

Service New Brunswick

Annual Report
2018–2019



**Service New Brunswick
Annual Report 2018-2019**

Province of New Brunswick
PO 6000, Fredericton NB E3B 5H1 CANADA

www.gnb.ca

ISBN 978-1-4605-1626-3 (Bilingual print edition)
ISBN 978-1-4605-1628-7 (PDF: English edition)

ISBN 978-1-4605-2083-3 (Bilingual print edition)
ISBN 978-1-4605-2084-0 (PDF: English edition)

12463 | 2019.10 | Printed in New Brunswick

Transmittal Letters

From the Minister to the Lieutenant-Governor

The Honourable Brenda Louise Murphy

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, 2018, to March 31, 2019.

Respectfully submitted,



Sherry Wilson
Minister

From the Board of Directors to the Minister

Honourable Sherry Wilson

Minister of Service New Brunswick

Dear Minister Wilson:

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, 2018 to March 31, 2019.

Respectfully submitted,



Karen O. Taylor
Board Chair

Table of contents

- Chief Executive Officer’s message 1
- 2018-2019 highlights 2
- Governance of the corporation. 3
- Government of New Brunswick top priorities. 5
- SNB performance measures. 6
- Overview of organizational operations. 12
- Division overview and highlights 13
- Financial overview. 23
- Summary of staffing activity 26
- Summary of legislation and legislative activity. 27
- Summary of Official Languages activities 28
- Summary of recommendations from the Office of the Auditor General 29
- Summary of recommendations from the Office of the Auditor General, previous years 30
- Report on the *Public Interest Disclosure Act* 31
- Appendix: Financial statements 32

Chief Executive Officer's message

On behalf of the management and staff at Service New Brunswick (SNB), I am pleased to present our 2018-2019 Annual Report. This report provides a summary of the activities of each SNB division within fiscal year 2018-2019, along with audited financial statements for the corporation.

During our last fiscal year, we demonstrated growth by advancing SNB's mission to provide high quality, innovative services for customers with a focus on value for all New Brunswickers. We did this by continuing to focus on our five-year Strategic Plan. *Excellence in Service Delivery* is our vision 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 2018-2019, we focused on optimization and innovation. Through leveraging technology and productivity, we continue our work to grow the business.

Our past informs our future, and it is through the knowledge and expertise of our highly skilled staff that we continue to address challenges, achieve goals and raise the bar to better serve New Brunswickers.

I would like to thank our 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 stylized flourish at the end.

Alan Roy
Chief Executive Officer of Service New Brunswick

2018-2019 highlights

The following is a list of particular achievements for the organization during the 2018-2019 fiscal year:

- Over 100,000 NB students and teacher accounts were migrated to the Office 365 platform. This solution provides safe and flexible technology for public education that encourages increased collaboration capabilities and efficiencies. Work is also underway to migrate 35,000 GNB employee mailboxes to this platform.
- Network equipment upgrades and the deployment of a dedicated, industry compliant network for Point of Sale terminals were completed. This project resulted in significant speed increases to financial payment transactions for the public at SNB Service Centers throughout the province.
- Technology Services worked in collaboration with Justice and Public Safety, SNB Customer Care and SNB Service Delivery Support to successfully deliver a new Driver's Licence issuance and Facial Recognition system across the province. The common Facial Recognition solution is capable of providing cross-jurisdictional fraud detection, and the enhanced driver's licence includes fraud and tamper-resistant security features.
- ESS Connect, a new Education Support Services (ESS) system that houses Personalized Learning Plans as well as other useful forms, plans and tools, went live in January 2019 across all school districts in both Anglophone and Francophone sectors. This solution provides a place to record, monitor, collaborate, report on and communicate about student support services.
- 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 13 offices to one in St. Stephen.
- 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 were added.
- The Print Centre took over production print for the Dr. Everett Chalmers Regional Hospital (DECH) and Post Secondary Education, Training and Labour (PETL), resulting in the elimination of three leased production printers, inventory and other related overhead costs for those entities.
- Accounts Payable Services assisted with the 2018 flood relief and processed approximately 2,500 cheques to impacted New Brunswickers. SNB also assisted the NB Emergency Measures Organization with flood recovery efforts through four of SNB's regional offices.
- In 2018-2019, Energy Management workshops were delivered for the Anglophone and Francophone School Districts as well as for Horizon Health Network.
- Clinical Engineering met its strategic targets for completing maintenance on life-critical and high-risk medical devices.
- SNB's Strategic Procurement division, along with customer organizations, identified savings opportunities of more than \$6.5M in 2018-2019. These savings included soft savings (negotiated price discounts and cost increase avoidance) and hard savings (year-over-year price reductions).
- An innovative procurement process has been used this year to procure a new technological solution for an Enterprise Resource Planning system (ERP). This process allowed evaluation of demonstrations from various locations across the province and also allowed a discussion with top ranked suppliers before a final offer is submitted.

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 and risk 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 ¹	Vice Chair and Director	2/2	Audit & Finance	1/1
Roberta Dugas	Director	5/5	Governance & HR	3/3
Louise Duguay Lepage ²	Director	4/5	Governance & HR Audit & Finance	1/1 2/2
Doug Gaudett ³	Director	2/3	Audit & Finance	3/3
Gilles Lanteigne	Director	3/5	Audit & Finance	3/4
Garth Lawson ⁴	Director	4/5	Audit & Finance	4/4
Karen McGrath	Director	4/5	Governance & HR	1/3
Mary-Eileen O'Brien ⁵	Director	3/5	Governance & HR	3/3
Nicole Picot ⁶	Director	4/5	Audit & Finance	1/3
Gérald Richard	Director	5/5	Governance & HR	2/3
Alan Roy	Chief Executive Officer	5/5	Audit & Finance Governance & HR	4/4 3/3
Mireille Saulnier	Director	4/5	Governance & HR	3/3
Judy Wagner	Director	3/5	Audit & Finance	1/4
Elizabeth Webster	Board Chair and Director	5/5	Audit & Finance Governance & HR	3/4 2/3

1. Roland T. Cormier resigned as Vice Chair and Director on August 16, 2018.
2. Louise Duguay LePage switched from the Governance and HR Committee to the Audit and Finance Committee on November 15, 2018.
3. Doug Gaudett was appointed as a director on August 16, 2018.
4. Garth Lawson is the Audit and Finance Committee Chair.
5. Mary-Eileen O'Brien is the Governance & HR Committee Chair.
6. Nicole Picot resigned as a director on February 4, 2019.

Government of New Brunswick top priorities

Affordable and responsive government

VISION: New Brunswick will have its financial house in order, ensuring government is responsive and able to provide sustainable high-quality public services for all New Brunswickers for years to come.

Dependable Public Health Care

VISION: New Brunswick will have a sustainable health-care system which delivers high quality services to its citizens in a safe and timely manner.

World-class Education

VISION: Every child will get the best possible education to make the most of their lives. Young New Brunswick graduates will be able to compete with the best in the world in the areas they are passionate. New Brunswick youth will be viewed as top candidates by post-secondary institutions and employers, and will contribute their best to society.

Energized Private Sector

VISION: New Brunswick will be a leader in private sector investment growth and labour force growth. We will be home to successful small business, commercial and industrial companies providing quality jobs for our diverse and skilled workforce.

Vibrant and Sustainable Communities

VISION: New Brunswick communities will be vibrant, sustainable, welcoming and prosperous. Local governments will provide strong leadership and will collaborate to improve quality of life for everyone while taking long-term conservation into account.

High-performing Organization

VISION: The New Brunswick public service will be an organization that exceeds the expectation of its number one client: the public.

