



# Annual Report 2007-2008



September 30, 2008

**The Honourable Greg Byrne**  
**Minister Responsible for Service New Brunswick**  
**Province of New Brunswick**  
**Fredericton, New Brunswick**

Dear Mr. Byrne:

On behalf of the Board of Directors, I have the pleasure to submit to you, pursuant to Section 23 of the *Service New Brunswick Act*, the Annual Report of Service New Brunswick (SNB) for the fiscal year ended March 31, 2008.

Yours very truly,

A handwritten signature in black ink, appearing to read "Derek Pleadwell". The signature is fluid and cursive, with a large initial "D".

Derek Pleadwell  
Chairperson



# Board of Directors

Derek Pleadwell (Chairperson), Fredericton

Réginald Boudreau, Grande-Anse

Jim Dunlap, St. George

Jane M. Fritz, Fredericton

Alfred Losier, Moncton

Chris MacPherson, Fredericton

Michelle Pelletier, Balmoral

T.J. Smith, Fredericton

Beth Thompson, Quispamsis

Elizabeth Webster, Fredericton

## Officers

Michael D. McKendy  
*President*

Bernard Arseneau  
*Vice President, Operations*

Carol Macdonald, Vice President  
*Technology and Business Innovation*

Linda Corbett  
*Acting Vice President, Corporate Services*

Claude Poirier  
*Corporate Legal Counsel*

Judy Ross  
*Executive Director, Corporate Strategy*

*From left to right*

*1st row: Alfred Losier, Derek Pleadwell*

*2nd row: Jim Dunlap, Chris MacPherson, Beth Thompson, Elizabeth Webster, Michelle Pelletier, Réginald Boudreau, Michael D. McKendy*

*Missing from photo: Jane M. Fritz, T.J. Smith*



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# President's Report

Everything we do at Service New Brunswick (SNB) is in keeping with our vision and mission to provide customers with prompt government services, and delivering these services with excellence.

With these motivating factors in mind, we continue to seek innovative ways to increase customer and client satisfaction.

## Business Process Improvement and SNB 2.0

Service New Brunswick is now at a stage where it can play a significant role in the self-sufficiency agenda to achieve the next generation of service delivery - which we call SNB 2.0. Our new Business Process Improvement plan examines how government agencies provide back-end services through SNB. Our goal is to determine how we can best assist in streamlining these services at an earlier phase.

By focussing on better services and helping eliminate duplication across government, we believe SNB 2.0 will result in highly satisfied customers and an effective and efficient government. It will also allow government departments to better focus on their core responsibilities by eliminating unnecessary administrative burden.

We have already begun to increase the use of our "single-window service", making public services easier to use and more efficient to deliver. At the same time, we are enhancing integrated electronic access to government services.

## Land Registry Modernization

One of the ways that we've enhanced integrated electronic access to government services is through the enhancement of our land registry system. The modernization of the Land Registry in New Brunswick has been a ten year project and will soon be concluding with the finalization of two major components. We are completing an ambitious project to scan the 14 million pages of paper documents to render them available much more readily in electronic format. Also, through a new computer process lawyers will be able to electronically submit documents such as property transfers and mortgages.

## Infrastructure

Top quality service by managing service centre line-ups is a priority at SNB. We recognize that, with the increase in services available through SNB we sometimes experience unacceptably long line-ups in certain centres at certain times of the year. We continue to work hard to manage these line-ups through improved training, line management technology, faster agent recruitment and other strategies. In order to increase access to government services across the province, a new Service New Brunswick centre opened in Neguac in November, offering a variety of the most in-demand government services.



## Valued Employee Survey

SNB would not be where it is today without its team of engaged and dedicated employees. In 2007, Service New Brunswick and New Brunswick public service employees participated in the first-ever provincial survey. Employees expressed their views on issues such as work environment, support and recognition and career development.

While the results indicated high overall employee satisfaction, our staff did identify areas for improvement. To address these concerns, we immediately identified a coordinator to follow up on the different aspects of the survey, develop a corporate valued workforce strategy and oversee its implementation.

At Service New Brunswick, we are finding new opportunities to improve upon the services we currently offer and looking to create new and innovative ways to serve our citizens. Thanks to our dedicated and professional employees, you can count on SNB to be the government service delivery agency for New Brunswickers

I also want to thank the other people who play a important role in the success of SNB: our shareholder, the province of NB; our minister, the Honourable Greg Byrne; the Board of Directors of SNB for its support and direction; our business partners, who help us develop and market our products and services; the people and businesses who use our products; the municipalities that welcome us as partners; and the various government departments on behalf of which we deliver services as we live out our vision and mission.

Thank you.

Michael D. McKendy  
President

# About Service New Brunswick



Service New Brunswick (SNB) was created in 1998 to consolidate, in one Crown corporation, the transactional services and information that New Brunswickers need to conduct their personal and business lives. Our mandate is to improve access to government services and public information.

From the beginning, we have provided New Brunswickers with quick, convenient access to government services through a province-wide network of service centres, a toll free call centre, and an Internet portal. The result is a single-window service model through multiple channels.

## Vision

Service New Brunswick... government services on time, every time, everywhere.

## Mission

Providing excellence in the delivery of government services and information to citizens and businesses

## Governance

The *Service New Brunswick Act* provides the context for the activities of the Corporation. The Act specifies that SNB is the principal provider, on behalf of government, of customer services through physical offices, telephone and electronic channels. SNB also administers a number of acts on behalf of the province.

A Board of Directors guides the business of the Corporation. There are two committees of the Board of Directors: the Audit Committee reviews the financial statements of the Corporation and the Development Committee oversees new system development.

Revenues are acquired through a combination of fees for services (Land, Personal Property and Corporate Registries fees), payments (the Province and the municipalities pay for the property assessment service), and grants (the Province provides funding to the Corporation to deliver services on its behalf). SNB reinvests from these revenues into the further improvement of its business processes and service

delivery to make it easier and simpler for citizens to do business with government.

## Legislation

The following statutes are under the jurisdiction of Service New Brunswick and administered by the Corporation.

- *Air Space Act*
- *Assessment Act*
- *Boundaries Confirmation Act*
- *Business Corporations Act*
- *Change of Name Act*
- *Common Business Identifier Act*
- *Companies Act*
- *Condominium Property Act*
- *Corporations Act*
- *Foreign Resident Corporations Act*
- *Land Titles Act*
- *Limited Partnership Act*
- *Marriage Act*
- *Partnership Act*
- *Partnerships and Business Names Registration Act*
- *Personal Property Security Act*
- *Registry Act*
- *Residential Property Tax Relief Act*
- *Service New Brunswick Act*
- *Special Corporate Continuance Act*
- *Standard Forms of Conveyances Act*
- *Surveys Act*
- *Vital Statistics Act*
- *Winding-up Act*



## Official Languages

SNB recognizes its obligations and is committed to actively offer and provide quality services to the public in the public's official language of choice for each delivery channel. The Human Resources Directorate is responsible for the coordination of the Official Languages Policy for the Corporation.

Language Issues	2007-08	2006-07	2005-06
Complaints filed through the office of the Commissioner of Official Languages	4	3	0
Employees pursuing language training	7	10	12

## People and Places

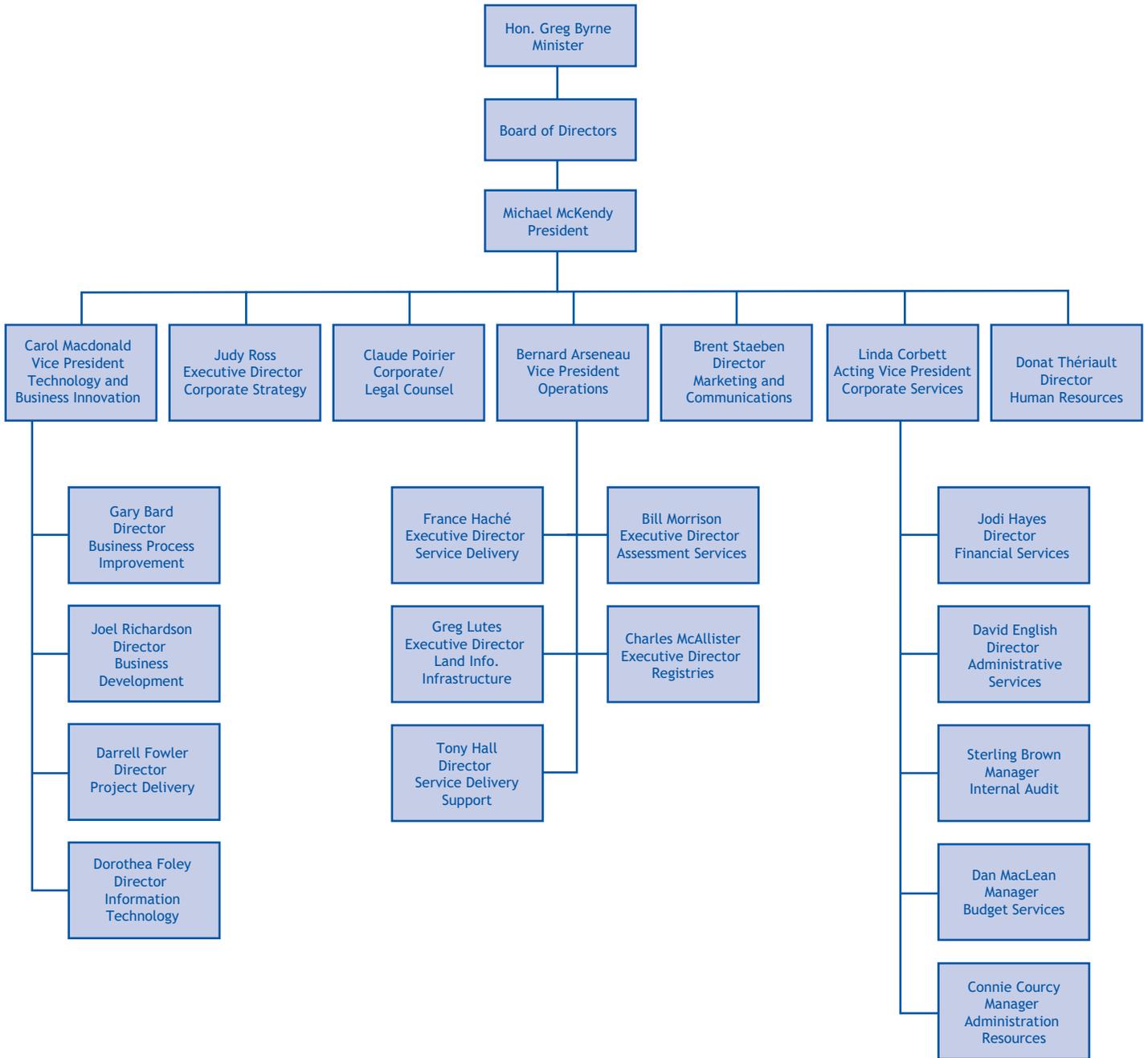
The Corporation employs 749 people in 39 communities, of which 619 are full-time, and 130 are part-time. Our employees are energized by the challenge of delivering better service and improving the ways that citizens and businesses interact with government.

