am pleased to be able to present the annual report describing operations of Service New Brunswick for the fiscal year April 1, 2017, to March 31, 2018.

Respectfully submitted,



Elizabeth Webster  
Board Chair



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# Chief Executive Officer's message

On behalf of the management and staff at Service New Brunswick (SNB), I am pleased to present our 2017-2018 Annual Report. This report provides a summary of the activities of each SNB division within fiscal year 2017-2018, along with audited financial statements for the corporation.

This year, we continued to grow as an organization, adjusting to the many changes of the past several years. In the fall, we launched a comprehensive Strategic Plan that will guide SNB over the next five years. The plan emphasizes our vision of *Excellence in Service Delivery* and is founded on four themes: Enhance Value to Customers; Foster an Engaged and High Performing Team; Optimize and Innovate; and Grow the Business. In 2017-2018, we focused on Enhancing Value to Customers by making efforts to meet and exceed our customers' expectations and working with our leadership to foster engaged and high performing teams at SNB.

While we look to the future, it is only by examining the past that we can improve our processes and procedures. SNB experienced some significant challenges in the past year. Staff responded to those challenges with professionalism and integrity, committed to their goal of providing excellent service to the people of New Brunswick.

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

A handwritten signature in black ink, appearing to read 'Alan Roy', with a long horizontal line extending to the left.

Alan Roy  
Chief Executive Officer of Service New Brunswick

# 2017-2018 highlights

The following are a list of particular achievements for the organization during the 2017-2018 fiscal year:

- SNB launched its five-year Strategic Plan in October 2017, which is based on its vision of Excellence in Service Delivery and supported by four strategic themes: enhance value to customers, foster an engaged and high performing team, optimize and innovate, and grow the business.
- SNB provided leadership and support on a number of projects in relation to the provincial government's Priority Delivery Units (PDU), including the Digital ID project, which will provide a single, secure online identity for New Brunswick citizens to access government services.
- SNB exceeded savings targets with hard and capacity savings of \$1.44M against the 2017-2018 continuous savings target of \$1.23M. (These savings included \$901,464 for Waste Walks.)
- Progress continued on the modernization of the Enterprise Resource Planning (ERP) systems PDU project, which will provide government with a common core infrastructure of systems, technology, and processes.
- SNB's Strategic Procurement division, along with customer departments, identified savings opportunities of more than \$7.7M in 2017-2018, which included soft savings, such as negotiated price discounts, and hard savings, such as year-over-year reductions.
- SNB continued work begun in 2016-2017 to consolidate operations and expand the Saint John Laundry. This is to ensure SNB provides the Regional Health Authorities with quality laundry services in the most effective way possible.
- Horizon Health Network was awarded the 2017 Energy and Environmental Stewardship Award from the Canadian College of Health Leaders for its Energy Management Program. SNB's Health Services Branch supported the integration of Horizon's Health Management Program.
- SNB assisted with the Ice Storm relief, processing in excess of 3,700 cheques to impacted New Brunswickers.
- SNB entered into an agreement with Transport Canada to convert 1.8 M historical pleasure craft licenses to electronic format by the end of March 2019.
- The *Residential Tenancies Act* was amended to change the name of the Office of the Rentalsman to the gender-neutral Residential Tenancies Tribunal. The tribunal also launched a new, mobile-friendly website.
- Under the direction of the Department of Justice and Public Safety, SNB introduced new drivers' licences with enhanced security features to guard against forgery.
- Working with the Department of Health, SNB made the technical changes necessary to enable doctors in the Family Medicine New Brunswick program to create and maintain patient rosters via the Health Portal.



# Governance of the corporation

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

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

## **Board committees**

The Board of Directors is responsible for the overall administration of the business and affairs of Service New Brunswick and all decisions and actions of the board are to be based generally on sound business practices. The Board of Directors is also responsible for the governance and functioning of the following two committees:

- Audit and Finance Committee, which has responsibility for reviewing and recommending finance, audit and risks items; and
- Governance and Human Resources Committee, which has responsibility for reviewing relevant governance and human resource items.

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

## Board of Directors

Name	Role	Board meeting attendance	Committee membership	Committee meeting attendance
Roland T. Cormier	Vice Chair and Director	5/6	Audit & Finance	3/4
L. Craig Dalton <sup>2</sup>	Director	1/1	Governance & HR	N/A
Roberta Dugas	Director	6/6	Governance & HR	3/3
Louise Duguay LePage <sup>3</sup>	Director	2/2	Governance & HR	1/1
Gilles Lanteigne	Director	5/6	Audit & Finance	2/4
Garth Lawson <sup>4</sup>	Director	5/6	Audit & Finance	4/4
Karen McGrath	Director	4/6	Governance & HR	3/4
Mary-Eileen O'Brien <sup>5</sup>	Director	4/6	Governance & HR	4/4
Nicole Picot <sup>6</sup>	Director	3/3	Audit & Finance	1/1
Gérald Richard	Director	3/6	Governance & HR	1/4
Alan Roy	Chief Executive Officer	6/6	Audit & Finance Governance & HR	4/4 4/4
Mireille Saulnier <sup>7</sup>	Director	5/6	Audit & Finance Governance & HR	3/3 0/1
Judy Wagner	Director	4/6	Audit & Finance	1/4
Elizabeth Webster	Board Chair and Director	6/6	Audit & Finance Governance & HR	3/4 4/4

1. Roland T. Cormier was appointed Board Vice-Chair on January 2, 2018.

2. L. Craig Dalton resigned on May 5, 2017.

3. Louise Duguay LePage was appointed as a director on January 2, 2018.

4. Garth Lawson is the Audit & Finance Committee Chair.

5. Mary-Eileen O'Brien became the Governance & HR Committee Chair on February 8, 2018.

6. Nicole Picot was appointed as a director on July 12, 2017.

7. Mireille Saulnier switched from the Audit & Finance Committee to the Governance & HR Committee on February 8, 2018.

# Strategic priorities

## Strategy Management

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

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

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

Service New Brunswick actively leads initiatives under the Jobs and Smart Province priorities and provides active support to all of the above priorities.

In addition, Service New Brunswick's Board of Directors has established a five-year strategic plan for the corporation focused on its vision of *Excellence in Service Delivery*. This vision is supported by four foundational themes and their objectives:

- Enhance Value to Customers – Meeting and exceeding customer expectations
- Foster an Engaged, High Performing Team – Building a trained and capable team at all levels
- Optimize and Innovate – Continuously improving by leveraging technology and productivity
- Grow the Business – Exporting and expanding the business model

Strategic priorities for Year 1 (2017-2018) of the five-year strategic plan focused on Enhancing Value to Customers by making efforts to meet and exceed our customers' expectations and working with our leadership to foster engaged and high performing teams at SNB.

# Performance measures

Jobs	Measures
Increase the agility of government	NB company bid participation rate
Enhance Value to Customers	Measures
Meet and exceed customer expectations. This is, in fact, two measures.	Internal Customer Satisfaction Index External Customer Satisfaction Index
Foster an Engaged, High Performing Team	Measures
A trained and capable team at all levels	Employee engagement score
Optimize and innovate	Measures
Continuously improve by leveraging technology and productivity	Performance Excellence Program (PEP) maturity improvement score
Smart Province	Measures
Innovative and improved delivery of government services	% Digital Identity milestones met
Innovative and improved delivery of government services	% Enterprise Resource Planning milestones met

## Jobs

### Objective of the measure

Increase the agility of government

### Measure

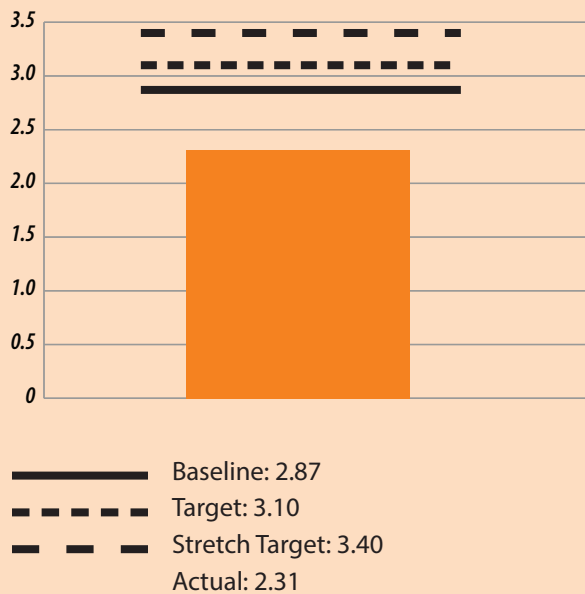
NB company bid participation rate

### Description of measure

NB company bid participation rate assesses the effectiveness of efforts to promote bidding of NB suppliers on government tenders. It tracks the number of bids received from New Brunswick suppliers (identified by bidder postal code) for awarded competitive bid solicitations issued by SNB Strategic Procurement division. The participation rate is calculated by the total number of competitive bid solicitations issued divided by the total number of bids from NB suppliers to provide the average number of NB bids per solicitation.

### Overall performance

The participation rate of New Brunswick companies did not meet the target.



### Why do we measure this?

This is a Priority Delivery Unit (PDU) initiative to support NB companies and to look at opportunities to promote bidding on government tenders and registering on NBON.

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

Strategic Procurement hosted a reverse trade show in October 2017 to inform NB suppliers about selling their goods and services to public service entities. NB suppliers registered for specific goods and services in the NBON system are invited by Strategic Procurement to bid on all competitively sourced opportunities below the thresholds of the applicable trade agreements. Additional vendor outreach and a trade show will take place in 2018-2019. Of the bids received in Q4, 80 per cent were from NB vendors, which is higher than the two previous quarters.

## Enhance Value to Customers

### Objective of the measure

Meet and exceed customer expectations. This is, in fact, two measures.

### Measure

Internal Customer Satisfaction Index  
External Customer Satisfaction Index

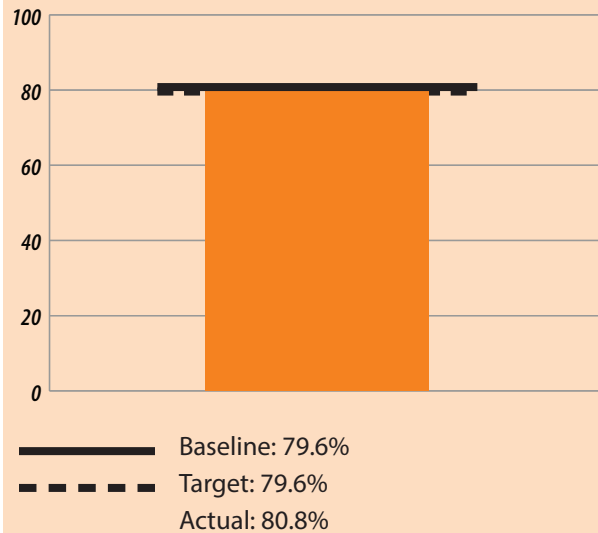
### Description of measure

SNB has a methodology to measure customer satisfaction: the customer satisfaction index. SNB conducted a customer satisfaction survey with both internal customers and external customers in 2017-2018. In this survey, SNB measured customer satisfaction with an index of 11 questions.