SNB performance measures

Affordable and Responsive Government	Enhance value to customers	Measure
	Meet and exceed customer expectations	Internal customer satisfaction index External customer satisfaction index
	Foster an engaged, high performing team	Measure
	Develop trained and capable managers	Employee net promoter score
High-performing Organization	Optimize and innovate	Measure
	Eliminate waste and duplication by leveraging technology and productivity	Number of key processes improved
	Grow the business	Measure
	Expand the business model	Number of new or expanded services

Enhance value to customers

Objective of the measure

Meet and exceed customer expectations

Measure

Internal customer satisfaction index
External customer satisfaction index

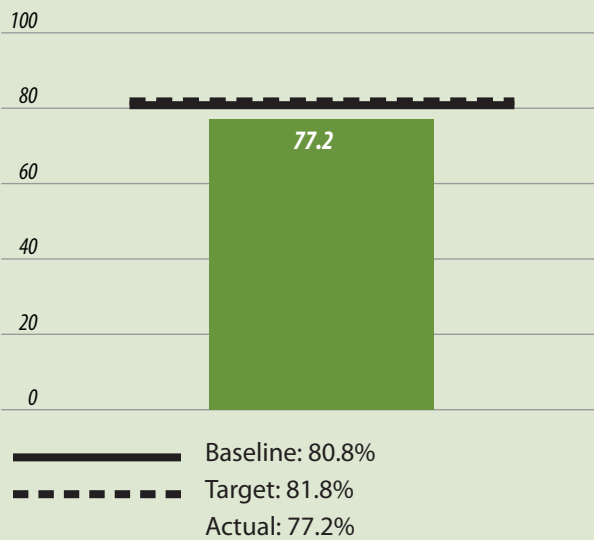
Description of measure

SNB has a methodology to measure customer satisfaction: the customer satisfaction index. SNB conducted separate customer satisfaction surveys with both internal customers and external customers in 2018-2019. In these surveys, SNB measures customer satisfaction with an index of 11 questions.

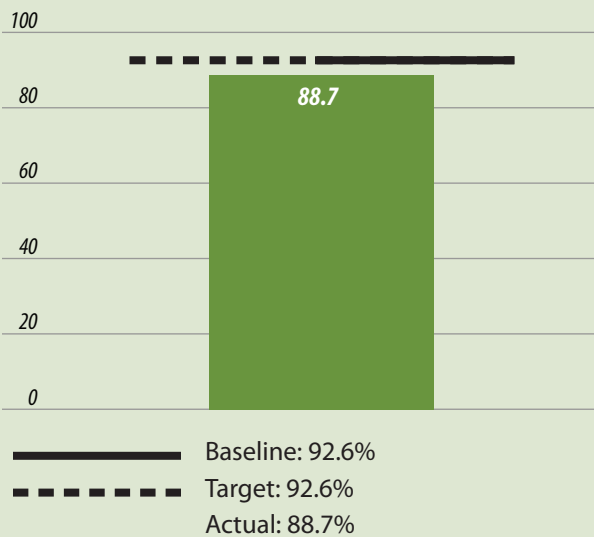
These measures indicate the level of satisfaction of all SNB customers with services that they have received. SNB conducts its annual survey using various outreach mediums (email, paper copy, online, telephone) to the customer groups. Survey questions are aligned with six key drivers of customer satisfaction¹: timeliness, issue resolution, staff interaction, service design, positive outcome and channel functionality. The internal customers are GNB employees in Parts 1 and 3 and external customers are NB residents and businesses.

Overall performance

Internal customer satisfaction survey results

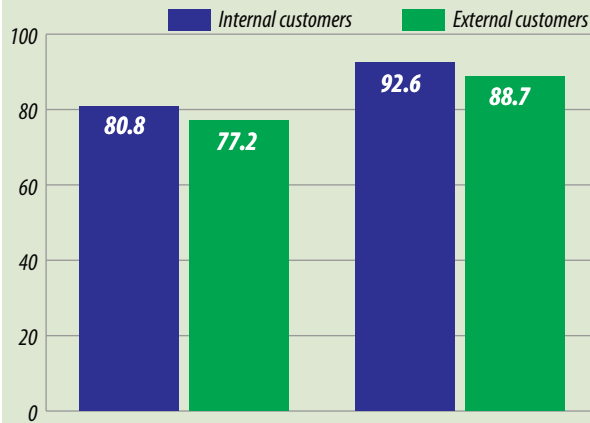


External customer satisfaction survey results



¹ Institute for Citizen-Centred Services

Customer satisfaction survey results



The results show that customer satisfaction for both internal and external SNB customers has slightly decreased. Nonetheless, results for the staff interactions driver (staff are helpful, knowledgeable and courteous) continues to be the highest driver for both internal and external customers. When compared to scores from other Canadian public sector organizations*, SNB's results for external customers continue to score very well, while there are still opportunities to explore improvements with our internal customers.

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

Why do we measure this?

Measuring customer satisfaction provides insight into customers' experience 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 to feedback received.

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

In an effort to improve customer satisfaction for SNB, survey results, including verbatim comments received from customers, were shared with SNB leaders and their staff, by service area and by driver of satisfaction, to better understand where improvements can be made. As a result, a number of initiatives were undertaken to improve customer satisfaction including Lean Six Sigma projects to review SNB processes and customer service learning modules for employees.

Foster an engaged, high performing team

Objective of the measure

Develop trained and capable managers

Measure

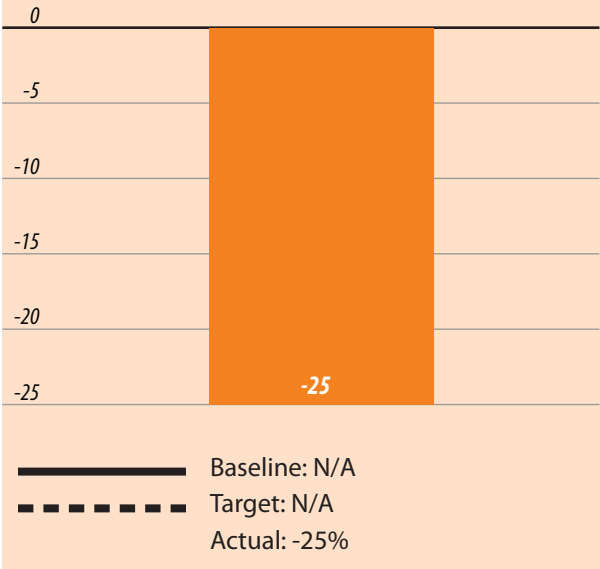
Employee net promoter score

Description of measure

SNB participated in an employee engagement survey conducted by Treasury Board for all GNB employees. This established SNB's employee net promoter score, the current standard being employed by many organizations to indicate employee engagement at the corporate level. The score is based on responses to the following survey question: *I feel comfortable referring a friend / family member to Service New Brunswick for employment.*

Overall performance

The 2018-2019 SNB employee net promoter score establishes the baseline.



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?

Establishing the baseline employee net promoter score enabled SNB to develop action plans in 2018-2019 to address employee engagement and foster a proud, productive and professional workforce.

Optimize and innovate

Objective of the measure

Continuously improve by leveraging technology and productivity

Measure

Number of key processes improved

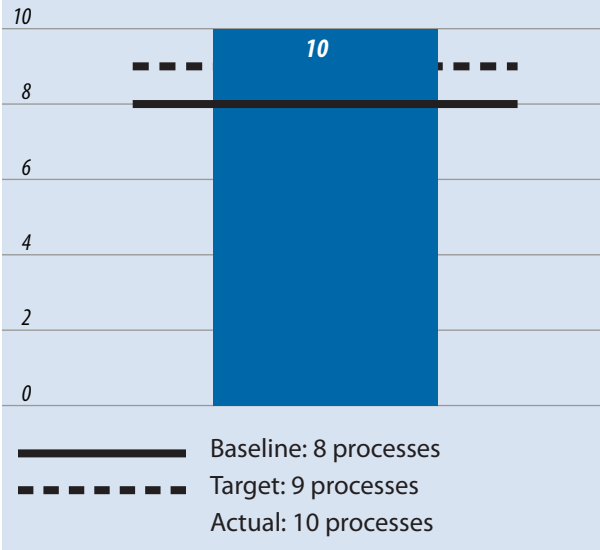
Description of measure

The measure quantifies the number of processes improved (Define, Measure, Analyze, Improve, Control) or established (Define, Measure, Analyze, Design, Verify) using Lean Six Sigma methodology and tools.

Overall performance

Ten key processes were improved in 2018-2019:

- Linguistic profiles;
- Contract approvals;
- Internal communications strategy refresh;
- Financial services signing authority;
- Linen distribution at Moncton Hospital (phase 1);
- Employee onboarding;
- Clean-up and maintenance of email distribution lists;
- Supplier maintenance;
- Property assessment base process; and
- Standardizing applicant screening for HR competitions.



Why do we measure this?

Continuous improvement is a fundamental component of SNB’s Strategic Plan. Lean Six Sigma projects, Kaizen Rapid Improvement Events, Waste Walks, and Daily Management are indicators of increased process efficiency and waste reduction which ultimately results in reduced costs and greater efficiencies for the organization. Involving employees in continuous improvement activities helps to promote an organizational culture where employees are engaged to find ways to improve and better serve the customer.