With the expected labour shortage due to many factors including increased retirements and inter-provincial and global competition for resources, the corporation recently invested in a workforce planning strategy that will ensure a continuous pool of qualified candidates to fill critical positions.





# SNB Organization Chart





# Lines of Business

## Service Delivery

SNB is the gateway for the public to a number of government services offered through a multi-channel single-window. We offer services to citizens on behalf of various provincial government departments, municipalities and public utilities. Convenience to the customer is a key factor in service delivery. To meet New Brunswickers' expectations, SNB offers three channels of delivery for government services:

- in person, through a network of 40 service centres, located throughout the province,
- over the phone (TeleServices), toll-free at 1 888 762-8600, and
- on the Internet at [www.snb.ca](http://www.snb.ca).

Service New Brunswick delivers a wide range of services on behalf of various government departments and agencies including the federal government. We also accept payments on behalf of utilities and 62 municipalities. Our services include:

- motor vehicle related services: issuance of driver's licences, renewals of registration, placards for disabled persons and driver examiner services
- recreation: issuance of hunting and fishing licenses, online tickets for some major attractions in New Brunswick
- government forms: Medicare, change of name, lottery registration
- federal government related service: pleasure craft licensing

### **Key highlights for the year:**

- SNB worked with Department of Agriculture and Aquaculture to implement the acceptance of Farm Business Registration forms and payments as of December 1, 2007 over-the-counter, online and through TeleServices. Data collected populates the Farm Producer Registry.
- As of December 1, 2007, all Voluntary Fines issued by ticket under *Provincial Offences Procedure Act* (POPA) were payable to SNB, with the exception of

the Commercial Vehicle Enforcement violations which will be payable either at the scales or SNB. These changes have meant more payment options and more convenience for those required to pay a fine.

## SNB Service Centres

With a network of 40 service centres located throughout the province, SNB offers New Brunswickers a combination of personalized service and convenient extended hours. Certain offices are open evenings and Saturdays. The service centre network is composed of 13 full-scale service centres throughout New Brunswick offering services on behalf of government departments, some municipalities, and public utilities. Smaller centres are established in other communities; the number of services offered varies at each location.

## SNB TeleServices - 1 888 762-8600

SNB TeleServices is the Corporation's customer contact centre. New Brunswickers can access services by calling 1 888 762-8600. SNB TeleServices also replies to incoming emails from the SNB Internet site and the Internet-based Provincial Government Directory. Three main types of services are offered over the phone:

- Information and referrals
- Transactions
- Support to automated phone lines

## SNB Online - [www.snb.ca](http://www.snb.ca)

SNB Online offers numerous products and services, as well as online forms including applications for birth

certificates, property tax allowances and Medicare registrations. A number of forms from various municipalities are also available on the site.

### Service Delivery Transaction Volumes

Fiscal Year	Government Services <sup>1</sup>	Lines of business within SNB <sup>2</sup>	Other Partners <sup>3</sup>	Total Transactions <sup>4</sup>
2007-2008	2,256,469	2,475,461	145,078	4,877,008
2006-2007	2,212,058	2,435,200	134,444	4,781,702
2005-2006	2,092,701	2,423,624	126,378	4,642,703
2004-2005	1,964,385	2,634,153	129,610	4,728,148
2003-2004	1,917,683	2,072,460	127,806	4,117,949

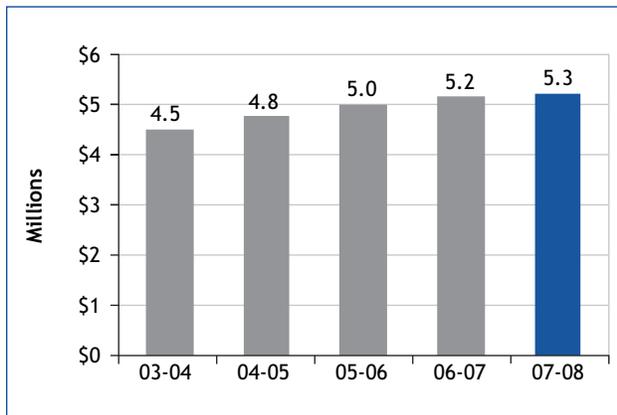
<sup>1</sup> Government Services: includes transactions for all three levels of government (i.e.. provincial, municipal and federal).

<sup>2</sup> Lines of business within SNB: includes transactions for all SNB lines of business.

<sup>3</sup> Other Partners: includes transactions such as payment taking for utility bills, admission fees for special occasions or attractions.

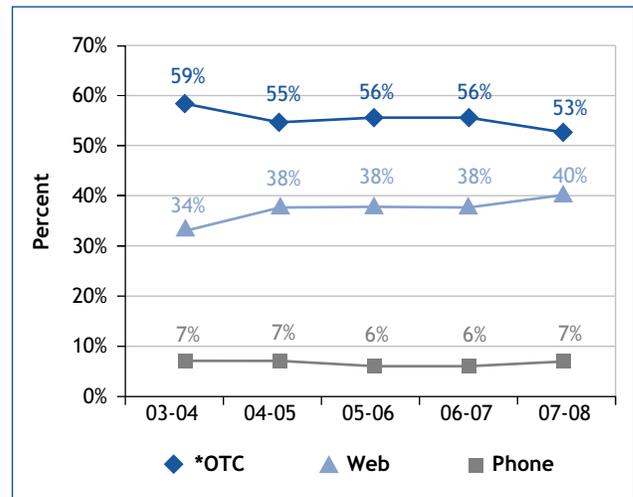
<sup>4</sup> Total Transactions: Represents the total number of transactions excluding over-the-counter inquiries, which is estimated at 15% of the OTC transactions.

### Total Transaction by Fiscal Year



Note: Totals include the 15% estimated for over-the-counter inquiries.

### Percentages of Transactions by Channels



\*OTC: Over-the-counter

Note: Totals exclude the 15% estimated for inquiries.



# Registries

Service New Brunswick is responsible for Land, Personal Property, Corporate and Vital Statistics registries for the Province of New Brunswick

- Land Registry – deeds, wills, subdivision plans, etc. related to land parcels in New Brunswick,
- Personal Property Registry – security interests, judgments and other claims related to personal property such as automobiles, recreation vehicles and furniture, and
- Corporate Registry – corporations, partnerships and business names registered in New Brunswick.
- Vital Statistics Registry – Vital events data (births, stillbirths, marriages, and deaths) churches/religious denominations seeking to perform marriages in New Brunswick

## Land Registry

Service New Brunswick maintains a network of 13 Land Registry offices across the province where legal plans and documents – deeds, mortgages and wills – relating to the ownership of real property can be registered and made available for public scrutiny. Registry records provide land ownership information dating back to the original crown grants, over 200 years ago. Lawyers, titles searchers and land surveyors are the main users of the Real Property Registry. Various other interested parties' also use the registry.

### Land Registry Statistics

Activity	2007-08	2006-07	2005-06	2004-05	2003-04
Registrations	110,986	107,238	109,684	105,847	103,781
Searches	44,892	43,470	47,842	49,845	56,800
Number of certificates of registered ownership sold	31,542	28,276	23,936	18,165	12,387

PLANET is a comprehensive, integrated online source of land registration, assessment, mapping and information services, allowing the user to conduct land-based transactions quickly, efficiently and accurately. With the tools provided by PLANET, SNB real property staff, businesses, professionals and the public have online access to current provincial land-ownership information, property maps and land valuations.

### Key highlights for the year:

#### Land Registry System

- As of February 25, 2008, authorized users of the land registry system now have the option to submit any Land Titles transfers, mortgages, collateral mortgages and discharges of mortgage documents electronically. By June 30, 2008, the electronic submission of these documents will become mandatory; thus, taking Service New Brunswick one step closer to a totally paperless registry system.

#### Scanning of Historical Documents

- Grantor/Grantee Index books for all 15 counties are online.
- ALL Registry books (1784 to current) are online for Carleton, Charlotte, Gloucester, Kent, Kings, Madawaska, Northumberland, Queens, Restigouche, Saint John, Sunbury and Victoria Counties.
- Scanning of the York, Albert and Westmorland counties started on June 2nd and is targeted for completion in fiscal year 2008-09.

## Personal Property Registry

The Personal Property Registry (PPR) is a computerized, province-wide registry service where users can serve public notice of security interests, judgments and other claims affecting personal property, such as automobiles, recreational vehicles and furniture. Financial institutions and the general public use the PPR because it is an easy way to register a security interest in personal property. It offers one-stop access to publicly listed information about personal property, and it provides an easy way to check if the product being offered is encumbered.

The PPR is thus more accessible and, consequently, offers better protection to consumers purchasing used goods.

There are two ways to search the Personal Property Registry:

- The public may engage the services of a private service provider who will perform a search or registration on their behalf or,
- By searching the PPR themselves through the Lien Check service. This online functionality allows anyone to search the PPR simply by referencing the serial number of the asset being searched for a fee of \$8.00/search.

### Personal Property Registry Statistics

Activity	2007-08	2006-07	2005-06	2004-05	2003-04
Registrations	131,517	130,213	129,055	123,274	133,049
Searches	50,053	49,902	50,390	46,546	45,701

## Corporate Registry

Corporate Affairs incorporates New Brunswick-based business corporations and non-profit companies, and registers partnerships and business names under which sole proprietorships and partnerships operate. In addition, extra-provincial corporations and businesses conducting business in New Brunswick are required to register with Corporate Affairs. Corporate Affairs maintains publicly available, up-to-date information on

business and non-profit corporations and unincorporated business entities. Internet users may access information on over 160,000 past, and existing businesses and non-profit companies.