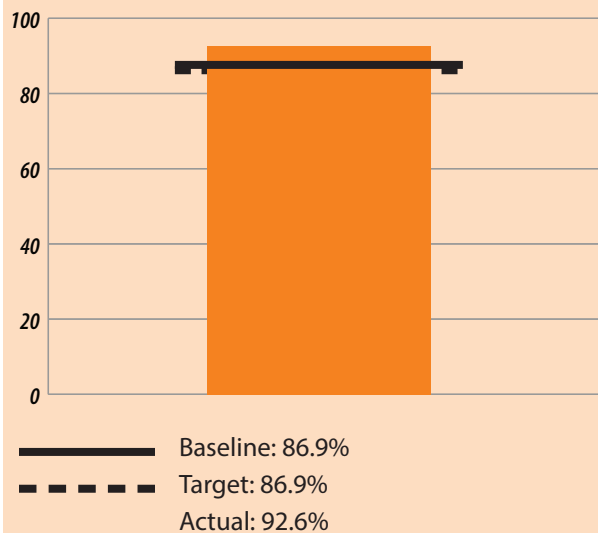
These measures indicate the level of satisfaction of all SNB customers with services that they have received. SNB conducts its annual survey using various outreach mediums (email, paper copy, online) to the customer groups. Survey questions are aligned with the six key drivers of customer satisfaction: timeliness, issue resolution, staff interaction, service design, positive outcome and channel functionality. Prior to 2017-2018, SNB reported all customer group responses in one score. In 2017-2018, SNB established an internal measure and an external measure to better understand our customer expectations. The internal customers are GNB employees in Parts 1 and 3 and external customers are NB citizens and businesses.

### Overall performance

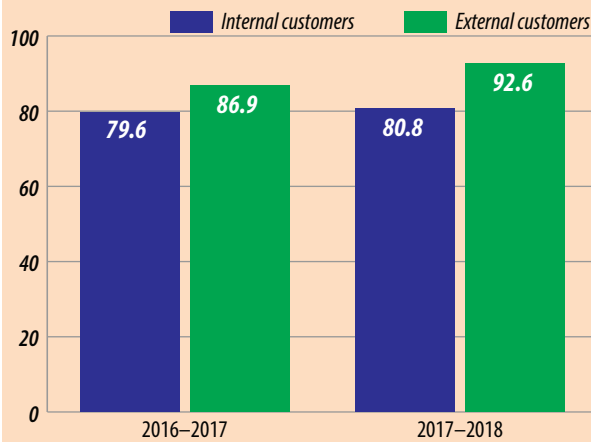
#### Internal customer satisfaction survey results



#### External customer satisfaction survey results



## Customer Satisfaction Survey Results



The results show that customer satisfaction for both internal and external SNB customers has improved. SNB met and exceeded the stretch target for both internal and external customer satisfaction. While there is always room for improvement, when compared to scores from other Canadian public sector organizations\*, SNB's results from the fall of 2017 ranked among the top scores for the majority of the index questions.

*\*Benchmarking provided by the Institute for Citizen-Centered Services.*

### Why do we measure this?

Measuring customer satisfaction provides insight into customers' level of satisfaction when receiving SNB services. The survey is an opportunity for customers to communicate their needs and expectations and for SNB to continue to improve in response.

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

In an effort to improve customer satisfaction for SNB, an SNB Customer Service Excellence Training program was developed and was cascaded and delivered by managers to their staff across the organization. The first module defines how SNB should interact with our customers, and the second module defines how customer satisfaction is measured; the six drivers that impact customer satisfaction; and the customer feedback and survey results by division and various service areas. Teams are asked to review these results and identify improvement ideas for incorporation into an action plan that will define initiatives to improve customer satisfaction.

# Foster an Engaged, High Performing Team

## Objective of the measure

A trained and capable team at all levels

## Measure

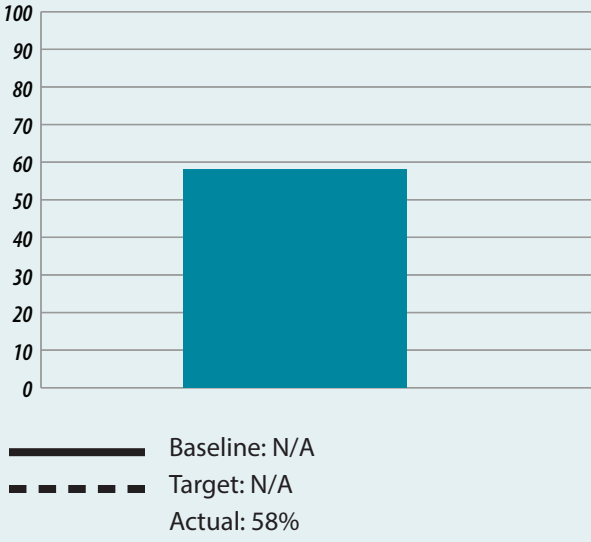
Employee engagement score

## Description of measure

SNB conducted a meaningful survey, aligned with GNB’s employee engagement plans, to identify a baseline for employee engagement and opportunities for improvement.

## Overall Performance

The 2017-2018 SNB employee engagement actual score establishes the baseline for future reference.



## Why do we measure this?

Employee engagement is a fundamental component of SNB’s Strategic Plan.

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

The survey included 11 questions pertaining to engagement elements, such as motivation, pride, leadership, career development, teams and tools. The score represents the average of the results for each of those questions.

While some of the more positive results showed that SNB employees knew what was expected of them at work and knew how their work contributed to the achievement of SNB’s goals, results pertaining to perceived opportunities for career growth and leadership were lower. These results will guide SNB in developing action plans in 2018-2019 to address areas that require improvement and foster a proud, productive and professional workforce.



# Optimize and innovate

## Objective of the measure

Continuously improve by leveraging technology and productivity

## Measure

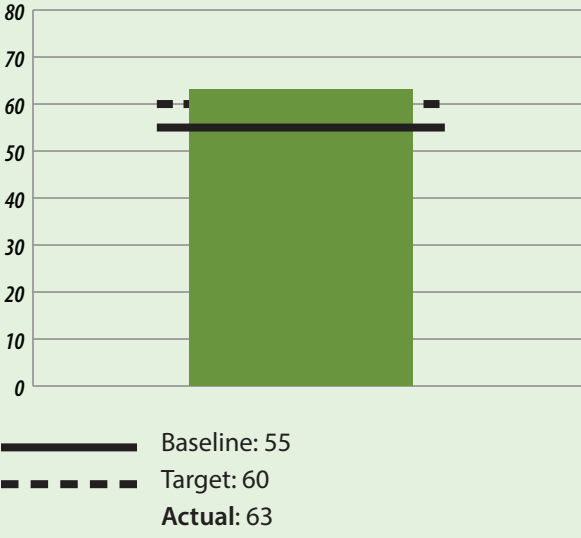
Performance Excellence Program (PEP) maturity improvement score

## Description of measure

This measure tracks improvement in the maturity of SNB's performance excellence program. The PEP maturity improvement score is a gauge of the organization's progress and alignment with respect to strategic leadership, initiative, process management, daily management and performance at all levels.

## Overall performance

The PEP maturity improvement score exceeded the target



## Why do we measure this?

SNB must continuously improve in order to meet and exceed customer expectations. The business management system in place at SNB is called the Formal Management System and has five management components: strategy, initiative, process, daily, and performance management. It is necessary to measure and assess all of these components, which cover the strategic and transactional work of the corporation and its performance at all levels.

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

SNB undertook a quarterly assessment of the five components of the Formal Management System to identify action opportunity for improvement in each of the components. Actions were identified for 2018-2019 to help improve SNB's PEP maturity improvement score and have been added to the corporation's SOMIA and divisional work plans.

## Smart Province

### Objective of the measure

Innovative and improved delivery of government services

### Measure

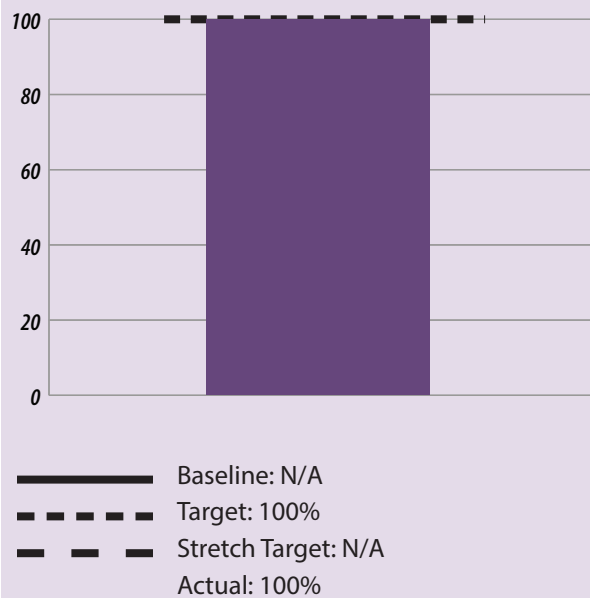
Percentage of Digital Identity milestones met

### Description of measure

Digital ID is a long-term technology project that will significantly enhance GNB and SNB business operations for and to customers. Upon approval, all action plans associated with elements of this initiative are assigned due dates by quarter. The status of the action plans are reported quarterly to drive completion rates of milestones against the plans. During project delivery, the percentage of action plan milestones achieved by their assigned target dates provides an indicator of each project's health.

### Overall performance

Both projects achieved 100 per cent of milestones met.



### Why do we measure this?

This is a Priority Delivery Unit (PDU) initiative that contributes directly to Government's Smart Province initiative, so it is important to monitor progress and undertake timely interventions as needed to support success.

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

A single, secure, Digital ID for NB citizens is the overall objective. The project is meeting its milestones and is expected to launch in 2018-2019.