Grow the business

Objective of the measure

Expand the business model

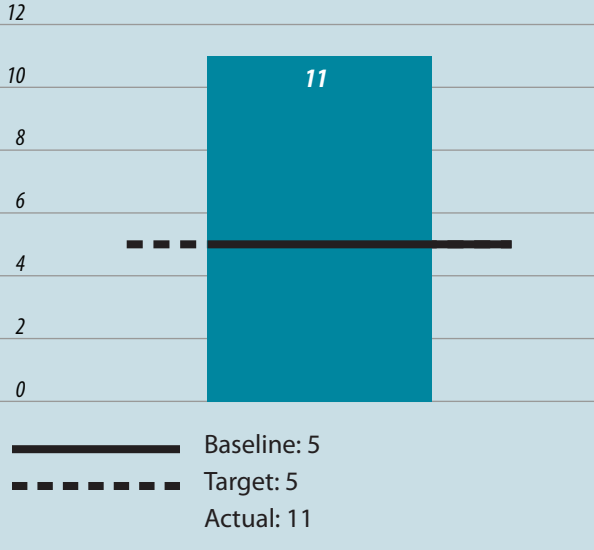
Measure

Number of new or expanded services

Description of measure

As SNB stabilizes and optimizes, there is an opportunity to grow the business, by expanding current service offerings to new customers, enhancing current services, or adding new services. Success is measured in terms of the additional sustainable revenue streams arising from new or expanded service offerings and new customers. New or expanded service offerings and new customers are expressed in terms of new or updated Service Agreements.

Overall performance



Why do we measure this?

Growing the business is a fundamental component of SNB's Strategic Plan.

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

A Business Development Strategy has been established, along with a screening tool which will be used to assess the value and risk of opportunities along four dimensions: Financial Return, Strategic Fit, Operational Ease, and Technological Considerations.

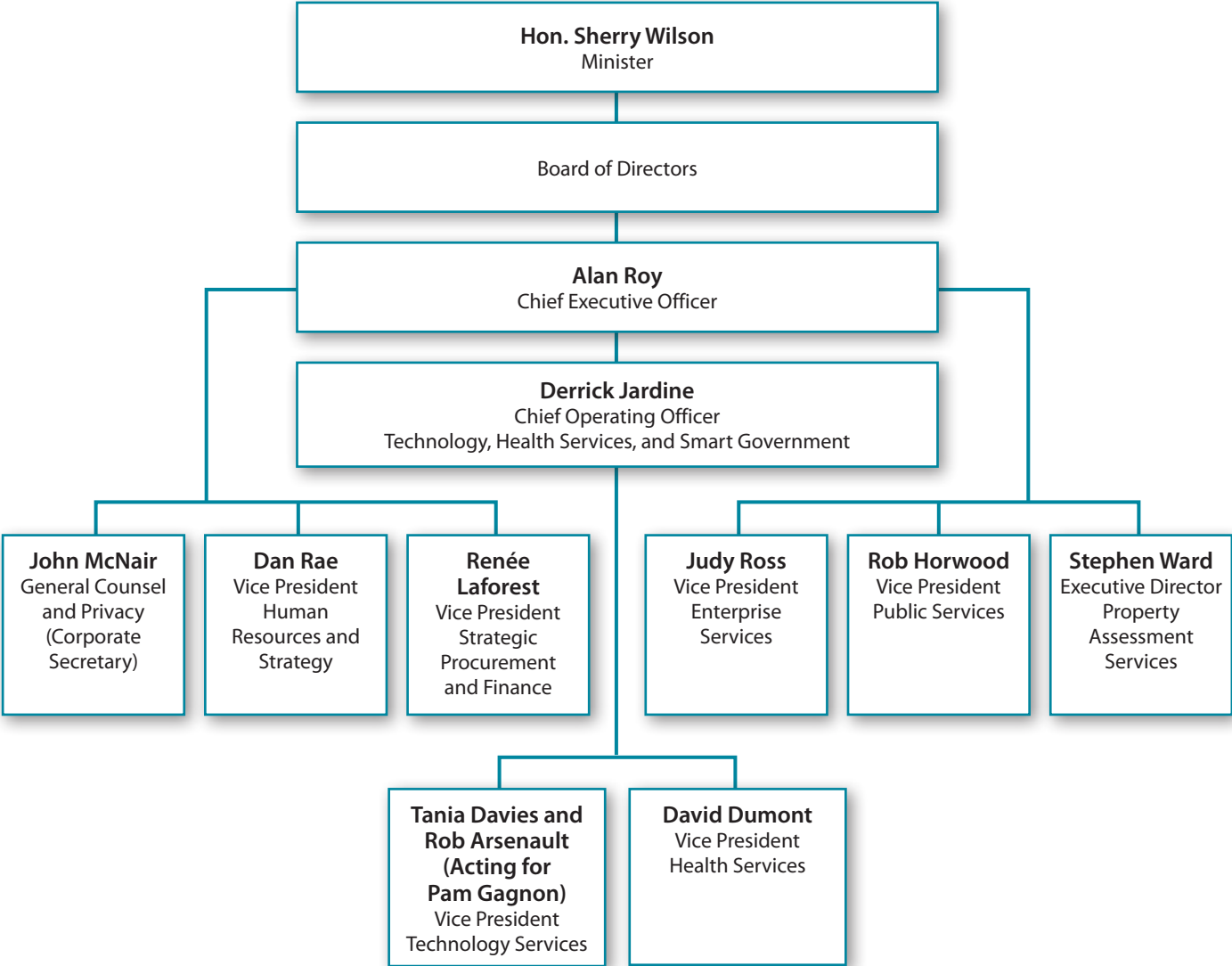
Overview of organizational operations

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

SNB fulfils its mission by delivering high-quality services, standardizing processes and products, adopting best practices, and leveraging greater economies of scale 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 over 2,400 people and had a budget of over \$274M in 2018-2019.

High level organizational chart



Division overview and highlights

Human Resources and Strategy

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 Client Services provides integrated and customer-driven HR services through embedded HR Client Services teams within client organizations, and subject matter expert teams in the areas of employee relations, classification and HR Strategy and Organizational Development, Health, Safety and Diversity and Integrated Staffing.

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.

Strategy and Organizational Performance

The Strategy and Organizational Performance branch is responsible for strategic planning and the measurement of performance across the organization. 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 is also responsible for corporate performance reporting. It ensures Service New Brunswick's day-to-day communication needs are met, including maintenance of the employee intranet site, websites, and reports that provide information and services to employees and business partners.

The branch also 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. In addition, the branch is responsible for the corporation's records management.

Further, the branch oversees aspects of SNB's total relationship management (customers and business partners) from a corporate perspective. It ensures that data is reliable and accessible for decision-making purposes and reporting. It is responsible for developing business development strategies, which includes evaluating and supporting opportunities for growth, and developing and monitoring service agreements that outline the services offered and the performance expectations. The branch also administers survey services, change management and measurement of service delivery performance and customer satisfaction to inform continuous improvement.

Internal Audit

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. The unit also conducts investigations as required.

Highlights

- ◆ SNB developed a Total Relationship Management (TRM) Strategy, in an effort to enhance value to customers by focusing on understanding and meeting their needs, and to grow the business by building trusted relationships with business partners. Over the next two to three years, SNB's TRM Strategy will focus on implementing priority initiatives such as enhancing the web presence for internal customers and reporting performance measures to customers and business partners.
- ◆ Human Resources Client Services undertook a Voice of the Customer exercise resulting in an adjustment to the organizational structure and service delivery model, and progressed through the 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 1,097 job postings in 2018 for Part 1 departments.

Strategic Procurement and Finance

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.

Finance

The Finance branch provides financial and operational reporting and analysis; internal controls; accounting for receivables, payables and assets; coordination of internal and external audits; and the preparation of financial statements. 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.

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

The 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 suppliers.