The Corporate Registry assigns the New Brunswick Account Business Number (BN) through the incorporation/registration process. The BN is a unique common identifier that can be used for provincial, federal and municipal services.

### Corporate Registry Statistics

Activity	2007-08	2006-07	2005-06	2004-05	2003-04
Incorporations	2,792	2,733	2,686	2,491	2,440
Registrations	3,239	3,407	3,574	3,052	2,926
Annual Returns	33,067	32,240	32,689	31,474	29,168
Certificate of Status/ Certified Copies	4,356	4,306	4,187	3,769	3,376



## Vital Statistics Registry

Vital Statistics registers, maintains, verifies and disseminates birth, death, stillbirth and marriage data (vital events); searches records, issues certificates of a vital event, distributes marriage licences, approves and registers changes of name; registers and maintains an index of churches/religions authorized to solemnize marriages in New Brunswick, approves requests for access to information in accordance with legislation and policy, and produces various statistical reports based on vital events.

### Key highlights for the year:

- Highest volumes of birth certificate requests on record were processed in 2007-08, as a result of the new passport requirements.
- Online submission for birth certificate requests is operational since November 5, 2007.

### Vital Statistics Registry Statistics

Volumes	2007-08	2006-07	2005-06
Certificates Issued (all types)	51,908	45,646	42,285
Change of Name Processed	527	433	455
Amendments Processed	2,949	2,312	2,373
Vital Events Registered	17,372	17,329	17,979

## Property Assessment

Service New Brunswick Property Assessors are responsible for carrying out the valuation and classification of all real property in New Brunswick. Assessment Services also administers property tax related programs and ensures equity in the tax base for both municipal and provincial governments.

### Key highlights for the year:

- The development of a new residential costing system to provide better costing estimates for homes.
- A greater understanding of the assessment versus taxation functions at a public level and at the municipal level.
- Completed analysis of potential opportunities to replace current software solutions (PATs) and develop a five year replacement plan.

## Valuation

The Assessment Act states that all real property is to be valued at its "real and true value", (more commonly known as market value), as of January 1 of each assessment and taxation year. Property values are based on information obtained from property inspections, the analysis of construction costs, and real estate market transactions. SNB conducts site inspections on new construction, properties sold during the year, and properties scheduled for inspection during the annual work program. Irrespective of property inspections we review all property assessments annually and adjust if necessary. Service New Brunswick establishes valuations as of January 1st each year. The property assessment taxation process is divided into three segments:

### 1. Locating, classifying and valuing properties

SNB maintains an inventory of all real property. All properties are valued, classified, and identified as to their location within the various taxing authorities in New Brunswick.

SNB produces and validates the assessment bases and communicates these values to the Department of Local Government in October of each year.

### 2. Determination of Tax Rate

Municipalities, and the former village portion of rural communities, determine a tax rate that satisfies their fiscal requirements. The Minister of Local Government performs that function on behalf of Local Service Districts (LSD) in consultation with the respective LSD Advisory Committees and for the former LSD portions of rural communities. The Minister of Local Government approves municipal budgets and tax rates. The tax rates are communicated to the Department of Finance before the end of January.

### 3. Production and mail-out of Assessment and Tax Notices

The Assessment and Tax Notice is mailed to assessed owners on March 1. The Department of Finance is responsible for calculating the tax levy and for all tax collection. However, property tax payments may be made at any SNB centre. Assessed owners have 30 days after the mailing of the Notices to file a Notice of Reference, the first level of the appeal process in NB.

Every person who owns real property in the Province of New Brunswick, uses or occupies property from the Crown (either Federal or Provincial) or, under certain conditions, leases property from a private landowner, receives an Assessment and Tax Notice.

As of December 31, 2007, there were 444,220 assessment accounts in the province, compared to 441,148 the year before. The increase in the number of assessment accounts is due to land subdivision, increased number of condominium units, and more mini/mobile homes. The total assessed property value, as contained in the 2008 Assessment Bases released in Oct. 2007, was \$43 billion, an increase of \$2.8 billion from the previous year.

### Assessment Referrals and Appeals

Property owners who feel their property assessment does not reflect “real and true value” have the opportunity to challenge the valuation through the referral and appeal processes. Assessed owners can ask for a review of their assessment by filing a Notice of Reference of Assessment that is part of the Assessment and Tax Notice. An Assessor will then inspect the property, review the concerns of the property owner, and render a written decision as to whether any change to the assessment is warranted for the current year. Owners can appeal that decision to the Assessment and Planning Appeal Board. During 2007, 5518 assessed owners, representing 1.24% of all properties, referred their assessments for review, compared to 6,598 the year before. Also during the year, 155 property assessments, or 0.03% of all properties, were appealed to the Assessment and Planning Appeal Board as compared to 250 during 2006. At year end, there were 55 outstanding 2007 referrals awaiting the outcome of prior year appeals.

## Property Assessment Information

### Online Access

The *Property Assessment Information - Online Access*, is a service that allows New Brunswickers to access (at no charge) a limited amount of property assessment information online.

Searches can be done in three different ways: by civic address (location), by property account number (PAN) or by parcel identifier (PID). This service provides public access to assessment information while at the same time respecting the privacy of all citizens by protecting the names of property owners.

### Property Tax-Related Programs

Service New Brunswick Assessment Services is responsible for administering a number of property tax-benefit programs:

**Residential Property Tax Credit Program** – a provincial tax credit allowed on the portion of residential property that an assessed owner maintains as a principal residence, for at least 183 days of the year. In 2007, provincial tax credits totaled \$274 million in provincial taxes on 226,272 properties as compared to \$252.9 million in provincial taxes on 223,628 properties in 2006.

**Farmland Identification Program (FLIP)** – for deferring tax on agricultural land and buildings. In 2007, approximately 162,686 hectares of farmland with an assessed value of \$155 million, and \$183.2 million in farm buildings received deferred tax-benefits.

**Assessment Reduction Program (ARP)** – for providing tax relief for charitable and not-for-profit organizations. In 2007, partial exemptions under this program were granted to 791 properties (a total assessment reduction of \$149.2 million). Full exemption under this program was granted to 206 properties (with a total assessed value of \$28.4 million).

**The Property Tax Allowance Program** – provides for a tax allowance for assessed owners of owner occupied residences of up to \$200 based on income. In 2007, benefits totaling \$4.8 million in provincial taxes were granted to 24,242 assessed owners.

**Properties Exempted from Provincial Taxes** – three sectors of transportation infrastructure (major cargo ports, certified airports and rail right-of-way) along with crude oil tanks and pipes are, by legislation, exempted from



provincial property tax. In 2005, this exemption was extended to include properties that are assessed in the name of a not-for-profit housing organization and used for low rental housing accommodation. For 2007 there were 744 not-for-profit properties having a total residential assessed value of \$231.7 million exempted from \$3.5 million in provincial property tax. In total for 2007, 1,022 properties having a total assessed value of \$416.1 million were exempted from \$7.6 million in provincial property tax.

**Properties Exempted from Taxation** – legislation also provides for properties such as churches, historical and literary societies and volunteer rural fire departments to be exempted from taxation. For 2007, 6,714 properties having a total assessed value of 1.3 billion were exempted from \$23.9 million in provincial taxes.

**Federal Properties (Valuation, Legislation, Appeals)** – The Federal Government makes “discretionary” payments in lieu of paying property taxes. The applicable federal legislation is *The Payments in Lieu of Taxes Act*. The Department of Finance forwards an Application for Payment to the Federal Government in March of each tax year. The Federal Government then returns a final Schedule of Payment, including their valuation and classification calculations. Any appeal of these assessed values, based upon the payment received, is filed with the Dispute Advisory Panel (DAP), created by the federal government. At year-end 2007, the total assessed value of this property inventory was \$664.3 million. This total value represented \$13.3M in provincial payments and \$10.5M in municipal payments.

## Total Assessed Value

The total assessed value for all real property increased \$2.8 billion, or 7.0% during 2007 for 2008. This 7.0% increase was attributable to new construction (a 2.6% increase), reassessment of all properties - valuations based on an analysis of market information (4.2%), and other work program activities such as neighborhood re-inspections (0.2%).

## Assessment Performance Measures

The major responsibility of assessors is estimating the market value of properties based on statutory requirements. The accuracy of valuations made for assessment purposes is of concern, not only to assessors, but also to taxing authorities, property owners, and their elected representatives.

Ratio studies provide a means for evaluating the accuracy of those assessments. Assessment accuracy refers to the degree to which properties are assessed at market value, as defined by professional standards and provincial statutes. A ratio study compares assessments with indicators of market value, for example property sales.

The following information provides the assessment and sale performance indicators for the year 2007. The three indicators used are:

- 1) Assessment Sale Ratio (ASR)
- 2) Coefficient of Dispersion (COD)
- 3) Price Related Differential (PRD).

Two types of properties are targeted to measure quality: residential homes with one residential unit and commercial properties.

The Assessment Sale Ratio (ASR) is the result of the assessed value divided by the sale price. Acceptable standards are between 90%-110%. The optimum ratio is 100%.

The Coefficient of Dispersion (COD) is the average absolute deviation of a group of numbers from the median expressed as a percentage of the median. Acceptable standards are in the range of 10-20. Generally, a COD less than 10 is considered excellent.

The Price Related Differential (PRD) is a measure of vertical equity on assessment to sale ratios. It serves as an indicator of assessment quality for properties with different value ranges. For example, it determines whether lower valued properties are assessed at a higher or lower ratio to their market value than higher valued properties or vice versa. The PRD ratio is calculated by using the mean of the assessment to sale ratios and dividing by the weighted mean. The optimum ratio is 1.00 or 100%. Ratios greater than 1.00 indicate lower valued properties are assessed at a higher level to their market value than that of higher valued properties, known as “regressivity” in assessment. Ratios less than 1.00 indicate the opposite - that higher priced properties are assessed at a higher ratio to their market value than lower valued properties, known as “progressivity” in assessment.

The following table indicates the ASR, COD, and PRD for SNB’s assessment and sale performance indicators for 2007 and the five previous years.