## Measures

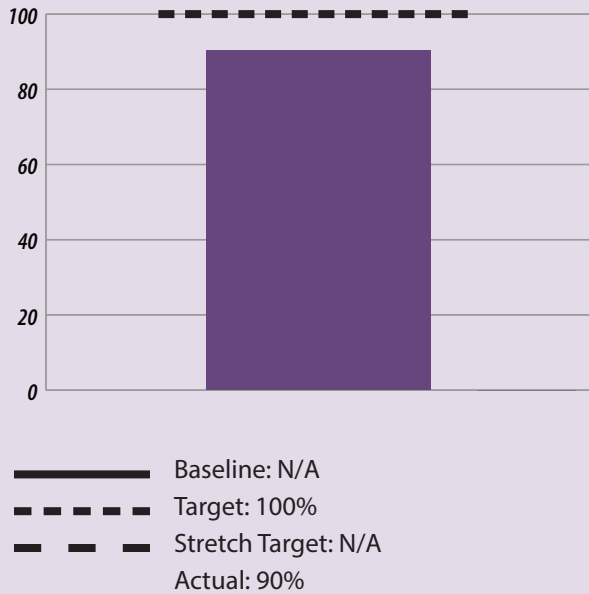
Percentage of Enterprise Resource Planning milestones met

## Description of measure

Enterprise Resource Planning (ERP) is a long-term technology project that will significantly enhance GNB and SNB business operations for and to customers. Upon approval, all action plans associated with elements of these initiatives are assigned due dates by quarter. The status of each action plan is reported quarterly to drive completion rates of milestones against the plans. During project delivery, the percentage of action plan milestones achieved by their assigned target dates provides an indicator of each project's health.

## Overall performance

90 per cent of the action plan milestones were met.



## Why do we measure this?

This is a Priority Delivery Unit (PDU) initiative that contributes directly to Government's Smart Province initiative, so it is important to monitor progress and undertake timely interventions as needed to support success.

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

A number of milestones have been met since the initiation of the ERP project in 2017. The project will continue over the next five to six years and the milestones have been established. Two of the planned milestones to be completed by March 31, 2018, did not achieve 100 per cent completion in the fourth quarter; therefore the reported results were 90 per cent. Both milestones are anticipated to be completed in Q1, 2018-2019. Overall, the project is being monitored closely and reviewed monthly as a PDU initiative.

# Overview of organizational operations

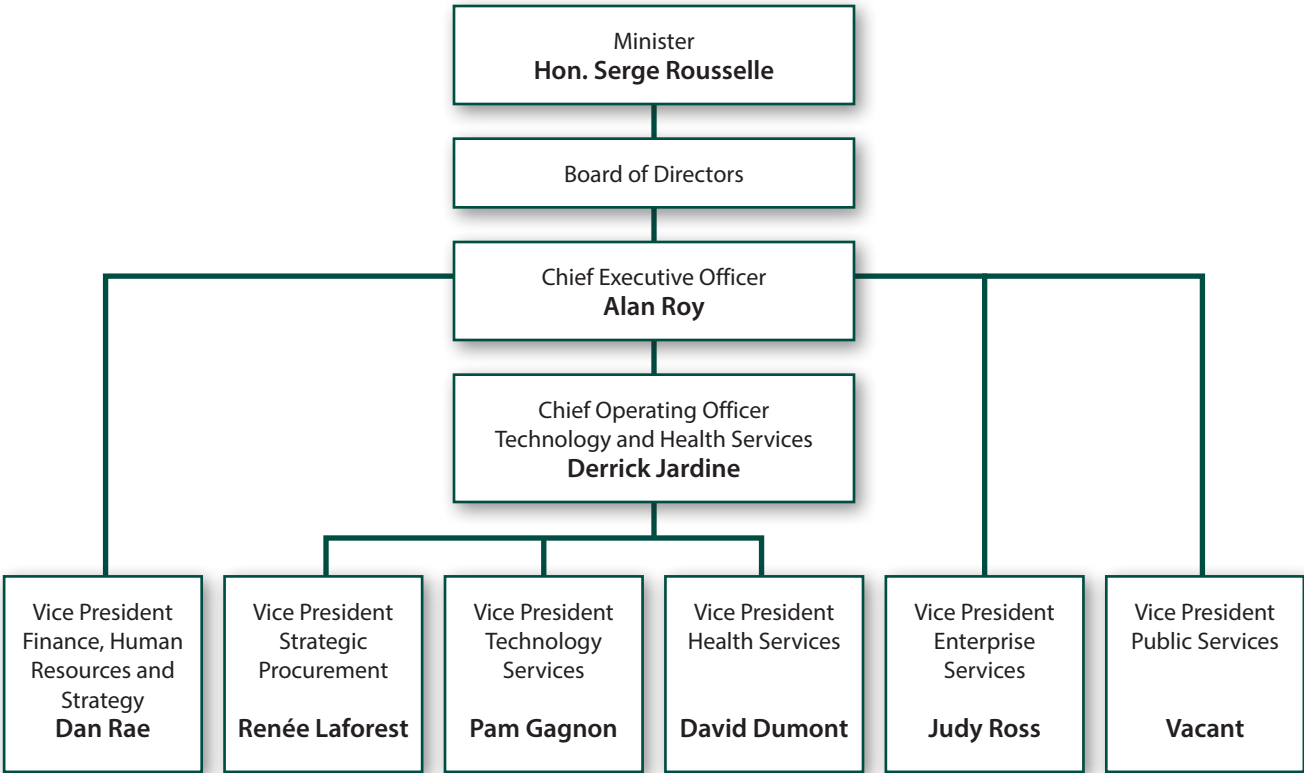
Service New Brunswick is a Part 1 Crown Corporation created to deliver shared services for GNB with the express purpose of standardizing services and reducing costs. The *Service New Brunswick Act* provides the context for the activities of the corporation. Our mandate is to provide high-quality, innovative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

SNB fulfils its mandate by delivering high-quality services, standardizing processes and products, adopting best practices, and leveraging greater critical mass in the

procurement of goods and services. SNB’s operations are funded through a combination of regulated fees for registry services, payments from GNB and municipalities, grants that GNB provides to deliver service on its behalf, and sales of products and services.

Service New Brunswick employs 2,400 people and had a budget of over \$275M in 2017-2018.

## High level Organizational Chart



# Division overview and highlights

## Finance, Human Resources and Strategy

### Finance

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

### Strategy and Organizational Performance

The Strategy and Organizational Performance branch is responsible for strategic planning and the measurement of performance across the organization. It ensures Service New Brunswick's day-to-day communication needs are met, including maintenance of the employee intranet site and websites that provide information and services to clients. It leads the strategic planning process, which includes developing and monitoring of strategic initiatives, annual action plans and performance metrics using the balanced scorecard methodology; and drives continuous improvement to enable increased operational effectiveness and efficiency using Lean Six Sigma methodologies.

The branch leads in the advancement of the corporation's legislation, privacy and corporate policies, and in administering the *Right to Information and Protection of Privacy Act* and responding to right to information requests.

The branch also develops the corporate customer relationship management strategy, which includes developing and monitoring service level agreements that outline the services offered and the performance expect-

ations. Measurement of service delivery performance and client satisfaction is undertaken to foster continuous improvement.

### Human Resources

Service New Brunswick is responsible for delivering the operational and transactional human resource (HR) services to Part 1 departments and agencies and some HR services to Parts 2 and 3.

Human Resources provides integrated and customer-driven HR services to clients through embedded HR Client Services teams within client organizations and Centres of Excellence in the areas of employee relations, classification and HR programs (employee and organizational development, wellness, health and safety, and Official Languages programs).

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

### Highlights

- ◆ SNB's five-year strategic plan was launched in October and consists of a new vision, "Excellence in Service Delivery," which is supported by four strategic themes:
  - ◆ Enhance value to customers
  - ◆ Foster an engaged, high performing team
  - ◆ Optimize and innovate
  - ◆ Grow the business
- ◆ SNB exceeded Continuous Improvement savings targets with hard and capacity savings of \$1.44M against the target of \$1.23M. Of these savings, the Waste Walk program resulted in 77 employees trained to identify waste in their workplaces, achieving \$901,464 in identified savings (\$470,846 hard and \$430,619 capacity).

- ◆ HR Services implemented a new organizational model and launched a three-year HR Transformation Strategy and Plan. In addition, it developed a simplified and easy-to-use performance management guide and tools for Part 1 departments and agencies. The team also supported 987 job postings in 2017-2018, an increase of over 300 job postings from the previous year.

## Strategic Procurement

SNB is responsible for delivering procurement services for Part 1 (GNB departments), Part 2 (school districts) and Part 3 (Regional Health Authorities). The division also provides support to the wider GNB entities such as municipalities, NB Power, community colleges, and universities.

### Strategic Sourcing

The Strategic Sourcing branch’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.

### Procurement Enablement

Procurement Enablement branch provides the policies, systems, and frameworks to support the sourcing teams and the wider GNB community. Procurement Enablement helps support the daily operations of the Procurement Specialists by providing documentation and support for policies and regulations. The Central Tendering office is responsible for receiving and logging bids and for conducting public tender openings for goods and services tenders on behalf of Strategic Procurement.

The Procurement Enablement team works to ensure the entire procurement process functions efficiently and effectively for customers and vendors.

Statistics at a glance	2017-2018	2016-2017	Change
Purchase Order value	\$1,356,084,221.18	\$938,790,742.50*	\$417,293,478.68
Purchase Order number	5,466	7,880*	(2,414)
Tender/RFPs	1,560	1,405	155

\*The table above includes data from Strategic Procurement, for both health and non-health. The Purchase Orders reported for 2016-2017 include under threshold transactional procurement that is no longer processed by Strategic Procurement Health.

## Highlights

- ◆ SNB’s Strategic Procurement division, along with customer departments, identified savings opportunities of more than \$7.7M in 2017-2018. These savings included soft (negotiated price discounts and cost increase avoidance) and hard savings (year-over-year price reductions).
- ◆ Strategic Procurement successfully completed its annual procurement planning exercise, meeting with senior officials from 12 customer departments to discuss their major upcoming procurement requirements. This pro-active approach to procurement resulted in the identification of 34 additional procurement opportunities across all departments.
- ◆ In the summer of 2017, the Strategic Procurement operation that existed under the Health Services division of SNB was integrated into the Strategic Procurement division of SNB. This move was initiated in an effort to improve operational efficiencies and facilitate learning and best practice sharing between the two procurement teams.