Statistics at a glance	2018-19	2017-2018	Change
Purchase Order value	\$1,021,377,343	\$1,356,084,221	(\$334,706,878)
Number of Purchase Orders	5,451	5,466	(15)
Number of Tenders/RFPs	2,241	1,560	681

Highlights

- ◆ SNB's Strategic Procurement division, along with customer organizations, identified procurement savings opportunities of more than \$6.5M in 2018-2019. 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 14 customer departments to discuss their major upcoming procurement requirements.
- ◆ A strategic plan for the newly integrated Strategic Procurement team was developed including a list of 15 initiatives to be undertaken over the next three years.
- ◆ A large, innovative procurement process has been used this year to procure a new technological solution for an Enterprise Resource Planning (ERP) system. This process allowed evaluation of demonstrations from various locations across the province and also allowed a discussion with top ranked suppliers before a best and final offer is submitted.

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 clinicians and health-care administrators to plan for and evaluate new and existing health-care technologies. Responsibilities include inspecting and maintaining equipment, and ensuring the technology complies with all applicable regulations.

The Clinical Engineering branch helps determine when equipment has reached end-of-life status and plays a role in the decommissioning process. The service also supports investigations of incidents related to medical equipment and participates actively in the training and education of technical and medical personnel regarding its use.

Statistics at a glance	2018-2019	2017-2018	Change
Work orders*	64,488	64,105	383
Preventative maintenance service orders received**	19,963	20,252	(289)
Equipment alerts requiring action***	1,290	674	616

Net new equipment inventory (incoming equipment – obsolete equipment) increased by 2,621 devices.

* The increase in work orders correspond with a 1.6% growth in documented support hours (+ 1,776 hours) from the past 2017-2018 fiscal.

** Although the number of Preventative Maintenance Service Order declined, Preventative Maintenance support hours increased by 7% (+ 1,373 hours) and incoming inspections (safety and compliance) on new equipment increased by 1% (+ 44 hours). Annual fluctuations in Preventative Maintenance Support are directly dependant on the quantity of new equipment purchases, past equipment purchases, and expiring equipment warranties.

*** 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 process review was held in 2018-19 to identify gaps and improve consistency within the province for alert management. The implemented change yielded an increased demand for documented tracking and resulted in an additional +287 support hours.

Supply Chain

On a daily basis, a wide variety of equipment, supplies and services are used in the delivery of healthcare to New Brunswickers. The 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. The Supply Chain branch includes purchasing, inventory management/stores, shipping and receiving, distribution, logistics, print shops, and mail rooms.

Statistics at a glance	2018-2019	2017-2018	Change
Purchase orders*	144,825	143,495	1,330
Dollar value of purchase orders*	\$247,459,295	\$324,499,528	(\$77,040,233)
# Purchase order lines received by shipping & receiving departments	553,583	537,288	16,295
Avg. monthly inventory turnover	.98	1.07	(0.09)
Avg. monthly main inventory value	\$5,940,504	\$5,424,510	\$515,994
# Warehouse line items picked for distribution	2,707,506	2,833,241	(125,735)

*For 2018-2019, the table above excludes dollar value and number of purchase orders processed by Strategic Procurement Health. Data is now reported under the Strategic Procurement Division of SNB.

Laundry and linen services

Reliable laundry service is essential to the operation and delivery of healthcare. It is an integral component in the management of infection control for the delivery of patient care. This includes the preparation and processing of products such as isolation gowns, surgical linen, patient gowns, bed sheets, towels, and environmental products to name a few. Laundry and linen service provides complete service from pick-up of soiled linen to delivery of clean items throughout New Brunswick's many health-care facilities and nursing homes.

The Saint John Laundry project continued throughout 2018-2019. The building expansion and construction of the new wash processing area was completed. The renovation of the linen finishing area started March 2019. Completion of the project is anticipated by the fall of 2019.

Statistics at a glance	2018-2019	2017-2018	Change
Pounds of laundry processed (lbs)	21,988,462	21,984,100	4,362
Number of customers	80	80	(no change)

Energy Management

The Energy Management unit is responsible for leading and coordinating the Government of New Brunswick Energy Management Strategy. This service enables

energy to be a manageable input to facility operations by incorporating energy into everyday operational practices while maintaining or improving thermal comfort and indoor air quality for its patrons (patients, students, public service employees). A continuous improvement approach is used and is instrumental in optimizing energy use, which is an essential solution to rising energy costs and climate change challenges. The Regional Health Authorities, laundry operations and educational facilities are actively supported.

The energy management program, combined with the proper tools and knowledge, will further operational efficiencies which will, in turn, reduce energy consumption and demand.

In response to the Climate Change Action Plan, SNB began implementing a government-wide energy management and reporting system to ensure all departments are accountable for energy consumption and corresponding greenhouse gas emissions. In collaboration with Anglophone West School District, the Department of Transportation and Infrastructure Buildings Division, 50 schools were entered into the ENERGY STAR® Portfolio Manager^{1,2}.

Statistics at a glance	2018-2019	2017-2018	Change
Number of sites entered into ENERGY STAR® Portfolio Manager	59	4	55
Actual cost avoidance	\$1.95M	\$1.4M	\$0.55M

1 This was made possible by financial contribution from Natural Resources Canada (NRCAN)

2 NRCAN's ENERGY STAR Portfolio Manager® is a free, simple to use, web-based benchmarking tool that allows users to understand how their building's energy performance measures against similar buildings nationwide with metrics like energy use intensity (EUI) and a 1-100 ENERGY STAR score.

Highlights

- ◆ In 2018-2019, Energy Management workshops were delivered for the Anglophone and Francophone school districts as well as for the Horizon Health Network.

- ◆ Horizon Health Network's Saint John Regional Hospital earned NRCAN's ENERGY STAR® certification for label year 2018, the first health-care facility in Canada to receive the certification. Health Services has supported the integration of the Energy Management Program for the Horizon Health Network.
- ◆ Clinical Engineering met its strategic targets for completing maintenance on life-critical and high-risk medical devices.
- ◆ The Saint John Laundry project continued throughout 2018-2019. The building expansion and construction of the new wash processing area was completed. The renovation of the linen finishing area started March 2019. Completion of the project is anticipated by the fall of 2019.

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 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	2018-2019	2017-2018	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	2018-2019	2017-2018	Change
Total collected on property tax accounts in arrears	\$86.4 M	\$81.0 M	\$5.4 M
Total collected on Student Loan accounts in default	\$7.3 M	\$6.8 M	\$0.5 M

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	2018-2019	2017-2018	Change
Translation requests processed by employees	13,877 requests 6.2 M words	13,142 requests 5.8 M words	735 requests 0.4 M words
Translation requests processed externally	2,755 requests 7.0 M words	4,405 requests 7.9 M words	(1,650 requests) (0.9 M words)
Days of simultaneous and/or consecutive interpretation provided by employees	838	475.5	362.5
Days of simultaneous and/or consecutive interpretation provided externally	1,200	1,722	(522)

Payroll and Benefits Services

The Payroll and Benefits Services branch is responsible for making payroll and benefits payments to about 11,000 civil servants and 2,100 casual employees as well as pension payments to about 35,600 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	2018-2019	2017-2018	Change
Transactions processed	130,042	115,211	14,831
Employee self-service leave requests	168,553	169,440	(887)

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 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	2018-2019	2017-2018	Change
Graphic design projects	493	534	(41)
Media buys *	297	302	(5)
Websites maintained	38	38	0
Vendor contracts *	38	41	(3)

*2017-2018 amounts restated

The Managed Print and Distribution branch 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 as well as colour print requests. The Distributed Print unit centrally manages a contract that provisions efficient multi-functioning printing devices throughout Parts 1, 2 and 4 of GNB.

The Postal Services unit 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. The branch also provides an employee/agent identification card service and administers GNB's surplus assets.

Statistics at a glance	2018-2019	2017-2018	Change
Printing Services (Volume)			
Internal print jobs	1,813	1,675	138
Third-party print jobs	327	302	25
Print Optimization			
Device count	3,887	3,837	50
Impressions	217,961,756	220,027,510	(2,065,754)
Postal Services			
Pieces metered	4,886,272	4,349,537	536,735
Pieces shipped	20,306	18,029	2,277

Highlights

- ◆ Postal Services has saved GNB clients \$228,394 by processing all letter mail through the Canada Post's Incentive Mail Program. Postal Services is working with the two Health Authorities to lower their letter mail costs as well.
- ◆ The Print Centre took over production print for the Dr. Everett Chalmers Regional Hospital (DECH) and Post Secondary Education, Training and Labour (PETL), resulting in the elimination of three leased production printers, inventory and other related overhead costs for those entities.
- ◆ For 2018-2019, the Advertising unit booked 45 radio campaigns, 218 print campaigns, 30 web/social media campaigns, and four television campaigns for a total of 297 campaigns.
- ◆ During 2018-2019, 38 contracts for external marketing communications services were awarded for a total value of \$1,453,804.
- ◆ Accounts Payable Services assisted with the 2018 Flood relief and processed approximately 2,500 cheques to impacted New Brunswickers, and SNB also assisted NB Emergency Measures Organization with flood recovery efforts through four of SNB's regional offices.