## SNB Assessment and Sale Performance Indicators

	Assessment Sale Ratios		Coefficient of Dispersion		Price Related Differential	
	Res.	Comm.	Res.	Comm.	Res.	Comm.
International Standards	0.90-1.10	0.90-1.10	10-15	20	0.98-1.03	0.98-1.03
2007	0.95	0.92	10.1	14.8	1.013	1.042
2006	0.95	0.92	10.1	13.1	1.013	1.041
2005	0.95	0.89	10.6	19.2	1.015	1.056
2004	0.95	0.88	10.6	17.7	1.017	1.018
2003	0.94	0.89	10.8	17.9	1.019	1.051
2002	0.94	0.93	10.1	15.9	1.018	1.006

## Land Information Infrastructure Secretariat

SNB is the lead agency for coordination of base mapping and geomatics in New Brunswick and is responsible for the creation and the maintenance of the province's control survey network.

### Key highlights for the year:

- Recent increased activity in the condominium market has exposed a number of opportunities to improve and modernize the current legislative framework. The consultation phase of the review was completed in 2007. Work is underway to examine the need for changes to the *Condominium Property Act*.
- Publication of the New Brunswick Civic Address Database, as well as digital property graphics, on SNB's Geographic Data and Mapping website .
- Introduction of a new governance system for geomatics in the New Brunswick government with enhanced cooperation and sharing between departments and agencies.

## Surveying

Service New Brunswick maintains a province wide GPS based High Precision control survey network. This geographical reference network is vital to many having a need to geo-reference information on a common system.

The control survey network is an infrastructure mainly used by land surveyors, governments, engineers, and land managers to reference geographic information using a common co-ordinate system. It consists of approximately 100 ground stations and offers extremely precise positions for a terrestrial network of control points.

Service New Brunswick is further supporting this ground network by introducing a series of continuously operating GPS stations (Active Control Stations - ACS). The GPS observations are available on an hourly basis on the SNB website at no cost to the users. A broader group of users are regularly using this information and is now used by the forestry and mining industry; by municipalities using geographical information systems (GIS) services to locate roads, pipelines, and above and underground infrastructures and many other features.

## Condominium Properties

Service New Brunswick is responsible for approving all condominium corporations in New Brunswick. Condominium development in New Brunswick is enjoying a healthy rate of growth. In 1975 the first condominium corporation was created with 23 units. As of March 31, 2008 there were 175 corporations with 2807 units registered in the province. It is paramount that the condominium industry in New Brunswick continue to thrive and in doing so contribute to the prosperity of the Province.



# Business Plan Update

Service New Brunswick embarked on a new Business Plan for 2007-2010. The foundation for the Business Plan was identified through eight priority objectives. The eight priority objectives fit into two complementary categories: Core Corporate Objectives and Targeted Service Objectives.

## Core Corporate Objectives

As SNB continues to expand and transform its services, our workplace will become more complex and demands on staff will continue to grow. It is critical that we respond to these changes by optimizing delivery methods, supporting our workforce with appropriate tools and resources, and continuing to encourage innovation and growth. The four Core Corporate Objectives that will position us to address these challenges collectively are:

- Excellence in Service
- Valued Workforce
- Effective Organization
- Innovative Growth

## Targeted Service Objectives

SNB will also undertake four service improvement objectives to move the organization to a position of continued excellence in client-focussed service delivery. The four Targeted Service Objectives are:

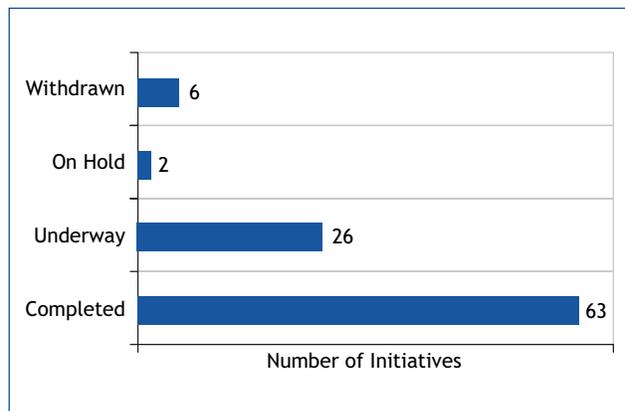
- Modernized Assessment Services
- Transformed Business Services
- Enhanced Citizen Services
- Expanded Land Information Services



## Year One Action Plan Overview

To ensure achievement of the Business Plan Objectives, SNB will develop an action plan for each of the 3 years.

Overall, the Corporation is pleased with the accomplishments set out in its ambitious first year Action Plan. The diagram below is an overview showing the status of all initiatives identified in Year One's plan as of March 31, 2008.



# Core Corporate Objectives

The shaded goals indicate the areas of focus during the 2007-08 Action Plan.

## Excellence in Service

SNB's service delivery culture is characterized by exemplary customer service.

Goals	Seek continuous improvement in customer service	Improve collaboration with our business partners	Ensure that New Brunswickers are aware of and understand SNB's services
-------	---	--	---

## Valued Workforce

SNB provides a work environment conducive to the growth of both employees and the organization.

Goals	Promote the development of our human resources	Develop the technology to support human resources management	Ensure effective internal communications
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## Effective Organization

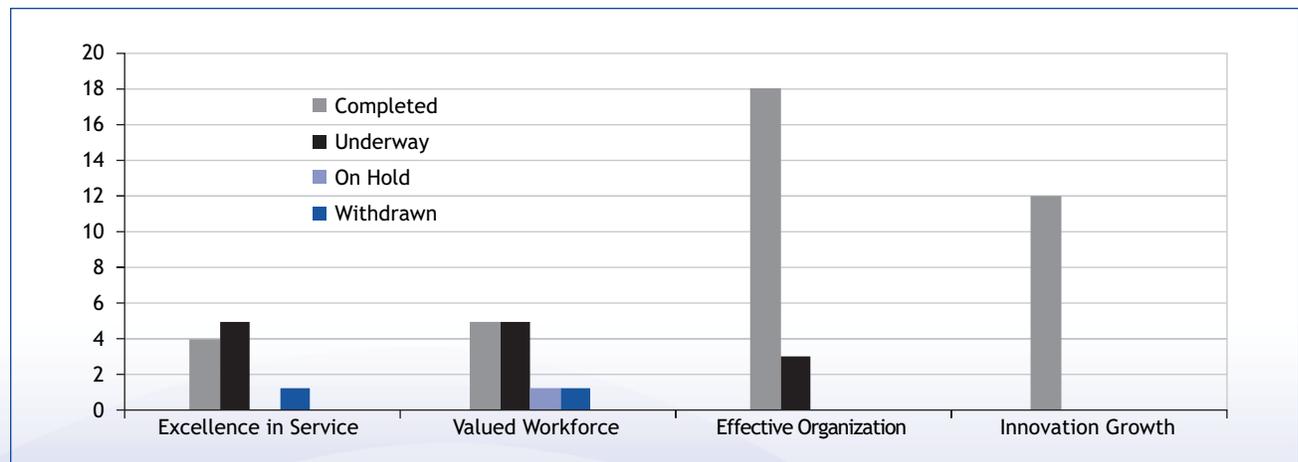
SNB recognizes the importance of a corporate organization that supports growth and service excellence.

Goals	Enhance our planning process to ensure that we achieve our strategic priorities	Enhance our business capacity through appropriate technology	Maintain effective internal procedures	Ensure that new opportunities are seized by smoothing the transition from idea to delivery
-------	---	--	--	--

## Innovative Growth

SNB will stay on the leading edge of service delivery.

Goals	Play a leadership role on behalf of government in the evolution of service delivery toward the goal of self-sufficiency	Increase our innovation capacity	Continually strive to define a visionary future state
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# Targeted Service Objectives

The shaded goals indicate the areas of focus during the 2007-08 Action Plan.

## Modernized Assessment Services

SNB's Assessment services will be modernized for long-term sustainability.

Goals	Modernize Assessment services	Take advantage of advancements made possible by emerging tools and technologies	Generate public confidence in the property tax system	Maintain a qualified Assessment workforce
-------	-------------------------------	---	---	---

## Transformed Business Services

SNB maintains a collaborative relationship with both businesses and business service providers to enhance service delivery.

Goals	Facilitate the transformation of government services to businesses	Establish a business portal in anticipation of business needs
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## Enhanced Citizen Services

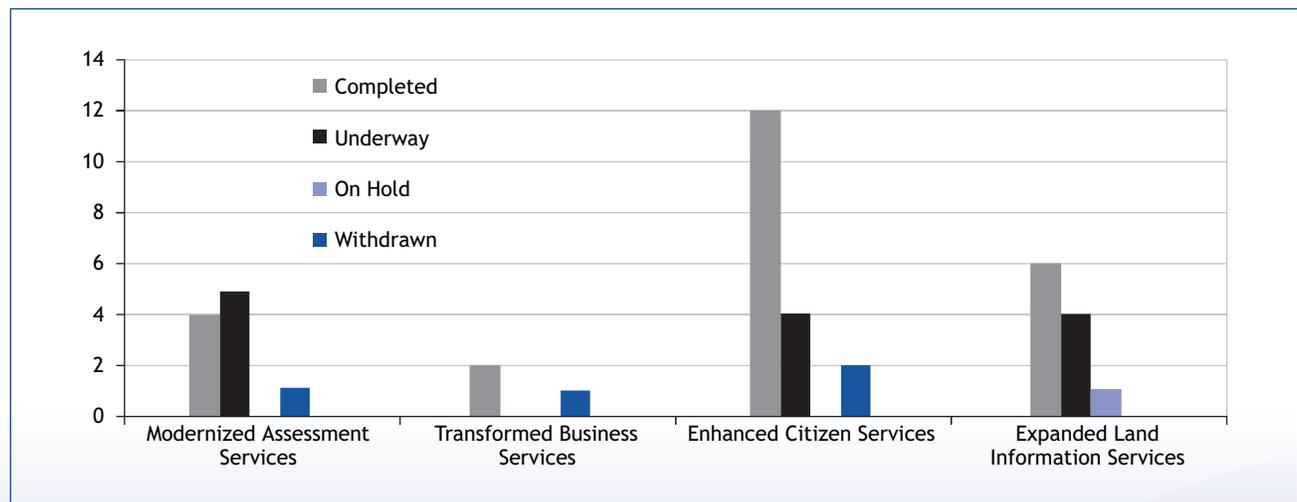
SNB collaborates with all three levels of government to ensure seamless, citizen-centered service delivery.