## Health Services

### Clinical Engineering

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

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

Statistics at a glance	2017-2018	2016-2017	Change
Work orders*	64,105	64,846	(741)
Preventative maintenance service orders**	20,252	20,026	226
Equipment alerts requiring action***	674	780	(106)

\* The decrease in work orders is mainly contributed to a 2 per cent decrease in corrective work from the past 2016-2017 fiscal.

\*\* The number of equipment alerts requiring action varies from year to year. Preventative Maintenance hours increased by 2 per cent while incoming inspections (safety and compliance) on new equipment declined by 14 per cent. This decline is directly dependant on the quantity of new equipment purchases. Gains have been achieved towards the provincial standardization of maintenance procedures and maintenance frequencies.

\*\*\* The number of alerts handled varies from year to year as they are dependent on the quantity of equipment in service and the details of the published alert. A new process was implemented in 2017-2018 to centralize alert processing that resulted in a 16 per cent reduction in support hours over previous fiscal.

### Supply Chain

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

Statistics at a glance	2017-2018	2016-2017	Change
Purchase orders	143,495	145,173	(1,678)
Dollar value of purchase orders	\$324,499,528	\$303,737,214	\$20,762,314
# Purchase order lines received by shipping & receiving departments	537,288	525,311	11,977
Avg. monthly inventory turnover	1.07	1.12	(0.05)
Avg. monthly main inventory value	\$5,424,510	\$5,336,788	\$87,722
# Warehouse line items picked for distribution	2,833,241	2,840,937	(7,696)

### Laundry and Linen Services

New Brunswick's many health-care facilities and nursing homes require a wide variety of clean and sterile linen on a daily basis. Laundry and Linen Services branch provides complete services from pick-up of soiled linen to delivery of clean items throughout the province.

Statistics at a glance	2017-2018	2016-2017	Change
Poundage of laundry processed	21,984,100	22,282,907	(298,807)
Number of customers	80	80	(no change)

### Energy Management

The Energy Management unit enables energy to be a manageable input to health-care facility operations by incorporating energy into everyday organizational

practices while maintaining or improving patient thermal comfort and indoor air quality. A continual improvement approach is used and is instrumental in optimizing energy use, which is an essential solution to rising energy costs and carbon dioxide emissions. Health Services branch actively supports the Regional Health Authorities and laundry operations in the identification, prioritization, and execution of energy efficiency initiatives.

Successful collaboration with the Department of Transportation and Infrastructure's Energy Efficiency and Renewable Energy Programs has not only resulted in significant energy reductions and cost avoidances, but also addresses deferred maintenance items, which positively impacts maintenance and operations budgets, reduces the pressure on capital infrastructure renewal and allows for better service to patients and staff.

Statistics at a glance	2017-2018	2016-2017	Change
Energy management information systems	14	11	3
Actual cost avoidance*	\$1.9M	\$1.4M	\$0.5M
Investments in energy efficiency projects**	\$6.87M	\$3.1M	\$3.77M

\*Horizon Health Network only reporting

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

## Highlights

- ◆ Clinical Engineering successfully attained its strategic targets for maintenance completion on high life-critical and high-risk medical devices.
- ◆ The expansion project commenced at the Saint John Laundry, building construction was started and wash processing equipment was purchased. Saint John Laundry project is scheduled for completion early 2019. The Bathurst Laundry was closed and production was consolidated in Campbellton.

- ◆ Horizon Health Network was the recipient of the 2017 Energy and Environmental Stewardship Award from the Canadian College of Health Leaders for its Energy Management Program. Health Services has supported the integration of the Energy Management Program for the Horizon Health Network.

## Enterprise Services

### Accounts Payable

The Accounts Payable branch manages the delivery of standard payables as well as transactions associated with numerous Client and Case Management Systems used to deliver programs for client departments. The unit is responsible for transactional services as well as ensuring compliance with purchasing policies and regulations, administration of the purchase-card and iExpense processes, supplier maintenance, payment processing, and delivering services in accordance with Key Performance Indicators (KPIs) established as part of service agreements. The team provides end-user guidance, publishes procedural documentation, and offers general process support to clients.

Statistics at a glance	2017-2018	2016-2017	Change
Account payable transactions processed (in excess of)	500,000	500,000	---

### Collections Services

Collections Services unit manages debt owed to GNB by collecting on overdue property tax and student loan accounts.

Statistics at a glance	2017-2018	2016-2017	Change
Total collected on property tax accounts in arrears	\$81 M	\$80 M	\$1 M
Total collected on Student Loan accounts in default	\$6.77 M	\$6.78M	(\$0.01M)

### Translation Bureau

The Translation Bureau branch provides written translation; simultaneous interpretation for conferences, seminars, and other gatherings; consecutive interpretation for court proceedings and administrative tribunal hearings; and other



linguistic services. The work performed by the branch helps departments and agencies meet GNB's obligations under the *Official Languages Act* as well as Subsection 16(2) of the *Canadian Charter of Rights and Freedoms*.

Statistics at a glance	2017-2018	2016-2017	Change
Translation requests processed by employees	13,142 requests 5.8 M words	12,287 requests 5.6 M words	855 requests 0.2 M words
Translation requests processed externally	4,405 requests 7.9 M words	4,042 requests 7.2 M words	(363 requests) (0.7 M words)
Days of simultaneous and/or consecutive interpretation provided by employees	475.5	638	(162.5)
Days of simultaneous and/or consecutive interpretation provided externally	1,722	1,631	91

### Payroll and Benefits Services

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

Statistics at a glance	2017-2018	2016-2017	Change
Transactions processed	115,211	99,500	15,711
Employee self-service leave requests	169,440 (96% of all leave submitted)	150,000 (96% of all leave submitted)	19,440

### Corporate Marketing Services and Managed Print and Distribution Services

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

- graphic design and photography;

- website development and management of [www.gnb.ca](http://www.gnb.ca) and associated sites;
- media planning and buying;
- government media monitoring services;
- government brand management; and
- content development and management.

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

Statistics at a glance	2017-2018	2016-2017	Change
Graphic design projects	534	415	119
Media buys	302	339	(37)
Websites maintained	38	38	0
Vendor contracts	38	21	17

Managed Print and Distribution is the resource centre for the production and distribution of government documents. It provides highspeed digital printing and finishing services for both black and white and colour print requests. Distributed Print centrally manages a contract that provisions efficient multi-functioning printing devices throughout Parts 1, 2 and 4 of GNB. Postal Services provides centralized mail and delivery services to GNB customers from its main processing facility in Fredericton. Regional interoffice mail services are also provided throughout the province. They also provide an employee/agent identification card service and administers GNB's surplus assets.

Statistics at a glance	2017-2018	2016-2017	Change
<b>Printing Services</b>			
Internal print jobs	1,675	1,793	(118)
Third-party print jobs	302	284	18
<b>Print Optimization</b>			
Device count	3,837	3,841	(4)
Impressions	220,027,510	212,126,278	7,901,232
<b>Postal Services</b>			
Pieces metered	4,349,537	4,143,234	206,303
Pieces shipped	18,029	13,790	4,239

## Highlights

- ◆ Accounts Payable Services assisted with the Ice Storm relief and processed in excess of 3,700 cheques to impacted New Brunswickers.
- ◆ Payroll and Benefits completed retro payments for four bargaining groups representing approximately \$1.7M.
- ◆ Collection Services branch expanded its services to the Department of Post-Secondary Education, Training & Labour, Student Loan program.

## Technology Services

### Client Services

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

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

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

### Strategy, Planning and Solution Services

The Strategy, Planning and Solution Services branch is responsible for developing IT strategies to meet business objectives while optimizing and streamlining service delivery. The branch provides various services including architecture planning, IT portfolio management,

project management, IT security management, systems integration, database management, quality assurance and reporting.

### Infrastructure Operations

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

### Business Application Services

The Business Application Services branch provides services related to the development, implementation, enhancement, maintenance, and support of applications for SNB and all Part 1 departments with the exception of the Department of Health. Teams support a wide variety of line of business applications ranging from critical public-facing applications to internal applications that provide key business support to departments. The primary objective of the branch is to ensure the continuous operation of the business through the support and maintenance of its applications and to assist each organization in achieving maximum benefit from its application investments.

### Health Application Services

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

## Land Information Infrastructure Secretariat, Business Opportunities and Digital Services

### Land Information Infrastructure Secretariat

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

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

Statistics at a glance	2017-2018	2016-2017	Change
GeoNB hosted datasets	64	61	3
GeoNB hosted applications	20	18	2
LiDAR acquired	25,489 km <sup>2</sup>	18,757 km <sup>2</sup>	6,732 km <sup>2</sup>
GeoNB hosted LiDAR	48,669 km <sup>2</sup>	29,912 km <sup>2</sup>	18,757 km <sup>2</sup>
GeoNB visits	163,839	163,647*	192
Layers hosted on ArcGIS Online	85	66	19
Maps hosted on ArcGIS Online	62	59	3
Outreach / Education sessions	8	6	2

\* The number of visits to GeoNB in 2016-2017 was adjusted from 165,291 (p. 18, SNB Annual Report 2016-2017) to 163,647 based on information provided by Google Analytics.

### Business Opportunities and Digital Services

Digital Services hosts SNB.ca, various digital services such as E-Fish and fish and wildlife licences and permits, Lobbyist Registry and BizPal, as well as Open Data NB, an online portal that will allow citizens to access hundreds of data sets with continuous updates.

The Open Data Portal, Digital ID and the Digital Lab are three key projects of the Smart Province initiative. The Digital ID and Open Data Projects will provide platforms upon which private sector companies and provincial departments can build new, agile digital products and services. The Digital lab supports public/private innovation and develops new applications to improve access to government services for New Brunswickers.

The unit's key activities in 2017-2018 included the configuration, programming and publication of initial datasets on the Open Data Portal and the creation of a new Residential Tenancies Tribunal site on SNB.ca.

### Highlights

- ◆ In partnership with other SNB divisions, the division implemented an integrated project and solution delivery framework, advancing the effective management and delivery of projects and solutions by providing a standard, comprehensive and repeatable approach.
- ◆ The division improved the government data network by replacing core equipment resulting in increased redundancy and faster telecommunication lines.
- ◆ The division transitioned to a single Information Technology (IT) Service Management tool for management of IT incidents and service requests. Technology Services staff are now able to enter and view information from a single repository for all clients, enabling further process alignment and standardization, collaboration and service improvements for its customers.