- ◆ Accounts Payable Services started a new service in support of the Department of Education and Early Childhood Development's (EECD) new Early Learning and Childcare Action Plan. This new service has Accounts Payable Services determining applicant's benefits based on the parameters set by EECD.

Technology Services

Technology is increasingly a core element to improving the delivery of services to the public and an important aid in the productivity of government workers. SNB Technology Services is accountable for the effective and efficient delivery of Information Technology (IT) services across the Government of New Brunswick while meeting the provincial government's objectives related to technology.

Technology Services operates as a shared services provider across GNB and is responsible for all aspects of IT service delivery, including:

- IT Service Desk;
- Providing technical support to 35,000 government employees and other stakeholders;
- Managing more than 26,000 desktops, laptops, tablets, and mobile devices;
- Procurement and contract management for all IT goods and services;
- IT operations and support of government IT infrastructure including the management of data centres, the email system, and provincial IT networks;
- IT strategy and planning;
- IT risk management and security;
- 24/7 IT support for the health sector; and
- Implementation, operation and support of business applications used by all GNB departments and the Regional Health Authorities to ensure the continuous operation and delivery of government services to the public.

Highlights

- ◆ Over 100,000 NB students and teacher accounts were migrated to Office 365 platform. This solution provides safe and flexible technology for public education that ensures increased collaboration capabilities and efficiencies. Work is also underway to migrate 35,000 GNB employee mailboxes to the Office 365 platform.
- ◆ Network equipment upgrades and the deployment of a dedicated, industry compliant network for Point of Sale terminals were completed. This project resulted in significant speed increases to financial payment transactions for the public at SNB service centres throughout the province.
- ◆ As a result of recent legislation, the Motor Vehicle System's suspension processing for Drug Impaired Offences were updated to comply with new federal laws.
- ◆ Technology Services worked in collaboration with Justice and Public Safety, SNB Customer Care, and SNB Service Delivery Support in successfully delivering a new Drivers Licence issuance and Facial Recognition system across the province. The common Facial Recognition solution is capable of providing cross-jurisdictional fraud detection, and the enhanced driver's licence includes fraud and tamper-resistant security features.
- ◆ ESS Connect, a new Education Support Services (ESS) system that houses Personalized Learning Plans (PLPs) as well as other useful forms, plans and tools, went live in January 2019 across all school districts in both Anglophone and Francophone sectors. This solution provides a place to record, monitor, collaborate, report on and communicate about student support services.
- ◆ Technology Services responded to 158,000 tickets for the Regional Health Authorities and 76,000 tickets for departmental clients.

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 (Volume)	2018-2019	2017-2018	Change
GeoNB hosted datasets	66	64	2
GeoNB hosted applications	21	20	1
LIDAR acquired *	23,202 km ²	25,489 km ²	(2,287) km ²
GeoNB hosted LiDAR	71,871 km ²	48,669 km ²	23,202 km ²
GeoNB visits	169,795	163,839	5,956
Maps hosted on ArcGIS Online	70	62	8
Digital Elevation Model	48,492 km ²	27,534 km ²	20,958 km ²
Outreach / Education sessions	6	8	(2)

* 2018 – 2019 completion of the multi-year program to acquire and release LIDAR data for the entire provincial land mass.

Business Opportunities and Digital Services

Digital Services supports 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.

Highlights

The unit's key activities in 2018-2019 included:

- ◆ The launch of the Open Data Portal and the publication of 29 new datasets;
- ◆ Creation of an online International Fuel Tax Agreement quarterly tax return for the Department of Finance;
- ◆ Addition of non-resident resident moose and bear licenses to the e-Licensing system;
- ◆ Supported Phase 1 of SNB.ca website migration to GNB's content management system to streamline the content update process;
- ◆ Creation of nine public service videos for display in SNB service centres; and
- ◆ Signing of six new service level agreements and renewal of 49 existing agreements with provincial and municipal partners.

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 1-888-762-8600; and
- online at www.snb.ca.

A range of services are delivered on behalf of various departments and agencies including the federal government. SNB also accepts payments on behalf of 64 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	2018-2019	2017-2018	Change
Government partners: Provincial (all government departments); federal (Pleasure Craft Licensing*); municipalities	4,201,611	3,890,062	311,549
SNB: Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Residential Tenancies Tribunal, Vital Statistics, and SNB products	2,513,194	2,461,704	51,490
Other partners: Payment taking for NB Power, Regional Health Authorities, WorkSafeNB, and others	86,080	83,110	2,970
Total transactions	6,800,885	6,434,876	366,009

*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; 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	2018-2019	2017-2018	Change
Security deposits accepted	13,097	17,687	(4,590)
Value of security deposits held in trust	\$30,811,404	\$28,083,038	\$2,728,366
Applications for return of security deposits processed	10,661	13,430	(2,769)
Applications for assistance or disputed claims received	4,603	4,483	120

Property Assessment Services

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

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 programs.

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, of which 22 were directed at SNB. The Auditor General targeted dates of completion between six and 24 months from the date of the report. SNB agreed with all of the recommendations and has implemented an action plan to address each of the outstanding issues. As recommended in the

Auditor General’s report, SNB is now publicly reporting on property assessment errors. SNB has made considerable progress to date with 11 of the recommendations completed, while the remaining recommendations are either partially complete or in progress.

Property Assessment Statistics					
Tax year	Number of properties	Assessment Base (Billion \$)	Request for review	Per cent of property accounts	Appeals (Assessment Board)
2018	468,744	64.4	3,956	0.08	127
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

Property Assessment Errors			
Tax year	Number of Factual* Errors	Number of Administrative **Errors	Total Errors
2018	2,117	3,172	5,289

* A factual error is the result of incorrect property data / characteristics used in the calculation of a property value.

**An administrative error is the result of an incorrect tax levy amount which is unrelated to the property valuation.

Registries

Condominium properties are administered through the *Condominium Property Act*, which sets out the rules for developing, operating, and managing them in New Brunswick. This area provides approval for condominium corporations, and accepts information on reserve funds, financial statements, insurance, and directors filed by these 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 can access information on past and existing businesses and non-profit companies through the registry.

Land registration records date back to the original Crown land grants and are available for public scrutiny. The Land Registry unit operates the provincial land registration office where legal plans and documents such as deeds, mortgages and wills relating to the ownership of real property, can be registered. The unit maintains the PLANET system, which allows land-based transactions 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 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.

Statistics at a Glance			
Registries Activities	2018-2019	2017-2018	Change
Condominiums			
New Corporations	4	0	4
New units approved	33	15	18
Corporate Registry			
Incorporations	2,447	2,515	(68)
Registrations	3,168	3,240	(72)
Annual Return	41,802	40,274	1,528
Certificate of Status/ certified copies	4,659	3,634	1,025
Land Registry			
Registrations	81,491	83,685*	(2,194)
Searches	34,608	35,002*	(394)
Certificates of Registered Ownership sold	28,540	29,503*	(963)
*The statistics for these activities reported in the 2017-2018 Annual Report were incorrect; they have been rectified in this report.			
Personal Property Registry			
Registrations	152,451	162,982	(10,531)
Searches	73,100	72,337	763
Vital Statistics			
Certificates issued (all types)	29,671	29,887	(216)
Change of name processed	378	318	60
Vital events registered	18,153	16,661	1,492

Highlights

- ◆ The Land Registry unit traditionally maintained a network of 13 land registration offices. As of July 3, 2018, the land registration office consolidation initiative was fully implemented. St. Stephen is now the location of the provincial land registration office.
- ◆ Corporate Registry launched two new online services. Clients can now receive Annual Return, Notice of Decision to Dissolve or Notice of Decision to Cancel notifications by email instead of ordinary mail, and can now submit a business name registration by a corporation electronically rather than having to submit paper documents.