Goals	Modernize the Vital Statistics services	Expand the single window for citizen services
-------	---	---

## Expanded Land Information Services

SNB will help to reinstate New Brunswick as a leader in land information services by coordinating the province's geomatics infrastructure.

Goals	Become the government's lead agency in geomatics	Improve the management of condominiums
-------	--	--





# Financial Statements

## Management Discussion and Analysis

Management is pleased to comment on the financial results for the year ended March 31, 2008. This discussion highlights key features of the financial statements and provides additional information and perspectives that go beyond the twelve months covered by the statements themselves.

The Board of Service New Brunswick is mandated by law to administer the affairs of the corporation on a commercial basis based on sound business practices (*Service New Brunswick Act* section 7(3)). Accordingly, it follows business-based generally accepted accounting principles (Canadian GAAP) that reflect the value of its previous investments and appropriately match expenses with current revenues.

## Balance Sheet

### **Cash**

Service New Brunswick had cash and short term investments at March 31, 2008 of \$28.6M, up \$7.2M from its balance last year of \$21.4M. Additional details on changes in cash are provided in the Statement of Cash Flows.

Working capital – current assets minus current liabilities – was \$28.2M at March 31, 2008 compared to \$22.3M the previous year. Cash in excess of immediate operating requirements may be invested in short term (one year or less) secure monetary instruments. The Treasury Services Branch of the Department of Finance manages short-term investments on our behalf. Excess working capital is available for capital investment in new systems and services to meet the needs of New Brunswick citizens and businesses. Service New Brunswick continues to accumulate cash in anticipation of upcoming requirements to replace the aging PATS system for assessment and to build a licensing and permitting system to serve the needs of multiple departments.

### **Restricted assets**

This category is comprised of two components: Cash and receivables held on behalf of partners at year end and Land Titles Assurance cash.

### **Partner Cash and Receivables**

A significant portion of Service New Brunswick's business is to collect payments on behalf of provincial government departments, municipalities and utilities. Service New Brunswick collected a total of \$431M from citizens and businesses in 2007-08 and remitted to the partners on behalf of whom we provide services. Funds are collected in a consolidated account and remitted by electronic funds transfer (EFT) to partners daily. The amount of cash and receivables in transit at March 31, 2008 was \$6.5M and \$8.7M at March 31, 2007.

At the end of 2007-08, Service New Brunswick also held \$4.2M in cash and receivables on behalf of Efficiency NB, as a result of a service contract with that agency. Efficiency NB receivables are interest-free loans issued to members of the public to finance energy efficiency improvements to their homes. Service New Brunswick administers these loans on behalf of Efficiency NB and can have repayment terms of up to six years. They carry no risk to Service New Brunswick.

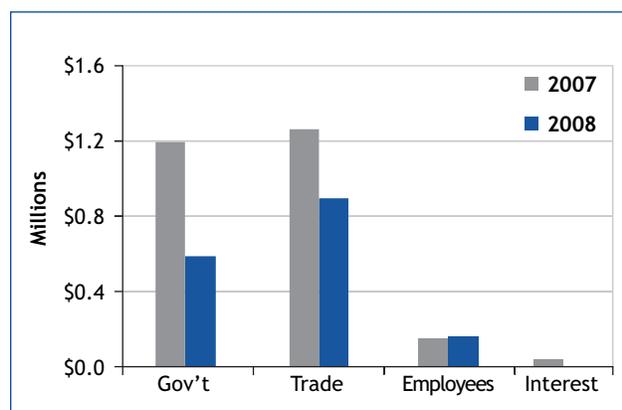
These funds are segregated as offsetting asset and liability amounts from Service New Brunswick's own cash.

### **Land Titles Assurance Cash**

Since the implementation of Guaranteed Land Titles in 2000, the amount accumulated under Land Titles Assurance has grown to \$3.2M, an increase of \$0.5M during the year ended March 31, 2008. This amount is shown separately from other cash on the balance sheet.

### Accounts Receivable

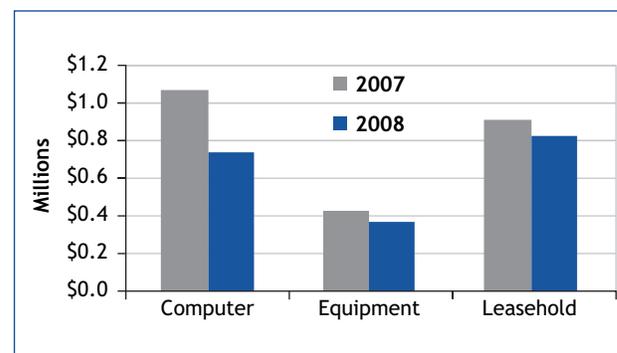
Accounts receivable at March 31, 2008 were \$1.7M compared to \$2.6M last year. The composition of accounts receivable is:



Due to the nature of the accounts, there is little risk of not collecting the accounts due. Most customers have taken advantage of our automated daily funds transfer service which provides account settlement within two business days. Other amounts are due from government and ongoing business partners.

### Equipment

Service New Brunswick had tangible assets, net of accumulated amortization, of \$1.9M at March 31, 2008, compared to the March 31, 2007 balance of \$2.5M. Net tangible assets were comprised of:



### System Development

Service New Brunswick has invested heavily in new systems to promote its agenda of offering services online. Development initiatives are evaluated by a project governance ranking model and overseen by the Development Committee of the Board of Directors.

### Investment in System Development

System	Prior Investment	Investment* 2007-08	Accumulated Amortization	Net Book Value
Personal Property Registry	\$ 5.2	\$ -	\$ 5.1	\$ 0.1
Land Registry	9.4	1.0	6.1	4.3
Corporate Registry	3.5	-	1.4	2.1
Electronic Services	7.7	-	5.1	2.6
Enterprise Resource Planning	2.3	-	1.6	0.7
Service Delivery Infrastructure	6.8	0.2	2.7	4.3
Other	1.4	0.1	1.0	0.5
CGI Investment	(2.5)	-	(1.0)	(1.5)
<b>Total (millions)</b>	<b>\$ 33.8</b>	<b>\$ 1.3</b>	<b>\$ 22.0</b>	<b>\$ 13.1</b>

\* Note – Investment is net of disposals



Unamortized system developments amounted to \$13.1M at March 31, 2008. This is a \$1.2M decrease from last year's balance of \$14.3M. Investments of \$1.3M to the PLANET land management system, service delivery infrastructure, and the vital statistics system were offset by \$2.5M amortization of previous investments.

**Current Liabilities**

Accounts payable and accrued liabilities of \$6.1M are comparable to last year's balance at March 31 of \$5.6M. Trade and Province of New Brunswick balances arise in the normal course of business. The \$1.8M amount for salary and benefit accruals includes accrued payroll and future vacation benefits that have been earned but not yet taken. Retirement allowance and early retirement incentive represent the current portion of employee future benefits liabilities, as described under Long-term Liabilities below.

Deferred receipts are made up of customer deposits on account and amounted to \$132K at the end of fiscal 2007-08.

**Long-term Liabilities**

**Retirement Allowance**

Regular employees are entitled to a paid retirement allowance prior to their retirement based upon years of service. The long-term portion of this accrued benefit obligation was \$1.7M at March 31, 2008.

**Early Retirement Incentive**

Service New Brunswick incurred a liability related to an early retirement incentive offered to employees in the year ended March 31, 1996. This obligation decreases every year by the amount remitted to the Province for those SNB employees who took advantage of this incentive. The long-term portion of the remaining balance owing was \$81K at the end of fiscal 2007-08.

**Land Titles Assurance**

In 2000, Service New Brunswick implemented a system of Guaranteed Land Titles in New Brunswick by which landowners are assured title to their properties. Under subsection 73(1) of the *Land Titles Act*, any person who has suffered damages by the operation of the system is entitled to be indemnified to the extent provided by the Act. Service New Brunswick collects five from every registration under Land Titles

to provide funds for the payment of any damages that may be awarded should a title be defective.

The Corporation's liability is offset by the fact that it may recover damages, up to specified limits, for indemnification that is paid out and where the registering lawyer caused or substantially contributed to the damage by his/her dishonesty, fraud, criminal conduct or negligence.

To date, Service New Brunswick has collected \$3.2M in insurance fees and has paid claims totaling \$62K. However, our experience with Land Titles is limited and problems with title may emerge with the passage of time. The Corporation commissioned an actuarial review in 2005-06 to reassess the existing levy of \$5.00 against estimated future claims. The review found that the allowance for future liabilities was adequate.

**Equity**

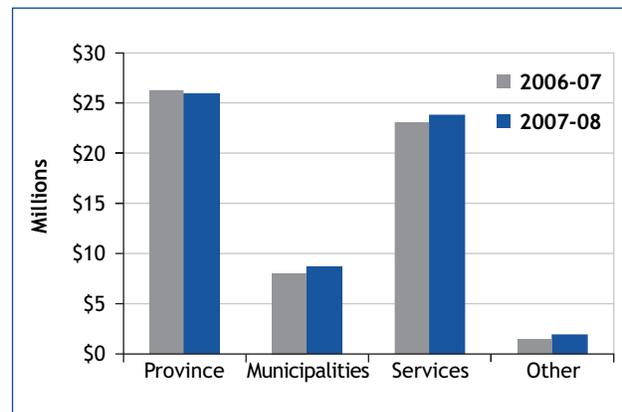
Net assets exceed liabilities at March 31, 2008 by \$38.2M – up \$3.6M over last year. The increase is attributable solely to net income for the year just ended.

**Income Statement**

**Revenues**

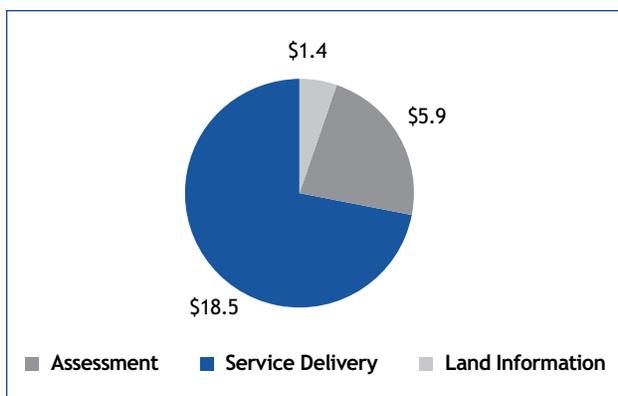
Revenues for the year ended March 31, 2008 were \$59.5M and \$58.3M for the previous year.