- ◆ The division negotiated a new contract for PCs which enabled the consolidation and standardization of all Part 1 and Part 3 customers to a single vendor solution. This helped streamline support and infrastructure processes and resulted in a significant cost reduction to government.
- ◆ In partnership with the Department of Transportation and Infrastructure, the division helped implement a leading-edge technology that detects cracks on NB roads.
- ◆ In partnerships with its healthcare clients, the division has replaced nearly 1000 specialized workstations used by clinicians to efficiently provide care as they visit and treat patients from floor to floor.
- ◆ In partnership with Department of Finance, the division developed functionality that allows online filing of international fuel tax forms.
- ◆ In partnership with the Department of Health, the division integrated functionality to support the Family Medicine New Brunswick program in the existing Medicare application. This allows doctors in this new model to create and maintain patient rosters via the Health Portal, and introduces a blended payment option aimed at reducing overall claim amounts.
- ◆ The division responded to 138,000 incidents for the Regional Health Authorities and 48,000 incidents for departmental clients.

## Public Services and Smart Government

### Customer Care

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

- in person, through a network of 32 service centres ;
- over the telephone (TeleServices) at 18887628600; and
- online at [www.snb.ca](http://www.snb.ca).

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

Services include:

- Motor vehicle – driver's licences, registration, placards for disabled persons;
- Recreation – hunting and fishing licences, trail permits for all-terrain vehicles and snowmobiles;
- Government forms – Medicare, lottery registration, Elections NB;
- Federal government – pleasure craft licensing; and
- Municipalities – water and sewage payments, parking ticket payments.

Statistics at a Glance			
Service Delivery Transactions			
Volume by partner	2017-2018	2016-2017	Change
<b>Government partners:</b> Provincial (all government departments); federal (Pleasure Craft Licensing*); municipalities	3,890,062	3,517,663	372,399
<b>SNB:</b> Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Residential Tenancies Tribunal, Vital Statistics, and SNB products	2,461,704	2,367,084	94,620
<b>Other partners:</b> Payment taking for NB Power, Regional Health Authorities, WorkSafeNB, and others	83,110	271,908	(188,798)
<b>Total transactions</b>	<b>6,434,876</b>	<b>6,156,655</b>	<b>278,221</b>

\* Historical Pleasure Craft Licensing record counts are not included in these annual totals.

## Residential Tenancies Tribunal

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

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

Statistics at a glance	2017-2018	2016-2017	Change
Security deposits accepted	17,687	16,831	856
Value of security deposits held in trust	\$28.1M	\$26M	\$2.1M
Applications for return of security deposits processed	13,430	12,886	544
Applications for assistance or disputed claims received	4,483	4,565	(82)

## Property Assessment Services

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

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (“market value”) as of January 1 of the year for which the assessment is determined. Individual property assessments are then compiled to produce municipal and provincial assessment bases. These bases are shared with the Department of Environment and Local Government, which produces the tax bases for each municipality, rural community, and local service district.

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

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

Statistics at a glance Property Assessment					
Tax year	Number of properties	Assessment base (Billion \$)	Request for review	% of property accounts	Appeals (Assessment Board)
2017	467,602	62.8	18,568	4.0	375
2016	466,022	62.5	7,156	1.5	180
2015	465,500	61.4	7,951	1.7	319
2014	464,000	60.0	6,947	1.5	242
2013	462,013	58.2	7,316	1.6	224
2012	460,236	56.3	5,642	1.2	247

## Registries

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

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

Land Registry records date back to the original Crown grants of more than 230 years ago and are available for public scrutiny. Land Registry records include legal plans and documents such as deeds, mortgages and wills relating to the ownership of real property.

The Land Registry unit maintains the PLANET system, which allows users to conduct land-based transactions efficiently and accurately through a comprehensive, integrated, online source of land registration, property mapping and real property information. The unit also

maintains a province-wide Global Positioning System (GPS)-based survey network that includes a series of continuously operating GPS stations (a.k.a. Active Control Stations), which provides observations to users via the SNB website.

Personal Property Registry maintains a computerized, province-wide registry service where users can serve public notice of their security interests, judgments, and other claims affecting personal property, such as automobiles, recreational vehicles, furniture, and business inventory. It also offers individuals and businesses the opportunity to determine if there is a registered

security interest on a personal property by providing the means to search the Personal Property Registry, primarily through the Atlantic Canada Online portal and SNB's Lien Check service.

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

<b>Statistics at a Glance</b>			
<b>Registries Activities</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>Change</b>
<b>Condominiums</b>			
New Corporations	0	2	(2)
New units approved	15	19	(4)
<b>Corporate Registry</b>			
Incorporations	2,515	2,662	(147)
Registrations	3,240	3,156	84
Annual Return	40,274	39,751	523
Certificate of Status/certified copies	3,634	3,826	(192)
<b>Land Registry</b>			
Registrations	87,042	86,090	952
Searches	34,301	35,370	(1,609)
Certificate of Registered Ownership sold	29,389	28,504	885
<b>Personal Property Registry</b>			
Registrations	162,982	152,377	10,605
Searches	72,337	69,869	2,468
<b>Vital Statistics</b>			
Certificates issued (all types)	29,887	30,290	(403)
Change of name processed	318	312	6
Vital events registered	16,661	17,250	(589)

## Highlights

- ◆ The Land Registry unit traditionally maintained a network of 13 land registration offices where legal plans and documents such as deeds, mortgages and wills relating to the ownership of real property could be registered. Land Registry is currently going through a consolidation of its land registration offices, going from thirteen to one in St. Stephen.
- ◆ In October 2017, Service New Brunswick entered into an agreement with Transport Canada to complete the data entry of approximately 1.8 M historical licences into the e-licensing system. Pleasure craft licensing representatives along with customer service representatives across the province completed approximately 757,000 transactions by March 31st; the remainder will be completed by March 31, 2019.

- ◆ In December 2017, the Atlantic Driver's Licence solution was implemented at Service New Brunswick offices under the direction of the Department of Justice and Public Safety. Driver's licences are now centrally issued offsite and mailed to customers within 14 days. This new solution allows for enhanced card security, the use of biometric technology such as facial recognition, reduced costs and general process improvements.
- ◆ The Residential Tenancies Tribunal launched a new, mobile-friendly website. A great number of improvements were made to the website, including the addition of educational videos in seven languages. Videos in Maliseet and Mi'gmaq will soon be added.
- ◆ Two amendments were made to the *Residential Tenancies Act* in 2017-2018. The first amendment, which was proclaimed in October 2017, changed the name of the Office of the Rentalsman to the Residential Tenancies Tribunal, which change supported the Premier's initiative to have gender neutral names and titles. The second amendment, proclaimed on May 14, 2018, allowed for the electronic service of documents.
- ◆ In 2017, Property Assessment Services implemented new mass appraisal methodology/ technology in the calculation of property valuations. Unfortunately, adequate quality control measures were absent which resulted in approximately 2000 errors. As a result of the negative attention, Property Assessment Services received a significant increase in the number of Request for Reviews during 2017. The request for review period was extended to August 1 in an effort to allow property owners additional time to request a review. Consequently, a corresponding increase in the number of appeals occurred during this period.
- ◆ On November 23, 2017, the Auditor General of New Brunswick released a public report, Service New Brunswick Residential Property Assessment – Special Examination. The report included 25 recommendations with targeted dates of completion between 6 and 24 months. SNB agreed with all of the recommendations and has implemented an action plan to address each of the recommendations.

# Financial overview

## 2017-2018 Consolidated Financial Statement Discussion and Analysis

The Consolidated Financial Statement Discussion and Analysis document focuses on providing variance analyses between the Budget and Actual amounts for 2017-2018.

### Significant Financial Variances

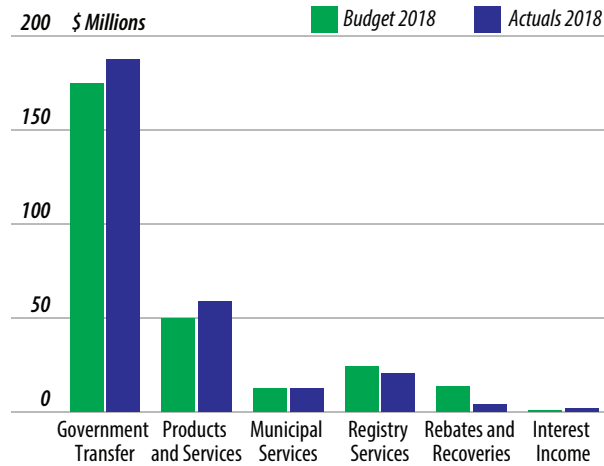
The following table compares actual financial results to budgeted figures for 2017-2018.

Financial Statement Analysis for the year ended March 31, 2018: Statement of Operations			
	Budget 2018	Actuals 2018	Budget Variance
<b>Revenues</b>			
Government Transfers	\$ 174,991,526	\$ 184,083,341	\$ 9,091,815
Products and Services	49,721,240	62,497,995	12,776,755
Municipal Services	12,664,190	12,675,574	11,384
Registry Services	24,082,230	20,544,843	(3,537,387)
Rebates and Recoveries	13,371,807	4,195,632	(9,176,175)
Investment Income	994,674	1,920,938	926,264
<b>Revenue from Operations</b>	<b>275,825,667</b>	<b>285,918,323</b>	<b>10,092,656</b>
<b>Expenses</b>			
Executive Administration	1,573,075	792,322	(780,753)
Finance, Human Resources and Strategy	29,146,333	26,969,425	(2,176,908)
Strategic Procurement	3,145,533	2,511,070	(634,463)
Technology Services	140,479,103	131,881,563	(8,597,540)
Health Services	39,506,237	40,179,974	673,737
Enterprise Services	26,751,391	25,427,502	(1,323,889)
Public Services and Smart Government	35,223,995	31,301,420	(3,922,575)
<b>Total Expense</b>	<b>275,825,667</b>	<b>259,063,276</b>	<b>(16,762,391)</b>
<b>Surplus</b>	<b>\$ -</b>	<b>\$ 26,855,047</b>	<b>\$ 26,855,047</b>



## Revenue Variances

Total revenue for 2017-2018 is \$10.1M greater than budget. This variance will be explained by revenue source below.