Financial overview

2018-2019 Consolidated Financial Statement Discussion and Analysis

The Consolidated Financial Statement Discussion and Analysis document will focus on providing variance analyses between the Budget and Actual amounts for 2018-2019.

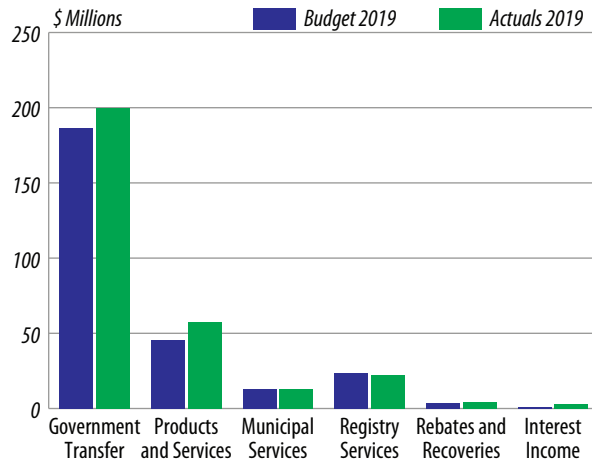
Significant Financial Variances

The following table compares actual financial results to budgeted figures for 2018-2019.

Financial Statement Analysis for the year ended March 31, 2019: Statement of Operations			
	Budget 2019	Actuals 2019	Budget Variance
Revenues			
Government Transfers	\$ 186,759,000	\$ 200,054,247	\$ 13,295,247
Products and Services	45,654,792	57,791,197	12,136,405
Municipal Services	12,709,727	12,790,692	80,965
Registry Services	23,802,985	22,098,265	(1,704,720)
Rebates and Recoveries	3,709,000	4,213,057	504,057
Investment Income	1,249,000	2,937,678	1,688,678
Revenue from Operations	273,884,504	299,885,136	26,000,632
Expenses			
Executive Administration	1,119,659	591,799	(527,860)
Finance, Human Resources and Strategy	28,011,372	24,730,969	(3,280,403)
Strategic Procurement	4,846,142	4,253,181	(592,961)
Technology Services	145,833,761	140,163,539	(5,670,222)
Health Services	36,442,426	43,190,771	6,748,345
Enterprise Services	27,568,322	26,355,659	(1,212,663)
Public Services	30,062,822	31,383,168	1,320,346
Total Expense	273,884,504	270,669,086	(3,215,418)
Surplus	\$ -	\$ 29,216,050	\$ 29,216,050

Revenue Variances

Total revenue for 2018-2019 is \$26.0M greater than budget. This variance will be explained by revenue source below.



Government Transfer

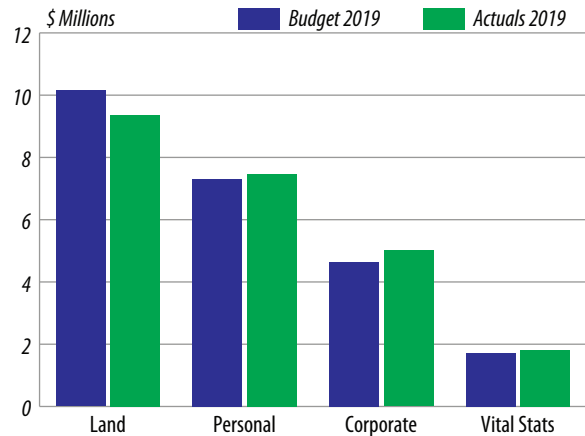
Revenues from Government Transfers is \$13.3M higher than budget. This increase is due to funding for laundry capital purchases of \$13.0M, and transfers for bargaining contract increases of \$0.3M.

Products and Services

Revenues resulting from the sale of products and services came in at \$12.1M more than budget for 2018-2019. This increase is made of additional revenue for 'net new' services of \$4.4M and additional chargebacks to departments and agencies for programs and services related to Technology Services, Human Resources, Translation and Corporate Marketing of \$3.2M, and \$2.6M in funding for the LiDAR initiative being led by the Land Information Infrastructure branch. There was also a \$1.6M reclassification of revenues in registries, as identified below.

Registries

Registry revenue totals were \$1.7M less than budgeted for 2018-2019. This variance is largely due to reclassification of revenue to Products and Services of \$1.6M, and Land Registry transaction volumes being lower than expected and accounting for \$0.8M 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 transaction volumes in the Corporate registry, Personal Property registry and Vital Statistics which accounted for \$0.7M in additional revenue.

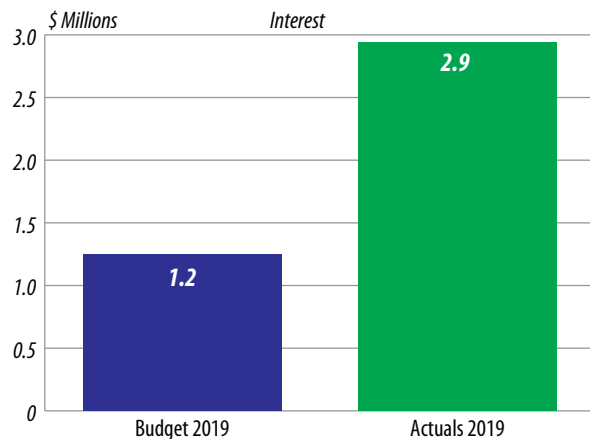


Rebates and Recoveries

This revenue came in at \$0.5M more than budget primarily due to additional rebates from suppliers.

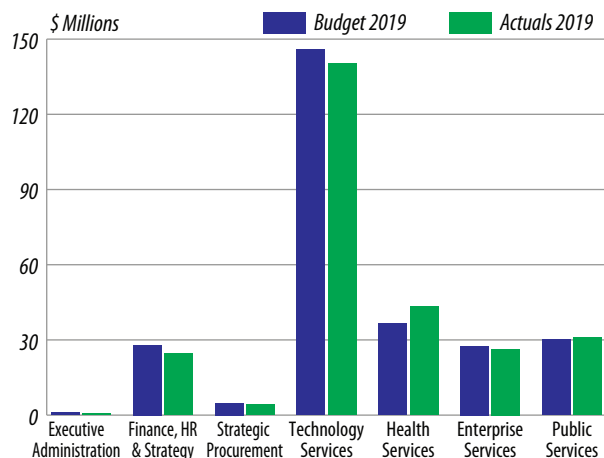
Interest Income

Interest revenues exceeded budget expectations by \$1.7M in 2018-2019. Growth in interest income is contingent upon the amount of money invested, term of the investment and interest rates. For 2018-2019 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.



Expense Variances

Total expenses for 2018-2019 are \$3.2M less than budgeted. This under expenditure is due to vacancies resulting in net salary savings of \$2.3M and net savings across discretionary expenses of \$0.9M. Variances by division will be explained below.



Executive Administration

Total expenses for 2018-2019 were \$0.5M less than budgeted. This decrease was due to savings in professional services.

Finance, Human Resources and Strategy

Total expenses for 2018-2019 were \$3.3M less than budgeted. This decrease was due to \$3.3M in vacancies and employee benefits.

Strategic Procurement

Total expenses for 2018-2019 were \$0.6M less than budgeted. This decrease was due to professional services fees being under spent and vacancies by \$0.6M.

Technology Services

Total expenses for 2018-2019 were \$5.7M less than budgeted. This decrease is due to vacancies of \$3.4M, savings in software maintenance, professional services, machinery and equipment, amortization and communications of \$9.0M. These savings were partially offset by additional expenditures in computer software of \$4.9M.

Health Services

Total expenses for 2018-2019 were \$6.7M higher than budgeted. This increase was due to additional salaries of \$1.8M which were required due to the modernization of laundries service project, \$3.6M in equipment, building and supplies expense, and \$1.4M in services provided by other laundry suppliers.

Enterprise Services

Total expenses for 2018-2019 were \$1.2M less than budgeted. Decreases related to salary expenses of \$1.1M and \$0.1M in other operating expenses.

Public Services

Total expenses for 2018-2019 were \$1.3M higher than budgeted. This increase was primarily due to additional salary expenses of \$3.5M. This increase was partially offset by \$0.8M reduction in professional services, \$0.2M savings in travel, \$0.4M savings in postage, and \$0.3M in computer software, with the remaining \$0.5M being saved in other operating expenses.