These were received from the sources below:



### Provincial Services

Provincial revenues decreased by \$0.5M to \$25.8M in 2007-08 from \$26.3M in 2006-07. Funding from the Province is a fee for services provided on behalf of the Province. It is allocated to:



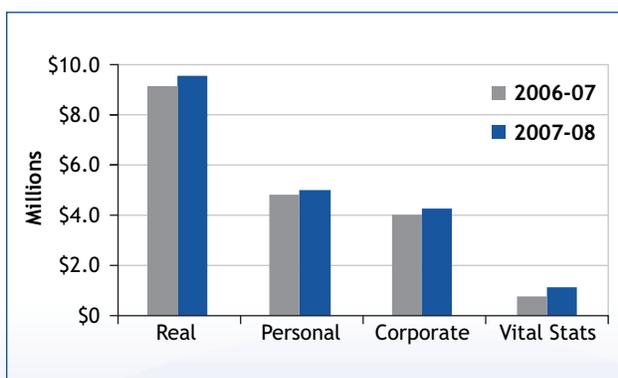
### Assessment Funding

Assessment services is funded using a formula of 2 cents per \$100 of relevant property tax base. This formula is applied against each of municipal and Local Service Districts (LSD) property tax bases and the provincial property tax base. In 2007-08, the Province's share of the funding based on its tax base was \$5.9M while the municipal and local service districts' share was \$8.5M.

The provincial funding agreement for assessment services has expired and renegotiation is pending.

### Registry Fees

Service New Brunswick operates four registries: real property, personal property, corporate, and vital statistics. Because of low interest rates and relative economic strength, activity has been strong over the past several years. Total registry fees were \$19.7M for the year ended March 31, 2008 compared to \$18.6M for the previous year. This \$1.1M increase is mostly

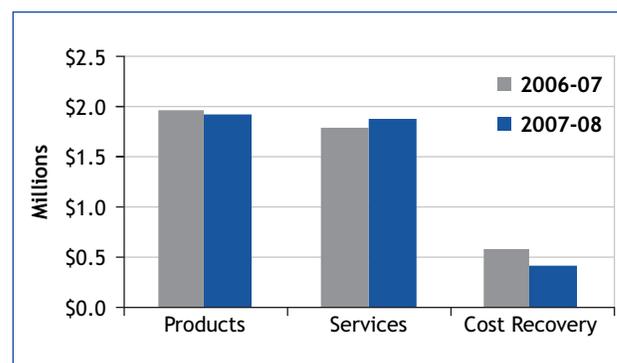


attributable to increased volumes (\$0.9M) in all four registries. Also, vital statistics revenue accrued to Service New Brunswick for the whole year in 2007-08, as compared to nine months in 2006-07. This factor is estimated to contribute \$0.2M to the overall increase in registry revenues.

### Products and Services

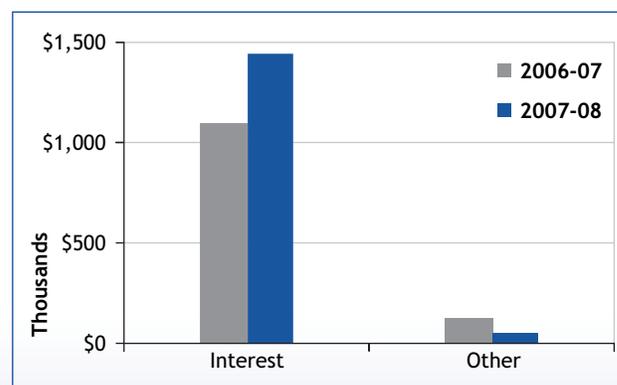
Products and services revenues were \$4.1M for the year ended March 31, 2008, as compared to \$4.3M in 2006-07.

Product and services revenue is characteristically derived from two sources: the sale of a variety of products, mainly geographic information, and the provision of customer services on a fee-for-service basis, on behalf of provincial departments, Service Canada, municipalities, and utilities. Services provided on behalf of Provincial departments prior to 1996 are funded through Estimates.



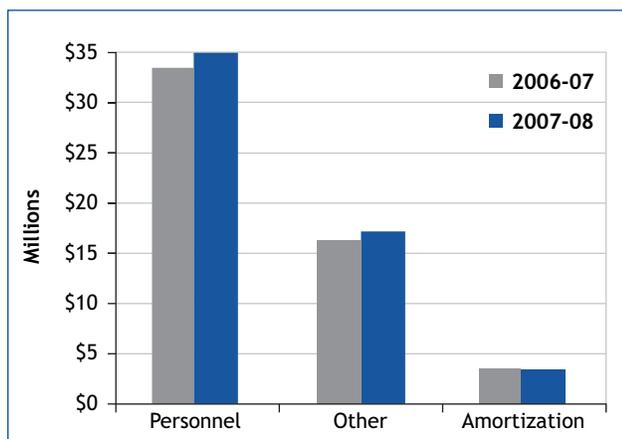
### Other Revenues

Other revenues are from interest, consulting, software sales, and salary recoveries under student, internship, and equal opportunity subsidy programs. Other revenues totaled \$1.4M and \$1.2M, in 2007-08 and 2006-07, respectively. This change is mainly attributable to an increase in interest earned.



## Expenses

Total expenses for the year ended March 31, 2008 were \$55.9M compared to \$52.8M in the previous year.



### Salary and Employee Benefits

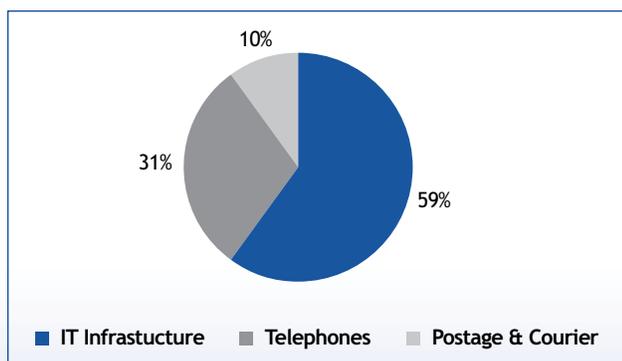
Salaries and related benefits amounted to \$35.7M for the year ended March 31, 2008 and \$33.2M for the previous year. Some of the key contributors to this \$2.5M increase are: salary inflation, management's decision to in-source IT and project delivery functions, and the first full year of salary expense for vital statistics.

### Space and Equipment Services

Expenses in this category were \$5.2M in 2007-08 and \$5.3M in 2006/07. The Corporation occupies approximately 250,000 square feet in more than 40 locations at an ongoing cost of \$4.1M. The remaining \$1.1M is for equipment services which includes computer and office equipment leases and maintenance.

### Communications and Computer Services

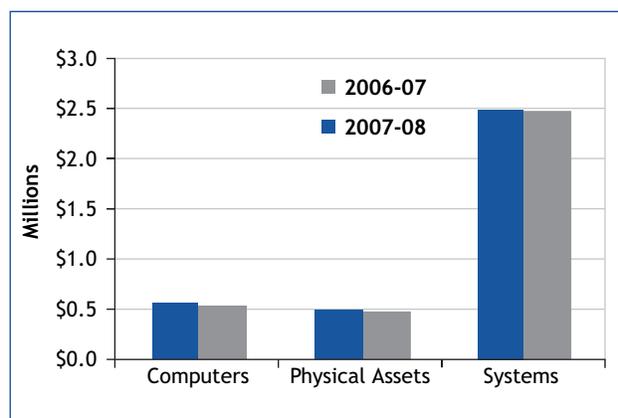
The Corporation spent \$5.0M on communications and computer services in 2007-08. Three components are included in this category:



IT infrastructure services are outsourced to xwave; Aliant provides network communication services. Given our increasing reliance on electronic service delivery, staff has worked hard at managing IT costs through server consolidation and other measures.

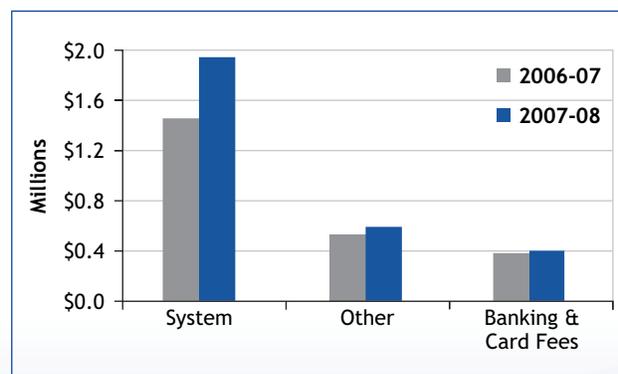
### Amortization

Service New Brunswick follows generally accepted accounting principles ("GAAP"). Investments in systems and equipment having a useful life of four years or more are capitalized to the balance sheet and written off against income over time. Amortization is a non-cash expense. Amortization expense was \$3.5M in 2007-08 as it was in the prior year.



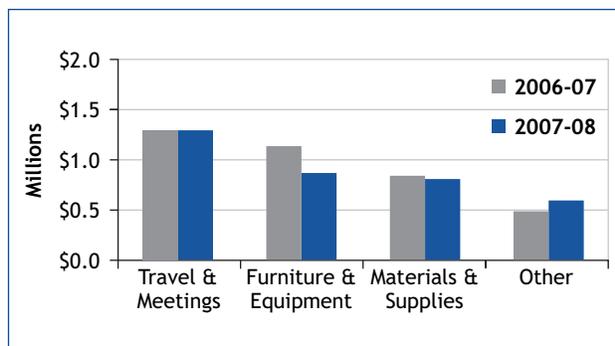
### Professional Services

Costs in this category were \$3.0M for the year ended March 31, 2008 – up \$0.6M from the prior year's amount of \$2.4M. Professional services include consulting, project management, translation, Board per diems, audit, and legal fees. Also included in this category are banking fees and WHSCC administration fees. Most of the variance arises from increased emphasis on critical system maintenance in 2007-08.



## Other Expenses

Other expenses totaled \$3.6M for the year ended March 31, 2008 and \$3.7M the previous year. Costs in these categories were generally consistent from year to year. Computer equipment costs were down by \$0.3M due to natural fluctuations in scheduled replacements.