### Government Transfer

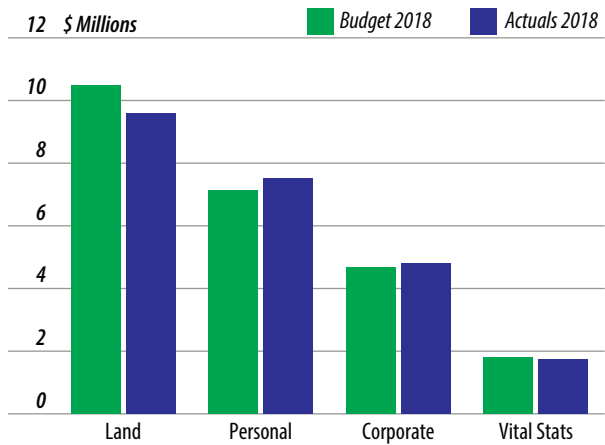
Revenues from Government Transfers is \$9.1M higher than budget in 2017-2018. This increase is due to funding for laundry capital purchases of \$8.8M, and transfers for increases in employer contributions and bargaining contract increases.

### Products and Services

Revenues resulting from the sale of products and services came in at \$12.8M more than budget for 2017-2018. This increase is made of additional revenue for Pleasure Craft Licensing for the historical documents project of \$1.4M, 'net new' services of \$3.6M and additional chargebacks totaling \$4.7M to departments and agencies for programs and services provided related to Technology Services, Human Resources, Translation and Corporate Marketing. The remaining \$3.1M is due to a reclassification of revenue from Registries.

### Registries

Registry revenue totals were \$3.5M less than budgeted for 2017-2018. This variance is largely due to a reclassification of revenue to Products and Services of \$3.1M. In addition, Land Registry transaction volumes were lower than expected and accounted for \$0.9M less revenue. 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. This decrease is partially offset by additional transactions volumes in the Personal Property registry which accounted for \$0.5M in additional revenue.

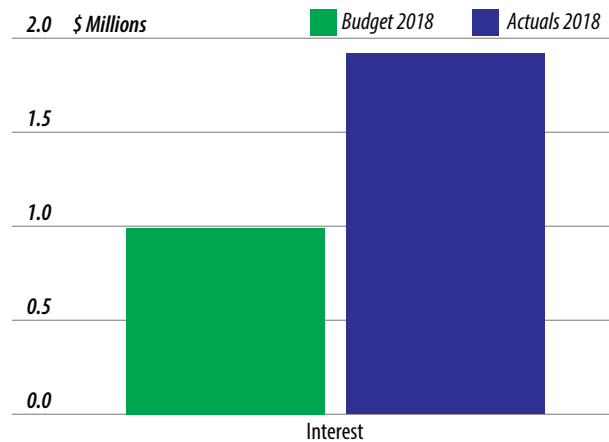


### Rebates and Recoveries

This includes revenues resulting from contracts with suppliers that have a rebate negotiated for meeting specified targets as well as funds received for completing projects on behalf of other departments and federal partners plus salary recovered for services provided to external entities. For 2017-2018, this revenue came in at \$9.2M less than budget primarily due to changes related to the recovery for employee benefits from GNB.

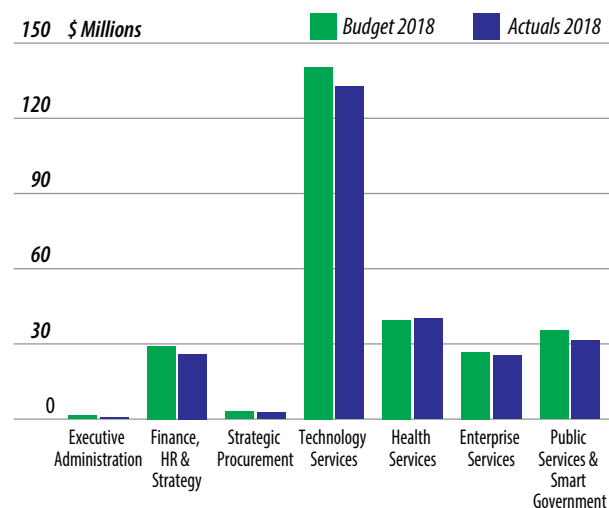
### Interest Income

Interest revenues exceeded budget expectations by \$0.9M in 2017-2018. Growth in interest income is contingent upon the amount of money invested, term of the investment and interest rates. For 2017-2018 SNB was able to retain a higher amount invested along with prior year investments continuing to provide slightly higher rates of return than currently available. The average rate of return for the portfolio was 1.92 per cent.



## Expense Variances

Total expenses for 2017-2018 are \$16.8M less than budgeted. This under-expenditure is due to vacancies of \$4.7M, \$11.1M in employee benefits recovered from government and savings across discretionary expenses of \$1.0M. Variances by division will be explained below.



### Executive Administration

Total expenses for 2017-2018 were \$0.8M less than budgeted. This decrease was due to savings in Professional Services.

### Finance, Human Resources and Strategy

Total expenses for 2017-2018 were \$2.1M less than budgeted. This decrease was due to \$3.8M in vacancies and employee benefits transfer. These savings were partially offset by additional spending of \$1.7M on items such as renovations, amortization, telephones, professional services, credit card discount fees and building expenses.

### Strategic Procurement

Total expenses for 2017-2018 were \$0.6M less than budgeted. This decrease was due to Professional Services fees being under-spent by \$0.3M and savings related to vacancies and employee benefits transfer of \$0.3M.

### Technology Services

Total expenses for 2017-2018 were \$8.6M less than budgeted. This decrease is due to vacancies and employee expense savings of \$5.8M, savings in software maintenance, professional services, machinery and equipment, amortization and communications of \$2.8M.

## Health Services

Total expenses for 2017-2018 were \$0.7M higher than budgeted. This increase was due to the purchase of additional laundry carts and linen, which were required due to the modernization of laundries service project (\$0.9M), \$0.5M in equipment and supplies expense. This increase is offset by salary and employee expense savings of \$0.7M.

## Enterprise Services

Total expenses for 2017-2018 were \$1.3M less than budgeted. Decreases related to salary and employee expenses of \$1.6M that were partially offset by an increase in Translation and Postage expenses of \$0.3M.

## Public Services and Smart Government

Total expenses for 2017-2018 were \$3.9M less than budgeted. This decrease was primarily due to the employee benefits transfer of \$2.9M. Other savings of \$0.9M came from travel, professional services, equipment and communications, as well as savings of \$0.1M in office supplies and furniture.

## Risk Management

Service New Brunswick faces numerous risks that have the potential to disrupt the achievement of the corporation's strategic and operational objectives. Service New Brunswick uses an enterprise risk management approach to mitigate risks and challenges related to achieving strategic and operational objectives.

### Risk Management – Board Oversight

While Executive Management is responsible for developing appropriate risk management policies, guidelines and strategies, and ensuring monitoring and reporting procedures are established and followed, under the terms of reference, the Corporation's Board of Directors has overall responsibility for reviewing and approving risk management policies, procedures, and strategies recommended by Executive Management, and monitoring the corporation's adherence thereto.

Within the Board structure, the Audit and Finance Committee focuses specifically on oversight of financial risks and risks relating to the systems of internal controls and financial reporting as well as fraud. The Governance and Human Resource Committee focuses on risks relating to employees and the work environment

as well as on the leadership and effectiveness of the Board of Directors and the reputation and public image of Service New Brunswick.

### **Risk Management – Independent Audits**

To assist in its oversight of risk management, the Audit Committee has engaged an independent audit service provider to conduct a review of Service New Brunswick's internal controls and processes. In addition, Service New Brunswick has an internal audit services unit which conducts reviews in certain operating areas of SNB and reports regularly to the Audit and Finance Committee.

# Summary of staffing activity

Number of permanent and temporary employees	
Employee type	2017-2018
Permanent	387
Temporary	330
<b>TOTAL</b>	<b>717</b>

Staffing activities include formal competitions, expressions of interest, casual hiring, personal services contracts, secondments, and lateral transfers. SNB advertised 319 competitions, including 248 open (public) competitions and 71 closed (internal) competitions.

Pursuant to sections 15 and 16 of the *Civil Service Act*, SNB made the following appointments using 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"> <li>– a high degree of expertise and training</li> <li>– a high degree of technical skill</li> <li>– recognized experts in their field</li> </ul>	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)	5
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)	0
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part 1, 2 (school boards) and 3 (hospital corporations) of the Public Service.	16(1) or 16(1)(c)	15
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)	0
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

Pursuant to section 33 of the *Civil Service Act*, no complaints alleging favouritism were made to the CEO of Service New Brunswick and no complaints were submitted to the Ombud.

# Summary of legislation and legislative activity

Bill #	Name of legislation	Date of Royal Assent	Summary of changes
30	<i>An Act to Amend the Marriage Act</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/3/Bill-30.pdf">http://www.gnb.ca/legis/bill/pdf/58/3/Bill-30.pdf</a>	May 5, 2017	Amendments were made to the <i>Marriage Act</i> to eliminate the possibility of marriage for persons 15 years old or less. In 2015, the federal government passed Bill S-7, the <i>Zero Tolerance for Barbaric Cultural Practices Act</i> . The Bill raised the minimum age of marriage to 16 years. In a letter from the federal Minister of Justice, each province was asked to do the same.
37	<i>An Act Respecting the Change of Name Act and the Vital Statistics Act</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/3/Bill-37.pdf">http://www.gnb.ca/legis/bill/pdf/58/3/Bill-37.pdf</a>	May 5, 2017	Amendments were made to the <i>Change of Name Act</i> and the <i>Vital Statistics Act</i> to eliminate the requirement for trans-sexual surgery to change the sex designation on a birth certificate; however, an individual would still be able to change their sex designation by providing proof that trans-sexual surgery had been completed; requires a self-declaration from the applicant stating he/she has assumed, identifies with, and intends to live in a gender identity that corresponds with the desired sex designation; requires a letter of support from a healthcare professional stating that the sex designation on the applicant's birth certificate is inconsistent with the gender that the applicant identifies with, and that the healthcare professional supports the change; requires that individuals less than 16 years of age have parental consent; lowers the age requirement to change one's name from 19 to 16; and moves the requirement to display "the sex of a person" on a birth certificate from the Act to the Regulation.
9	<i>An Act Respecting Canadian Geodetic Vertical Datum</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/4/Bill-9.pdf">http://www.gnb.ca/legis/bill/pdf/58/4/Bill-9.pdf</a>	December 20, 2017	Amendments were made to the <i>Air Space Act</i> and the <i>Mining Act</i> to update the definition of geodetic elevation to be based on the "Canadian Geodetic Vertical Datum of 2013" rather than "the Canadian Geodetic Datum, authorized by Privy Council Order 630, dated March 11, 1935".
25	<i>An Act to Amend The Residential Tenancies Act</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/4/Bill-25.pdf">http://www.gnb.ca/legis/bill/pdf/58/4/Bill-25.pdf</a>	December 20, 2017	Amendments were made to <i>The Residential Tenancies Act</i> and a prescribed form under its <i>General Regulation</i> to allow for the electronic submission of documents.
26	<i>An Act to Amend the Land Titles Act and Registry Act</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/4/Bill-26.pdf">http://www.gnb.ca/legis/bill/pdf/58/4/Bill-26.pdf</a>	December 20, 2017	Amendments were made to the <i>Registry Act</i> and the <i>Land Titles Act</i> to allow for the voluntary electronic submission of scanned documents that would otherwise have been submitted in paper format.
29	<i>An Act to Amend the Assessment Act</i> <a href="http://www.gnb.ca/legis/bill/pdf/58/4/Bill-29.pdf">http://www.gnb.ca/legis/bill/pdf/58/4/Bill-29.pdf</a>	December 20, 2017	Amendments were made to the <i>Assessment Act</i> to enable a one-year assessment freeze to be applied to all properties including residential owner-occupied properties, non-owner occupied properties and non-residential properties, effective January 1, 2018.