Risk Management

Service New Brunswick faces numerous risks which 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 focusing 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	2018-2019
Permanent	355
Temporary	252
TOTAL	607

Staffing activities include formal competitions, expressions of interest, casual hiring, personal services contracts, secondments, and lateral transfers. Of these, SNB posted 288 competitions, including 171 open (public) competitions and 117 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"> • A high degree of expertise and training; • A high degree of technical skill; and • Recognized experts in their field. 	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	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)	17
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

Regulatory Amendments

Name of Regulation	Effective Date	Summary of changes
New Brunswick Regulation 82-218, the General Regulation – <i>The Residential Tenancies Act</i> http://laws.gnb.ca/en/showfulldoc/cr/82-218//20190429	May 15, 2018	The Act and regulation were amended to provide the ability to enable service of any notice, document or process on a person or the Residential Tenancies Tribunal to be sent electronically.
New Brunswick Regulation 83-130, the General Regulation – <i>Land Titles Act</i> http://laws.gnb.ca/en/showfulldoc/cr/83-130//20190429	May 15, 2018	The Act and regulation were amended to enhance the process for submitting documents.
New Brunswick Regulation 84-50, the General Regulation and New Brunswick Regulation 84-190, the Instrument Standards Regulation, <i>Registry Act</i> http://laws.gnb.ca/en/showfulldoc/cr/84-50//20190429 http://laws.gnb.ca/en/showfulldoc/cr/84-190//20190429	May 15, 2018	The Act and regulations were amended to enhance the process for submitting documents.
New Brunswick Regulation 83-131, the Deeds and Transfers Regulation, New Brunswick Regulation 83-132, the Leases Regulation, New Brunswick Regulation 83-133, the Mortgages Regulation and New Brunswick Regulation 84-137, the Debentures Regulation – <i>Standard Form of Conveyance Act</i> http://laws.gnb.ca/en/showfulldoc/cr/83-131//20190429 http://laws.gnb.ca/en/showfulldoc/cr/83-132//20190429 http://laws.gnb.ca/en/showfulldoc/cr/83-133//20190429 http://laws.gnb.ca/en/showfulldoc/cr/84-137//20190429	May 15, 2018	The regulations were amended to broaden the rules around paper size and margins.

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.

Six official complaints were filed under the act in 2018–2019. All of the complaints were deemed to be founded, and the issues surrounding each were reviewed and addressed.

Introduction

During 2018–2019, 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:

- Completed a review of all linguistic profiles to ensure that resources can deliver services in both Official Languages.
- The Annual Customer Satisfaction Survey includes a question for customers to confirm if they received the service in the Official Language of their choice.

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:

- Employees were asked to complete the online modules on Language of Service and Language of Work in order to build on their knowledge of the *Official Languages Act*.

Conclusion

During 2018–2019, 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.

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"), 2018-2019.

1. **Multiple Accounting System with 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.*
2. **Multiple Errors in the Financial Statements:** *Recommend the Corporation train staff on how to record transactions around year-end, develop checklists and process documents which outline year end procedure and thoroughly review all account reconciliations and other year-end documents to reduce the number of errors in the financial statements.*
3. **Internal Control Weaknesses:** *Recommend the Corporation review and resolve the internal control weaknesses identified, as soon as possible.*
4. **Weaknesses in Tangible Capital Asset Processes:** *Recommend the Corporation document its approval to dispose of tangible capital assets, review and inspect its tangible capital asset listing on an annual basis to verify all assets exist and are valued appropriately.*
5. **Review of Annual Budget Process:** *Recommend the Corporation prepare its budget on the same basis as the financial statements.*
6. **Agreements Remained Unsigned:** *Recommend the Corporation have signed agreements with all 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 https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V3/Agrepe.pdf	25	13
Matters arising from the Audit of the Financial Statements of Service New Brunswick, 2017/2018 https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2018V3/Agrepe.pdf	5	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Property Tax Assessment System (EvAN) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	3	2
Matters Arising from our Audit of the Financial Statements of the Province, 2017 – Payments Processed through the Image Process Management System (IPM) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf	4	2
Matters Arising from our Audit of the Financial Statements of the Province, 2016 – SNB, Information Technology Findings http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V4/Agrepe.pdf	4	2
Matters Arising from our Audit of the Financial Statements of the Province, 2017 – SNB, Payroll and Benefits (HRIS) http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2017V4/Agrepe.pdf	3	1
Department of Agriculture, Aquaculture and Fisheries: Agricultural Fair Associations, 2016 – SNB, Property Tax Assessment Services http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2016V1/Chap4e.pdf	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 2018-2019 fiscal year.

Appendix: Financial statements

Service New Brunswick

Management Report

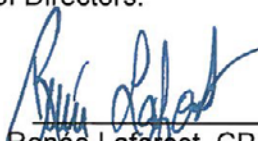
The preparation of financial information is an integral part of management's responsibilities and the accompanying consolidated financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments 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, 2019 are approved by the Board of Directors.



Alan Roy
Chief Executive Officer



Renée Laforest, CPA, CGA
Chief Financial Officer

Fredericton, N.B., Canada
June 26, 2019

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors of Service New Brunswick

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Service New Brunswick (the Entity), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations & change in accumulated surplus, change in net financial assets, and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and the results of its operations & change in accumulated surplus, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Fredericton, New Brunswick
June 26, 2019

Service New Brunswick

Consolidated Statement of Financial Position

As at March 31

	2019	2018
Financial Assets		
Cash	\$ 22,657,798	\$ 75,272,400
Due from Province of New Brunswick	61,048,971	-
Short-Term Investments	6,000,000	23,000,000
Restricted Assets (Note 6)	13,692,600	14,428,005
Accounts Receivable and Advances (Note 7)	25,340,757	24,513,347
Long-Term Investments	19,000,000	25,000,000
Total Financial Assets	147,740,126	162,213,752
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	\$ 27,407,378	\$ 38,037,015
Due to Province of New Brunswick	-	21,508,621
Partner Liabilities (Note 9)	7,481,288	6,773,672
Deferred Receipts	349,387	344,653
Land Titles Assurance (Note 10)	6,211,312	6,004,333
Total Liabilities	41,449,365	72,668,294
Net Financial Assets	\$106,290,761	\$ 89,545,458
Non-Financial Assets		
Tangible Capital Assets (Note 11)	\$ 58,558,190	\$ 46,847,824
Inventory	234,542	182,589
Prepaid Expenses	11,522,349	10,813,921
Total Non-Financial Assets	70,315,081	57,844,334
Accumulated Surplus	\$176,605,842	\$ 147,389,792

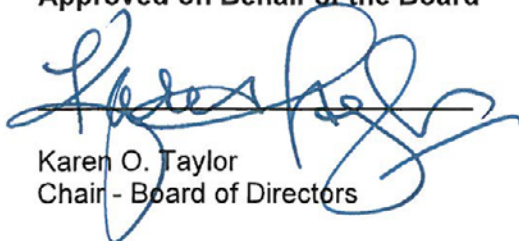
The accompanying notes are an integral part of these Consolidated Financial Statements.

Contingent Liabilities (Note 13)

Subsequent Event (Note 15)

Commitments (Note 14)

Approved on Behalf of the Board



Karen O. Taylor
Chair - Board of Directors



Doug Gaudett, CPA, CA
Director

Service New Brunswick

Consolidated Statement of Operations & Change in Accumulated Surplus

For the years ended March 31

	Budget Note 3	2019	2018
Revenue			
Government Transfers	\$186,759,000	\$ 200,054,247	\$ 184,083,341
Products and Services	45,654,792	57,791,197	62,497,995
Municipal Services	12,709,727	12,790,692	12,675,574
Registry Services	23,802,985	22,098,265	20,544,843
Rebates and Recoveries	3,709,000	4,213,057	4,195,632
Investment Income	1,249,000	2,937,678	1,920,938
Total Revenue	273,884,504	299,885,136	285,918,323
Expense			
Executive Administration	1,119,659	591,799	792,322
Finance, Human Resources and Strategy	28,011,372	24,730,969	26,969,425
Strategic Procurement	4,846,142	4,253,181	2,511,070
Technology Services	145,833,761	140,163,539	131,881,563
Health Services	36,442,426	43,190,771	40,179,974
Enterprise Services	27,568,322	26,355,659	25,427,502
Public Services	30,062,822	31,383,168	31,301,420
Total Expense	273,884,504	270,669,086	259,063,276
Surplus	-	29,216,050	26,855,047
Accumulated Surplus, Beginning of Year		147,389,792	120,534,745
Accumulated Surplus, End of Year		\$ 176,605,842	\$ 147,389,792