## Risks and Other Dependencies

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

### **Reliance on the Province of New Brunswick**

Service New Brunswick is a “Part 1” Crown corporation owned solely by the Province of New Brunswick. As opposed to a “Part 4” Corporation, which is completely self-sufficient, Service New Brunswick shares some of the dependencies of a government department on the Province. Approximately half of the Corporation’s funding is from the Province and constitutes a fee for the services provided to the Province. However, this funding is subject to the general budget pressures facing the government. The portion of the revenue related to assessment is based on “\$.02 per \$100 of assessment base” formulae for both provincial and municipal funding. The agreement underlying this funding has expired and must be renegotiated.

The Corporation also relies on the Province for salary negotiations. As well, portions of our technical infrastructure are shared with, and managed by, the Province of New Brunswick.

## Market Conditions and External Competition

Registry revenues are quite dependent on interest rates and general economic conditions. Housing prices, population demographics, and unemployment rates are among other factors impacting overall registry revenues. The potential difference between favorable and unfavorable conditions to the Corporation could be several million dollars.

### **Reliance on Technology**

As Service New Brunswick increases its electronic service delivery, its reliance on technology increases. As well as its own systems, Service New Brunswick is also dependent on communications networks and services operated by third party providers. The Corporation employs a security officer to assess risk and uses state-of-the-art methods to protect its systems. To date, it has had few service outages.

The Corporation manages a growing number of systems and products. The Manager of Systems Maintenance oversees enhancements to and maintenance of applications to ensure ongoing reliability, security and suitability. Activities are underway to upgrade several systems that are not running their current versions. The Property Assessment and Taxation System (PATS) used by the Assessment Division is more than 25 years old and must be replaced.

## Financial Statements

The financial statements which follow have been reviewed by the Audit Committee and approved by the Service New Brunswick Board of Directors.

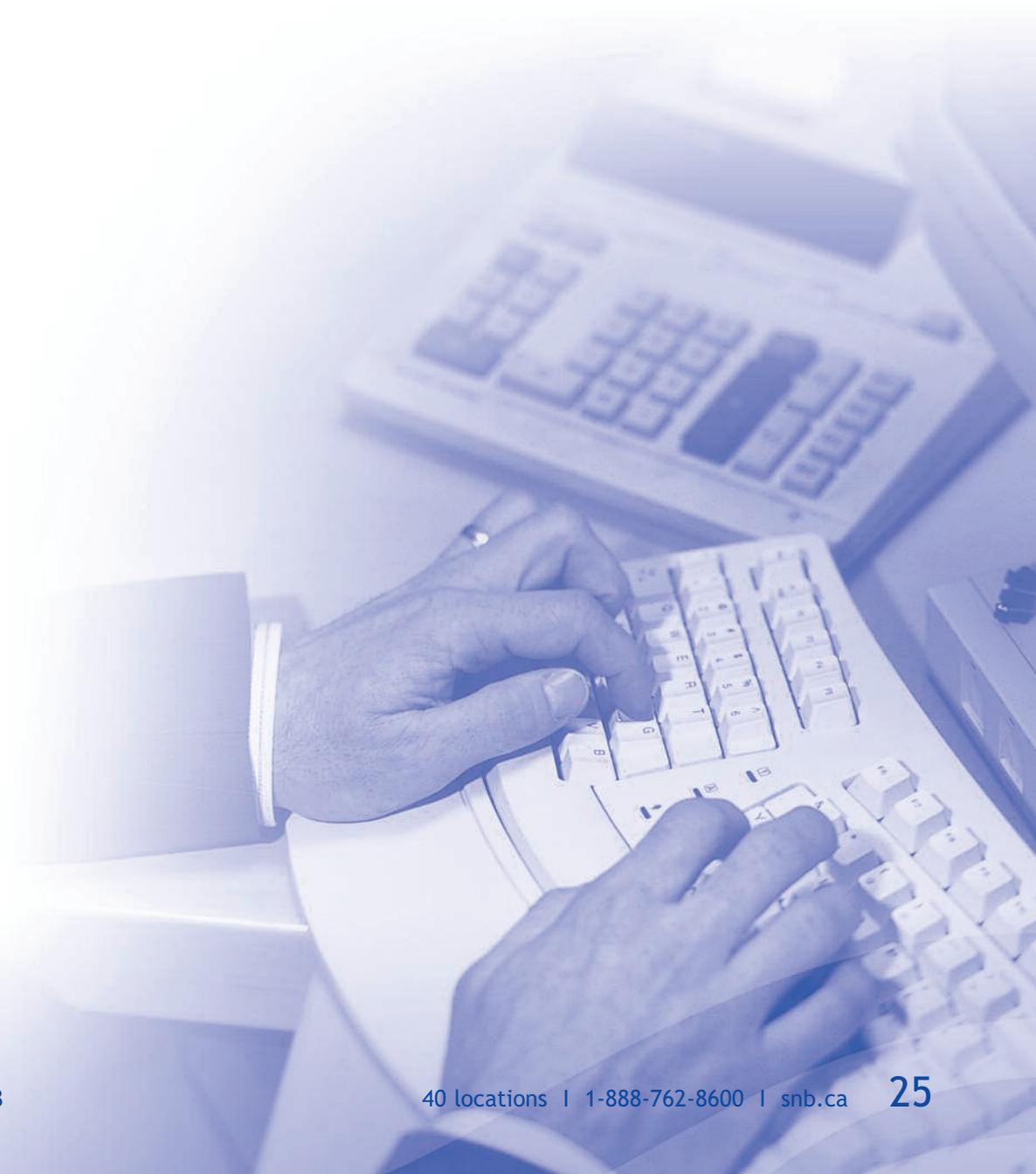


# Financial Statements

## March 31, 2008

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# Management Report

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation.

The Corporation maintains an accounting system and related controls to provide management and the Board 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 generally accepted accounting principles.

It is the responsibility of the Board to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. Upon the recommendation of the Audit Committee, these financial statements are approved by the Board of the Corporation.



Michael D. McKendy  
President



Linda Corbett, CGA  
Acting Vice President Corporate Services

Fredericton, N B Canada  
May 30, 2008

# Auditors' Report



To the Members of the Board of Directors of Service New Brunswick:

We have audited the balance sheet of Service New Brunswick as at March 31, 2008 and the statements of income and changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ernst + Young LLP*  
Chartered Accountants

Saint John, N B Canada  
May 27, 2007

## Balance Sheet As at March 31

Assets	2008	2007
<b>Current Assets</b>		
Cash and cash equivalents	\$ 28,650,882	\$ 21,373,120
Restricted assets (Note 5)	13,889,605	13,825,458
Accounts receivable (Note 6)	1,690,880	2,642,711
Prepaid expenses	861,014	1,403,495
	45,092,381	39,244,784
<b>Long Term Assets</b>		
Prepaid expenses	35,166	68,640
Equipment (Note 7)	1,925,235	2,457,411
System development (Notes 2, 7 and 11)	13,093,480	14,267,598
	15,053,881	16,793,649
	<b>\$ 60,146,262</b>	<b>\$ 56,038,433</b>

## Liabilities & Equity

### Current Liabilities

Accounts payable and accrued liabilities (Note 8)	\$ 6,096,991	\$ 5,623,021
Partner liabilities (Note 9)	10,671,031	11,126,454
Deferred receipts	132,548	234,233
	16,900,570	16,983,708

### Long Term Liabilities

Retirement allowance (Notes 8 and 12(b))	1,744,330	1,599,323
Early retirement incentive (Notes 8 and 12(c))	80,560	157,771
Land titles assurance (Note 10)	3,218,574	2,699,004
	5,043,464	4,456,098

Equity	38,202,228	34,598,627
	<b>\$ 60,146,262</b>	<b>\$ 56,038,433</b>

Commitments Note 13  
See accompanying notes



Derek Pleadwell  
Chairperson



Michael D. McKendy  
President



## Statement of Income and Changes in Equity For the years ended March 31

Revenues	2008	2007
Provincial services	\$ 25,814,000	\$ 26,259,664
Municipal services	8,451,400	7,937,728
Registry fees	19,722,386	18,634,386
Products and services	4,076,842	4,267,110
Interest	1,405,291	1,084,357
Salary recoveries	25,442	96,052
Software sales and consulting	17,461	51,694
	59,512,822	58,330,991

Expenses	2008	2007
Personnel services	35,727,125	33,168,003
Space and equipment services	5,204,792	5,317,884
Communications and computer services	5,001,542	4,734,054
Amortization	3,473,354	3,486,507
Professional services	2,958,912	2,381,568
Travel and meetings	1,292,281	1,295,053
Furniture and equipment	790,524	1,133,598
Materials and supplies	795,768	827,942
Other	664,923	491,964
	55,909,221	52,836,573

Net Income	3,603,601	5,494,418
Opening Equity	34,598,627	29,104,209
<b>Ending Equity</b>	<b>\$ 38,202,228</b>	<b>\$ 34,598,627</b>

See accompanying notes

## Statement of Cash Flows

### For the years ended March 31

	2008	2007
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operations</b>		
Net income	\$ 3,603,601	\$ 5,494,418
Amortization	3,473,354	3,486,507
Deferred employee benefits	67,796	182,016
Loss on disposal of equipment and systems	168,175	15,406
	<b>7,312,926</b>	<b>9,178,347</b>
<b>Change in non-cash working capital:</b>		
Accounts receivable	951,831	423,524
Prepaid expenses	575,955	146,057
Accounts payable and accrued liabilities	473,970	(757,424)
Deferred funding from the Province	-	(6,352,500)
Deferred receipts	(101,685)	(89,061)
	<b>9,212,997</b>	<b>2,548,943</b>
<b>Investments</b>		
Additions to equipment	(470,717)	(792,686)
Additions to system development	(1,464,518)	(1,408,746)
	<b>(1,935,235)</b>	<b>(2,201,432)</b>
Increase in cash	7,277,762	347,511
Cash and cash equivalents, beginning of year	21,373,120	21,025,609
Cash and cash equivalents, end of year	<b>\$ 28,650,882</b>	<b>\$ 21,373,120</b>

See accompanying notes



# Notes to Financial Statements

## For the year ended March 31, 2008

### 1. Service New Brunswick

Service New Brunswick is a non-taxable Crown Corporation established under the *Service New Brunswick Act*. Its mission is making government services more accessible and being stewards for authoritative information.