# Summary of Official Languages activities

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

Four official complaints were filed under the act in 2017–2018. Two of the complaints were deemed to be founded, and the issues surrounding each were reviewed and addressed. The remaining two complaints are related and work toward resolution is on-going.

## Introduction

During 2017–2018, Service New Brunswick continued to ensure its obligations under the *Official Languages Act* were met throughout the organization. Below are associated activities that were carried out on an ongoing basis during the year in question.

### Focus 1

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

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

### Focus 2

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

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

### Focus 3

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

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

### Focus 4

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

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

## Conclusion

During 2017-2018, Service New Brunswick continued to apply tools that help employees work in the language of their choice. The organization continues to work toward achievement of the objectives set out in the government-wide Official Languages Action Plan. SNB is currently undergoing a complete review of the organization's linguistic profiles.

# Summary of recommendations from the Office of the Auditor General

Summary of matters arising from the Audit of the Financial Statements of Service New Brunswick (“the Corporation”), 2017-2018

**Multiple Accounting System with Ten Duplicate Payments:** Recommend the Corporation implement a new accounting and payroll system. If the Corporation expects an extended timeframe for completing these projects and if it is cost effective, the Corporation should process transactions in one system reducing the risk of duplicate payments, fraud and staff inefficiencies.

**Multiple Errors in Accounts Payable and Prepaid Expenses:** Recommend the Corporation train staff on how to record prepaid expenses, develop checklists and process documents which outline year end procedure and maintain a list of contracts with start and end dates, renewal information, amounts and other information to help manage contracts and identify prepaid expenses.

**Fraud, Data Changes and/or Information Breaches Could Result from Internal Control Weaknesses:** Recommend the Corporation address and resolve all internal control weaknesses identified including the significant items regarding registry services and disabling system users in a timely manner.

**Cash Management:** Recommend the Corporation continue to settle amounts due to the Province in a timely manner and continue to collaborate with the Province to prevent significant Cash and Due to Province balances.

**Agreements Remained Unsigned:** Recommend the Corporation have signed agreements with all of its business partners.

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

Name and year of audit area	Total	Adopted
Special Examination of Property Assessment Services <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V3/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V3/Agrepe.pdf</a>	25	6
Matters arising from the Audit of the Financial Statements of Service New Brunswick, 2016/2017 <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf</a>	8	3
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Property Tax Assessment System (EvAN) <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf</a>	3	2
Matters Arising from our Audit of the Financial Statements of the Province, 2017 – Payments Processed through the Image Process Management System (IPM) <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf</a>	4	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Information Technology Findings <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf</a>	4	2
Matters Arising from our Audit of the Financial Statements of the Province, 2017 – SNB, Payroll and Benefits (HRIS) <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf</a>	3	1
Department of Agriculture, Aquaculture and Fisheries: Agricultural Fair Associations, 2016 – SNB, Property Tax Assessment Services <a href="http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V1/Chap4e.pdf">http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V1/Chap4e.pdf</a>	2	1

# Report on the *Public Interest Disclosure Act*

Service New Brunswick has policies and processes designed to manage public interest disclosures as required by the *Public Interest Disclosure Act*. Service New Brunswick received no claims or disclosures of wrongdoing in the 2017-2018 fiscal year.



# Appendix: Financial statements

## Financial Statements – Service New Brunswick

### Management Report

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

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

It is the responsibility of the Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the consolidated financial statements. It is assisted in its responsibilities by the Audit and Finance Committee. This committee reviews and recommends approval of the consolidated financial statements, and meets periodically with management and the external auditors concerning internal controls and matters related to financial reporting. Upon the recommendation of the Audit and Finance Committee, these consolidated financial statements for the year ended March 31, 2018 are approved by the Board of Directors.



Alan Roy  
Chief Executive Officer



Dan Rae, CPA, CGA  
Chief Financial Officer

Fredericton, N.B., Canada  
June 27, 2018



AUDITOR GENERAL  
OF NEW BRUNSWICK

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of Service New Brunswick, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and change in accumulated surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Service New Brunswick as at March 31, 2018, and the results of its operations and changes in its accumulated surplus, its cash flows, and changes in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

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

Fredericton, New Brunswick  
June 27, 2018

P.O. Box 758  
5th floor, Suite 650  
520 King Street  
Fredericton, NB E3B 5R4

# Service New Brunswick

## Consolidated Statement of Financial Position

As at March 31

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 75,272,400	\$ 61,535,528
Short-Term Investments	23,000,000	26,000,000
Restricted Assets (Note 6)	14,428,005	12,229,408
Accounts Receivable and Advances (Note 7)	24,513,347	17,628,339
Long-Term Investments	25,000,000	24,000,000
<b>Total Financial Assets</b>	<b>162,213,752</b>	<b>141,393,275</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 8)	\$ 38,037,015	\$ 29,284,565
Due to Province of New Brunswick	21,508,621	24,021,570
Partner Liabilities (Note 9)	6,773,672	6,436,692
Deferred Receipts	344,653	335,222
Land Titles Assurance (Note 10)	6,004,333	5,792,716
<b>Total Liabilities</b>	<b>72,668,294</b>	<b>65,870,765</b>
<b>Net Financial Assets</b>	<b>\$ 89,545,458</b>	<b>\$ 75,522,510</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 11)	\$ 46,847,824	\$ 36,408,161
Inventory	182,589	92,431
Prepaid Expenses	10,813,921	8,511,643
<b>Total Non-Financial Assets</b>	<b>57,844,334</b>	<b>45,012,235</b>
<b>Accumulated Surplus</b>	<b>\$147,389,792</b>	<b>\$ 120,534,745</b>

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

Contingent Liabilities (Note 13)

Commitments (Note 14)

Approved on Behalf of the Board



Elizabeth Webster  
Chair - Board of Directors



Alan Roy  
Chief Executive Officer

## Service New Brunswick

### Consolidated Statement of Operations & Change in Accumulated Surplus

For the years ended March 31

	Budget Note 3	2018	2017
<b>Revenue</b>			
Government Transfers	\$174,991,526	\$ 184,083,341	\$ 168,396,556
Products and Services	49,721,240	62,497,995	60,128,214
Municipal Services	12,664,190	12,675,574	12,502,732
Registry Services	24,082,230	20,544,843	21,440,913
Rebates and Recoveries	13,371,807	4,195,632	4,934,913
Investment Income	994,674	1,920,938	1,330,341
<b>Total Revenue</b>	<b>275,825,667</b>	<b>285,918,323</b>	<b>268,733,669</b>
<b>Expense</b>			
Executive Administration	1,573,075	792,322	1,194,264
Finance, Human Resources and Strategy	29,146,333	26,969,425	22,278,208
Strategic Procurement	3,145,533	2,511,070	2,313,755
Technology Services	140,479,103	131,881,563	128,485,425
Health Services	39,506,237	40,179,974	36,773,572
Enterprise Services	26,751,391	25,427,502	26,403,665
Public Services and Smart Government	35,223,995	31,301,420	30,995,116
<b>Total Expense</b>	<b>275,825,667</b>	<b>259,063,276</b>	<b>248,444,005</b>
<b>Surplus</b>	-	<b>26,855,047</b>	20,289,664
<b>Accumulated Surplus, Beginning of Year</b>		<b>120,534,745</b>	100,245,081
<b>Accumulated Surplus, End of Year</b>		<b>\$ 147,389,792</b>	\$ 120,534,745

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

## Service New Brunswick

### Consolidated Statement of Change in Net Financial Assets

For the years ended March 31

	2018	2017
<b>Net Financial Assets, Beginning of Year</b>	<b>\$ 75,522,510</b>	<b>\$ 66,396,029</b>
Surplus	26,855,047	20,289,664
Loss on Disposal of Tangible Capital Assets	5,567	80,718
Acquisition of Tangible Capital Assets (Note 11)	(18,200,294)	(16,842,518)
Amortization of Tangible Capital Assets	7,755,064	6,935,811
Net Changes in Prepaid Expenses	(2,302,278)	(1,336,450)
Net Changes in Inventory	(90,158)	(744)
<b>Increase in Net Financial Assets</b>	<b>14,022,948</b>	<b>9,126,481</b>
<b>Net Financial Assets, End of Year</b>	<b>\$ 89,545,458</b>	<b>\$ 75,522,510</b>

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

**Service New Brunswick**  
**Consolidated Statement of Cash Flows**  
For the years ended March 31

	2018	2017
<b>Cash Generated by (used in):</b>		
<b>Operating Transactions</b>		
Surplus	\$ 26,855,047	\$ 20,289,664
Amortization of Tangible Capital Assets	7,755,064	6,935,811
Loss on Disposal of Tangible Capital Assets	5,567	80,718
	<b>34,615,678</b>	27,306,193
Changes in Non-Cash Working Capital Balances		
Accounts Receivable and Advances (Note 7)	(6,885,008)	3,951,090
Due from Province of New Brunswick	-	11,284,656
Accounts Payable and Accrued Liabilities (Note 8)	8,752,450	10,791,045
Prepaid Expenses	(2,302,278)	(1,336,450)
Land Titles Assurance (Note 10)	211,617	230,463
Partner Liabilities (Note 9)	336,980	(1,372,545)
Deferred Receipts	9,431	(637,895)
Due to Province of New Brunswick	(2,512,949)	24,021,570
Inventory	(90,158)	(744)
Restricted Assets (Note 6)	(2,198,597)	1,142,082
	<b>29,937,166</b>	75,379,465
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets (Note 11)	(18,200,294)	(16,842,518)
	<b>(18,200,294)</b>	(16,842,518)
<b>Investing Transactions</b>		
Investments Purchased	(26,000,000)	(20,000,000)
Investments Redeemed	28,000,000	22,000,000
	<b>2,000,000</b>	2,000,000
<b>Increase in Cash</b>	<b>13,736,872</b>	<b>60,536,947</b>
<b>Cash, Beginning of Year</b>	<b>61,535,528</b>	<b>998,581</b>
<b>Cash, End of Year</b>	<b>\$ 75,272,400</b>	<b>\$ 61,535,528</b>