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

	Budget Note 3	2019	2018
Net Financial Assets, Beginning of Year	\$ 89,545,458	\$ 89,545,458	\$ 75,522,510
Surplus	-	29,216,050	26,855,047
Loss on Disposal of Tangible Capital Assets	-	129,542	5,567
Proceeds from Disposal of Tangible Capital Assets	-	201,226	-
Acquisition of Tangible Capital Assets (Note 11)	(30,950,516)	(20,334,762)	(18,200,294)
Amortization of Tangible Capital Assets	8,468,547	8,293,628	7,755,064
Net Changes in Prepaid Expenses	-	(708,428)	(2,302,278)
Net Changes in Inventory	-	(51,953)	(90,158)
Increase (Decrease) in Net Financial Assets	(22,481,969)	16,745,303	14,022,948
Net Financial Assets, End of Year	\$ 67,063,489	\$106,290,761	\$ 89,545,458

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

	2019	2018
Cash Generated by (used in):		
Operating Transactions		
Surplus	\$ 29,216,050	\$ 26,855,047
Amortization of Tangible Capital Assets	8,293,628	7,755,064
Loss on Disposal of Tangible Capital Assets	129,542	5,567
	37,639,220	34,615,678
Changes in Non-Cash Working Capital Balances		
Accounts Receivable and Advances (Note 7)	(827,410)	(6,885,008)
Due from Province of New Brunswick	(61,048,971)	-
Accounts Payable and Accrued Liabilities (Note 8)	(10,629,637)	8,752,450
Prepaid Expenses	(708,428)	(2,302,278)
Land Titles Assurance (Note 10)	206,979	211,617
Partner Liabilities (Note 9)	707,616	336,980
Deferred Receipts	4,734	9,431
Due to Province of New Brunswick	(21,508,621)	(2,512,949)
Inventory	(51,953)	(90,158)
Restricted Assets (Note 6)	735,405	(2,198,597)
	(55,481,066)	29,937,166
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 11)	(20,334,762)	(18,200,294)
Proceeds from Disposal of Tangible Capital Assets	201,226	-
	(20,133,536)	(18,200,294)
Investing Transactions		
Investments Purchased	(58,000,000)	(26,000,000)
Investments Redeemed	81,000,000	28,000,000
	23,000,000	2,000,000
(Decrease) Increase in Cash	(52,614,602)	13,736,872
Cash, Beginning of Year	75,272,400	61,535,528
Cash, End of Year	\$ 22,657,798	\$ 75,272,400

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, 2019

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/from Province of New Brunswick

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

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, 2019

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. Intangible assets are not recognized in the consolidated financial statements.

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

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

Thresholds and Amortization Rates

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

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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. Government transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Deferred government 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.

Inter-entity Transactions

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

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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, Land Titles Assurance 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.

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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, 2019 is equal to the accounts receivable balance of \$25,367,484. 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, 2019

5. Related Entity Transactions

The Corporation is economically dependent on the Province of New Brunswick. During the fiscal year, the Corporation received funding of \$200,054,247 (\$184,083,341 in 2018) 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.

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 the Corporation.
- 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.
- Items recorded on a net basis such as IT procurement, telephone and marketing chargebacks.

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, 2019

Note 5 (Continued)

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

	<u>2019</u>	<u>2018</u>
Due from Province of New Brunswick	\$ 61,048,971	\$ -
Accounts Receivable	13,704,267	16,476,132
Accounts Payable and Accrued Liabilities	(849,852)	(2,975,422)
Due to Province of New Brunswick	-	(21,508,621)
Partner Liabilities	(6,110,252)	(5,840,577)
Net Due to (from) the Corporation	\$ 67,793,134	\$ (13,848,488)

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>2019</u>	<u>2018</u>
Revenue	\$259,544,932	\$249,724,827
Expense	(4,878,786)	(4,625,148)
Net Revenue	\$254,666,146	\$245,099,679

6. Restricted Assets

	<u>2019</u>	<u>2018</u>
Partner Liabilities (Note 9)	\$ 7,481,288	\$ 6,773,672
Land Titles Assurance (Note 10)	6,211,312	6,004,333
Other Amounts	-	1,650,000
	\$ 13,692,600	\$ 14,428,005

7. Accounts Receivable and Advances

	<u>2019</u>	<u>2018</u>
Accounts Receivable	\$ 24,586,388	\$ 23,501,714
Advances	548,649	412,903
Accrued Interest	232,447	621,846
Provision for Doubtful Accounts	(26,727)	(23,116)
	\$ 25,340,757	\$ 24,513,347

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

8. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts Payables and Accrued Liabilities	\$ 23,154,731	\$ 34,253,642
Salary and Benefits Payable	4,252,647	3,783,373
	\$ 27,407,378	\$ 38,037,015

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.

	2019	2018
Province of New Brunswick	\$ 5,906,375	\$ 5,544,768
Other Partners	1,574,913	1,228,904
	\$ 7,481,288	\$ 6,773,672

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:

	2019	2018
Opening Balance	\$ 6,004,333	\$ 5,792,716
Assurance Fees Collected	221,979	226,617
Assurance Claims Paid	(15,000)	(15,000)
	\$ 6,211,312	\$ 6,004,333

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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 - 10 Years	5 - 15 Years	5 Years	5 Years	5 Years	5 Years	2019 Total	2018 Total	2019 Total	2018 Total	
Cost																		
Opening Cost	\$30,633,107	\$3,214,627	\$62,188,262	\$ 410,967	\$12,820,181	\$ 6,304,426	\$1,794,274	\$ 10,111,350	\$ 127,477,194	\$ 109,282,467								
Transferred from AUC	-	387,172	147,954	-	8,936,514	-	-	(9,471,640)	-	-								
Additions	2,589,472	931,895	135,299	-	361,627	-	-	16,316,469	20,334,762	18,200,294								
Disposals	(4,537,992)	-	-	(20,000)	(1,918,953)	-	-	-	(6,476,945)	(5,567)								
Closing Cost	28,684,587	4,533,694	62,471,515	390,967	20,199,369	6,304,426	1,794,274	16,956,179	141,335,011	127,477,194								
Accumulated Amortization																		
Opening Accumulated Amortization	19,063,661	3,022,457	45,087,558	109,736	7,217,159	4,334,525	1,794,274	-	80,629,370	72,874,306								
Disposals	(4,537,992)	-	-	(8,000)	(1,600,185)	-	-	-	(6,146,177)	-								
Amortization Expense	4,288,732	22,110	2,650,869	57,869	802,688	471,360	-	-	8,293,628	7,755,064								
Closing Accumulated Amortization	18,814,401	3,044,567	47,738,427	159,605	6,419,662	4,805,885	1,794,274	-	82,776,821	80,629,370								
Net Book Value	\$ 9,870,186	\$1,489,127	\$14,733,088	\$ 231,362	\$13,779,707	\$ 1,498,541	\$ -	\$ 16,956,179	\$ 58,558,190	\$ 46,847,824								

Assets Under Construction at March 31, 2019 is as follows:

Databases and Systems	\$ 1,505,051
Major Equipment	13,522,765
Leasehold Improvements	1,928,363
Computer Hardware and Software	-
Total	\$ 16,956,179

Service New Brunswick

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

12. Expenses by Object

	2019	2018
Personnel Services	\$136,621,706	\$130,131,320
Supplies and Services	125,618,632	121,099,632
Debt and Other Charges	135,120	77,260
Amortization	8,293,628	7,755,064
	\$270,669,086	\$259,063,276

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 and where management believes there is no material loss.

14. Commitments

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

	2020	2021	2022	2023	2024	Thereafter
Office Space	\$5,535,857	\$3,952,604	\$3,205,142	\$2,962,385	\$2,705,555	\$5,576,071
Enterprise Licenses	7,318,289	7,310,865	7,310,725	609,227	-	-
Equipment	550,172	149,041	18,000	-	-	-
Total	\$13,404,318	\$11,412,510	\$10,533,867	\$3,571,612	\$2,705,555	\$5,576,071

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

15. Subsequent Event

As of April 1, 2019 Human Resources operations transferred from Service New Brunswick to the Department of Finance and Treasury Board. This transfer affected 178 positions/personal services contracts and \$9.4 million in associated budget (salary and operations).