### 2. Accounting Policies

#### General

The Corporation follows Canadian generally accepted accounting principles ("GAAP").

#### Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short term, highly liquid financial instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Restricted assets

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

#### Long-term assets

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

#### Revenue

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

#### Pension expense

Service New Brunswick employees are part of a multi-employer plan. Although the plan is a defined benefit plan, only current year contributions are expensed.

#### CGI Commercial Alliance Agreement

Funds received from CGI Information Systems and Management Consultants Inc. ("CGI"), under this Agreement (Note 11), are applied against the capital cost of the related investment.

#### Amortization

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

Furniture, databases and systems	10 years
Leasehold improvements	duration of lease up to 10 years
Equipment and vehicles	5 years
Computers and software	4 years

#### Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. Change in Accounting Policy

#### Financial instruments and comprehensive income

Effective April 1, 2007, the Corporation adopted new accounting standards (CICA sections 3855, 3861 and 1530) issued by the Canadian Institute of Chartered Accountants ("CICA") related to financial instruments and comprehensive income which prescribe the criteria for recognition and presentation of financial instruments and comprehensive income on the balance sheet and the measurement of financial instruments according to prescribed classifications. These standards also address how financial instruments are measured and subsequent to initial recognition how gains and losses are recognized.

The Corporation is required to designate its financial instruments into one of the following five categories: (i) held-for-trading, (ii) available-for-sale, (iii) held-to-maturity, (iv) loans and receivables, or (v) other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost using the effective interest method.

The Corporation has designated its financial instruments as follows:

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

### 4. Related Entity Transaction

Service New Brunswick is solely owned by the Province of New Brunswick. The Balance Sheet contains the following related entity amounts:

	Year Ended 2008	Year Ended 2007
Accounts receivable	\$ 91,543	\$ 540,956
Accounts payable	701,111	587,352
Net owing to SNB/(Province)	(\$ 609,568)	(\$ 46,396)

The Statement of Income and Changes in Equity contains the following related entity amounts:

	Year Ended 2008	Year Ended 2007
Revenue	\$ 35,226,225	\$ 35,232,833
Expense	1,876,247	1,977,416
Net revenue	\$ 33,349,978	\$ 33,255,417

## 5. Restricted Assets

Restricted assets are comprised of the following amounts:

	Year Ended 2008	Year Ended 2007
Partner cash and receivables (Note 9)	\$ 10,671,031	\$ 11,126,454
Land titles assurance cash (Note 10)	3,218,574	2,699,004
	<b>\$ 13,889,605</b>	<b>\$ 13,825,458</b>

## 6. Accounts Receivable

	Year Ended 2008		Year Ended 2007	
	Accounts Receivable	Allowance for Doubtful Accounts	Net	Net
Current				
Trade	\$ 869,255	\$ 1,849	\$ 867,406	\$ 1,181,559
HST rebate	500,985	-	500,985	643,462
Province of New Brunswick	92,503	960	91,543	540,956
Corporate registry	105,925	28,438	77,487	86,492
Employee computer loans	153,459	-	153,459	143,076
Interest receivable	-	-	-	47,166
	<b>\$ 1,722,127</b>	<b>\$ 31,247</b>	<b>\$ 1,690,880</b>	<b>\$ 2,642,711</b>

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

## 7. Equipment and System Development

	Year Ended 2008		
	Cost	Accumulated Amortization	Net
<b>Equipment</b>			
Computers and software	\$ 3,814,329	\$ 3,083,390	\$ 730,939
Furniture and equipment	1,399,567	1,033,486	366,081
Leasehold improvements	2,960,521	2,132,306	828,215
	<b>\$ 8,174,417</b>	<b>\$ 6,249,182</b>	<b>\$ 1,925,235</b>
<b>System development</b>			
Systems	\$ 31,989,834	\$ 20,993,972	\$ 10,995,862
Databases	1,018,040	1,018,040	-
Work in process	2,097,618	-	2,097,618
	<b>\$ 35,105,492</b>	<b>\$ 22,012,012</b>	<b>\$ 13,093,480</b>

Year Ended 2007			
Equipment	Cost	Accumulated Amortization	Net
Computers and software	\$ 3,797,724	\$ 2,687,596	\$ 1,110,128
Furniture and equipment	1,457,137	1,039,487	417,650
Leasehold improvements	2,742,344	1,823,539	918,805
Vehicles	19,075	8,247	10,828
	<b>\$ 8,016,280</b>	<b>\$ 5,558,869</b>	<b>\$ 2,457,411</b>
<b>System development</b>			
Systems	\$ 30,361,481	\$18,539,358	\$11,822,123
Databases	1,018,040	1,018,040	-
Work in process	2,445,475	-	2,445,475
	<b>\$ 33,824,996</b>	<b>\$19,557,398</b>	<b>\$14,267,598</b>

#### 8. Accounts Payable and Accrued Liabilities

	Year Ended 2008	Year Ended 2007
<b>Current</b>		
Trade payables	\$ 3,313,849	\$ 3,182,927
Salary and benefit accruals	1,790,461	1,558,321
Retirement allowance (Note 12(b))	150,000	150,000
Early retirement incentive (Note 12(c))	80,000	80,000
Payroll deductions payable	61,570	64,421
Province of New Brunswick payables	701,111	587,352
	<b>\$ 6,096,991</b>	<b>\$ 5,623,021</b>

#### 9. Partner Liabilities

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

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

Year Ended 2008			
	Cash	Receivables	Total
Efficiency NB	\$ (181,338)	\$ 4,376,780	\$ 4,195,442
Other provincial	5,351,477	149,832	5,501,309
Other partners	974,280	-	974,280
	<b>\$ 6,144,419</b>	<b>\$ 4,526,612</b>	<b>\$10,671,031</b>



	Year Ended 2007		
	Cash	Receivables	Total
Efficiency NB	\$ 402,437	\$ 2,030,911	\$ 2,433,348
Other provincial	6,537,317	93,907	6,631,224
Other partners	2,061,882	-	2,061,882
	<b>\$ 9,001,636</b>	<b>\$ 2,124,818</b>	<b>\$ 11,126,454</b>

### 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 fund, based on actuarial estimate, to provide for potential claims respecting indemnification pursuant to the *Land Titles Act*. An assurance fee of \$5.00 is charged for each registration in the Land Titles registry.

	Year Ended 2008	Year Ended 2007
Opening balance	\$ 2,699,004	\$ 2,179,044
Assurance fees collected	540,570	519,960
Less: claims	( 21,000)	-
Ending balance	<b>\$ 3,218,574</b>	<b>\$ 2,699,004</b>

### 11. CGI Commercial Alliance Agreement

CGI Information Systems and Management Consultants Inc. ("CGI") and Service New Brunswick signed a seven-year agreement in 2001. Under the terms of the agreement, CGI provides up to \$3.5 million to the Corporation in exchange for considerations that enable CGI to establish credibility as experts in the provision of e-government services. The considerations provided by Service New Brunswick include the contracting of CGI resources for project management and technical architecture, presentations of Service New Brunswick systems to potential clients, and exclusive access to CGI to market g-commerce software developed for Service New Brunswick. All solutions and other intellectual property developed under this Agreement are jointly owned by CGI and SNB.

Under this agreement, Service New Brunswick received \$7,925 in the year ended March 31, 2008 and \$212,022 in the year ended March 31, 2007. The total amount received since 2002 was \$2,483,015.

### 12. Employee Future Benefits

a) Regular employees of Service New Brunswick are covered by the Public Service Superannuation Plan of the Province of New Brunswick. The Superannuation Plan is a defined benefit multi-employer plan under which contributions are made by both Service New Brunswick and the employees. For the year ended March 31, 2008, the Corporation expensed contributions of \$2,103,321 under the terms of the plan. The comparable amount for the year ended March 31, 2007 was \$2,006,850. Service New Brunswick has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

b) Regular employees of Service New Brunswick are entitled to a paid retirement allowance prior to their retirement based upon years of service. Using the 2006 valuation, Service New Brunswick has determined the accrued actuarial obligation for this benefit to be \$2,617,352 as at March 31, 2008. At the end of this fiscal year, the Corporation had recorded a total liability of \$1,894,330 (2007 - \$1,749,323).

This estimate is based on current service cost of 0.70% of payroll and an annual discount rate of 5.00%. The transitional obligation related to the retirement allowance is amortized on a straight-line basis over the estimated remaining service period of the employees that participate in the plan (fifteen years).

	Year Ended 2008	Year Ended 2007
<b>Accrued benefit obligation</b>		
Beginning balance	\$ 2,575,635	\$ 2,417,800
Current service cost	197,838	184,186
Interest cost on obligation	128,978	121,791
Benefit payments	(285,099)	(148,142)
Accrued benefit obligation	\$ 2,617,352	\$ 2,575,635
<b>Reconciliation of accrued benefit obligation to accrued benefit liability</b>		
Accrued benefit obligation	\$ 2,617,352	\$ 2,575,635
Unamortized transitional amount	(723,022)	(826,312)
Accrued benefit liability	\$ 1,894,330	\$ 1,749,323
<b>Accrued benefit liability</b>		
Opening balance	\$ 1,749,323	\$ 1,488,197
Retirement allowance expense	430,106	409,269
Benefit payments	(285,099)	(148,143)
Ending balance	\$ 1,894,330	\$ 1,749,323

c) Service New Brunswick incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick in the year ended March 31, 1996. Pursuant to an agreement with the Province, the amount of the obligation and expense recorded was equal to the amount of the employer contributions that the Corporation would have otherwise funded to the Public Service Superannuation Plan. The Corporation annually reduces the recorded obligation by the amount it remits to the Province. The benefit obligation was \$160,560 at March 31, 2008 and \$237,771 at March 31, 2007.

### 13. Lease Commitments

The following are future minimum payments for leased premises and equipment for the years ending:

2009	\$ 3,544,551
2010	3,545,958
2011	3,545,962
2012	2,846,619
2013	2,559,435
Thereafter	6,429,053
	<b>\$ 22,471,578</b>

### 14. Future Accounting Pronouncements

Effective for fiscal 2009, the Corporation will be required to apply new CICA standards relating to capital disclosures, inventories and financial instrument disclosures. Management is reviewing the impact of these items on the financial statements.

### 15. Comparative Figures

Certain comparative figures have been restated to conform to minor reclassifications in the financial statement presentation adopted for the current year.