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

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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### 1. Description of Operations

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

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

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

### 2. Summary of Significant Accounting Policies

#### *General*

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

#### *Basis of Consolidation*

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

#### *Due to Province of New Brunswick*

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

#### *Investments*

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

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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*Note 2 (Continued)*

*Asset Classification*

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

*Restricted Assets*

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

*Tangible Capital Assets*

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

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

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

### Thresholds and Amortization Rates

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



# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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### *Note 2 (Continued)*

#### *Revenues*

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

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

#### *Deferred Receipts*

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

#### *Pension Contributions*

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

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

#### *Expenses Paid by Other Parties*

The Corporation's employer contributions are made by the Province as described in Note 5.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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### *Note 2 (Continued)*

#### *Financial Instruments*

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

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

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

#### *Measurement Uncertainty*

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

#### *Inventory*

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

#### *Prepaid Expenses*

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

#### *Changes in Accounting Policies*

Effective April 1, 2017, the Corporation adopted the following Canadian public sector accounting standards:

- PS 2200 – *Related Party Disclosures*
- PS 3210 – *Assets*
- PS 3320 – *Contingent Assets*
- PS 3380 – *Contractual Rights*
- PS 3420 – *Inter-Entity Transactions*

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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### *Note 2 (Continued)*

The impact of these accounting standards is not significant, affecting only disclosures in the notes to the financial statements. The financial statements of prior periods, including comparative figures, have not been restated.

### **3. Budget**

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

### **4. Risk Management**

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

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

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances as described in Note 5 are due from related entities of the Province and are considered low risk due to excellent collection history. The Corporation's maximum exposure to credit risk at March 31, 2018 is equal to the accounts receivable balance of \$24,536,463. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance.

#### b) Liquidity risk

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

#### c) Interest rate risk

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

#### d) Currency risk

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

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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### 5. Related Entity Transactions

The Corporation is economically dependent on the Province. During the fiscal year, the Corporation received funding of \$184,083,341 (\$168,396,556 in 2017) from the Province. These financial statements include transactions with related entities.

The Corporation is related to the Province and all departments, agencies, commissions, and Crown corporations under common control of the Province.

As part of its common services mandate (Note 1), the Corporation provides services for payroll, payment processing, human resources, information technology, procurement, laundry, collections and other administrative support services to the Province and many other entities under common control of the Province.

Inter-entity transactions (transactions between commonly controlled entities) are recorded at the exchange amount when they are undertaken on similar terms and conditions as if the entities were dealing at arm's length.

Costs allocations (such as chargebacks) to/from commonly controlled entities are recorded on a gross basis.

Transactions with the Province of New Brunswick and entities under common control of the Province are settled on normal trade terms, with the exception of the items noted below:

- The Corporation uses some office space for which rent is paid for by the Province.
- The Province contributes certain other services, such as legal and personnel services pending subsequent transfer to SNB.
- The Province records the employer expenses for the following: Pension contributions, Canada Pension Plan contributions, Retirement Allowance payments, Group Life Insurance, and Supplementary Employee Retirement Program on behalf of the Corporation. These expenses along with the Sick Leave Liability Accrual, Worksafe Liability Accrual, and vacation liability are not presented in these consolidated financial statements. Under the agreed operating terms of the Corporation, these benefit plan balances are obligations/assets of the Province and are not assumed by the Corporation.

There are no contractual obligations or contingent liabilities with related entities.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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*Note 5 (Continued)*

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

	<u>2018</u>	<u>2017</u>
Accounts Receivable	\$ 16,476,132	\$ 12,276,087
Accounts Payable and Accrued Liabilities	(2,975,422)	(668,304)
Due to Province of New Brunswick	(21,508,621)	(24,021,570)
Partner Liabilities	(5,840,577)	(5,960,400)
<b>Net Due to (from) the Corporation</b>	<b>\$ (13,848,488)</b>	<b>\$ (18,374,187)</b>

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

	<u>2018</u>	<u>2017</u>
Revenue	\$249,724,827	\$235,480,871
Expense	(4,625,148)	(4,703,183)
<b>Net Revenue</b>	<b>\$245,099,679</b>	<b>\$230,777,688</b>

### 6. Restricted Assets

Restricted Assets consist of the following amounts:

	<u>2018</u>	<u>2017</u>
Partner Liabilities (Note 9)	\$ 6,773,672	\$ 6,436,692
Land Titles Assurance (Note 10)	6,004,333	5,792,716
Other Amounts	1,650,000	-
	<b>\$ 14,428,005</b>	<b>\$ 12,229,408</b>

### 7. Accounts Receivable and Advances

	<u>2018</u>	<u>2017</u>
Accounts Receivable	\$ 23,501,714	\$ 17,003,115
Advances	412,903	77,346
Accrued Interest	621,846	588,079
Provision for Doubtful Accounts	(23,116)	(40,201)
	<b>\$ 24,513,347</b>	<b>\$ 17,628,339</b>

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

### 8. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Accounts Payables and Accrued Liabilities	\$ 34,253,642	\$ 25,876,017
Salary and Benefits Payable	3,783,373	3,408,548
	<u>\$ 38,037,015</u>	<u>\$ 29,284,565</u>

### 9. Partner Liabilities

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

	<u>2018</u>	<u>2017</u>
Province of New Brunswick	\$ 5,544,768	\$ 5,770,793
Other Partners	1,228,904	665,899
	<u>\$ 6,773,672</u>	<u>\$ 6,436,692</u>

### 10. Land Titles Assurance

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

	<u>2018</u>	<u>2017</u>
Opening Balance	\$ 5,792,716	\$ 5,562,253
Assurance Fees Collected	226,617	230,463
Assurance Claims Paid	(15,000)	-
	<u>\$ 6,004,333</u>	<u>\$ 5,792,716</u>

# Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

## 11. Tangible Capital Assets

Estimated Useful Life (Years)	Computer Hardware and Software		Land and Buildings		Databases and Systems		Motor Vehicles		Major Equipment		Leasehold Improvements		First Time Equipping of New Buildings		Assets Under Construction (AUC)		March 31	
	5 Years	40 Years	5 - 15 Years	5 - 10 Years	5 - 15 Years	5 - 10 Years	5 - 15 Years	5 - 15 Years	Lease Term	5 Years	5 Years	March 31 2018 Total	March 31 2017 Total					
<b>Cost</b>																		
Opening Cost	\$26,158,458	\$3,214,627	\$58,289,485	\$301,467	\$11,150,727	\$6,304,426	\$1,794,274	\$2,069,003	\$109,282,467	\$93,776,195								
Transferred from AUC	-	-	-	-	1,669,454	-	-	(1,669,454)	-	-	-	-	-	-	-	-	-	-
Additions	4,474,649	-	3,898,777	109,500	-	-	-	9,717,368	18,200,294	16,842,518								
Disposals	-	-	-	-	-	-	-	(5,567)	-	-	-	-	-	-	-	-	-	-
<b>Closing Cost</b>	<b>30,633,107</b>	<b>3,214,627</b>	<b>62,188,262</b>	<b>410,967</b>	<b>12,820,181</b>	<b>6,304,426</b>	<b>1,794,274</b>	<b>10,111,350</b>	<b>127,477,194</b>	<b>109,282,467</b>								
<b>Accumulated Amortization</b>																		
Opening Accumulated Amortization	15,021,496	3,015,415	42,452,923	57,691	6,713,224	3,819,283	1,794,274	-	72,874,306	67,194,023								
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization Expense	4,042,165	7,042	2,634,635	52,045	503,935	515,242	-	-	7,755,064	(1,255,528)								
<b>Closing Accumulated Amortization</b>	<b>19,063,661</b>	<b>3,022,457</b>	<b>45,087,558</b>	<b>109,736</b>	<b>7,217,159</b>	<b>4,334,525</b>	<b>1,794,274</b>	<b>-</b>	<b>80,629,370</b>	<b>72,874,306</b>								
<b>Net Book Value</b>	<b>\$11,569,446</b>	<b>\$192,170</b>	<b>\$17,100,704</b>	<b>\$301,231</b>	<b>\$5,603,022</b>	<b>\$1,969,901</b>	<b>\$-</b>	<b>\$10,111,350</b>	<b>\$46,847,824</b>	<b>\$36,408,161</b>								

Assets Under Construction at March 31, 2018 is as follows:

Major Equipment	\$ 9,624,811
Leasehold Improvements	107,694
Computer Hardware and Software	378,845
<b>Total</b>	<b>\$ 10,111,350</b>

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

### 12. Expenses by Object

	2018	2017
Personnel Services	\$130,131,320	\$124,601,795
Supplies and Services	121,099,632	116,763,974
Debt and Other Charges	77,260	142,425
Amortization	7,755,064	6,935,811
	<b>\$259,063,276</b>	<b>\$248,444,005</b>

### 13. Contingent Liabilities

The Corporation does not carry general liability insurance on the majority of its assets. Any successful liability claims against the Corporation and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement.

The Corporation is involved in various legal proceedings and amounts have been accrued in these consolidated financial statements which represent management's best estimate of the likely losses due to legal action. These amounts are not disclosed to prevent adverse effects on the outcomes of the litigations. The Corporation is also involved in other legal actions which the outcome is not determinable.

### 14. Commitments

The Corporation has commitments related to office space, enterprise licenses, and equipment. Minimum payments for these commitments are estimated as follows:

	2019	2020	2021	2022	2023	Thereafter
Office Space	\$5,260,565	\$4,304,185	\$3,381,189	\$2,821,691	\$2,578,934	\$7,395,746
Enterprise Licenses	7,349,505	9,731,793	9,945,317	9,945,317	828,776	-
Equipment	904,171	550,172	149,041	18,000	-	-
<b>Total</b>	<b>\$13,514,241</b>	<b>\$14,586,150</b>	<b>\$13,475,547</b>	<b>\$12,785,008</b>	<b>\$3,407,710</b>	<b>\$7,395,746</b>

SNB enters into other contractual arrangements on a regular basis in its normal course of operations.

### 15. Comparative Figures

Certain 2017 figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.