

22.2 Business Area 6300 – Restructuring Costs

Policy Statement

This Business Area exists to capture the current and prior years costs expended on corporate initiatives. These costs are not incurred at the discretion of departments, would not normally be part of a department's operations and/or may not be directly attributable to any one department. The costs may also arise from third party contract or legal negotiations for current and past years.

Policy Objectives

The objective of the policy is to ensure the accuracy of items being charged to business area 6300.

Application

The following costs are to be charged to the appropriate cost centre:

COST CENTRE 320002 – WORKFORCE ADJUSTMENT

This cost centre is for workforce adjustment initiatives, which may be applicable to all departments, governmental units, government business enterprises and other entities included in the Government Reporting Entity. Examples include severance payments and related settlement costs, such as legal, training and benefit costs.

COST CENTRE 320006 – PROVISION FOR CONTRACT NEGOTIATIONS

This cost centre is used for the costs associated with employment contracts that are still in the negotiation process as well as the actual cost related to the negotiation. This cost centre is sometimes referred to as the “*Central Wage Pool*”. It is important that these costs be budgeted centrally and not in departments for negotiation purposes.

In April 1997, the Deputy Attorney General addressed this issue. It was his opinion that statutory provisions justify withholding budget information, which could benefit unions during collective bargaining.

“...release of this information could reasonably be expected to harm the financial interests of the Government of Nova Scotia during the collective bargaining process and therefore the information will not be disclosed...”

The ongoing costs resulting from the actual contract settlement are transferred to the appropriate departmental budgets in the fiscal year after the settlement.

On occasion, it is necessary to include an allocation based on the “*last known government offer*” in **departmental** budgets. Should the final settlement(s) for those contracts, where funding has been transferred into the departmental budgets, exceed the amount allocated to the departments(s) in the fiscal year, in which the settlement is reached, the excess amount will be recovered by the department(s) from the “*Central Wage Pool*.”

The amount budgeted in the “*Central Wage Pool*” includes both the retroactive portions of any contracts settled during the fiscal year, as well as any amounts required for the fiscal year, which were not specifically included in the departmental budget allocations for that fiscal year.

Departments may not assume that this provision will cover any departmental wage costs unless the department has provided Treasury and Policy Board staff with notification of the negotiations and an assessment of the possible costs.

COST CENTRE 320007 – BUSINESS PROCESS RE-ENGINEERING

This Cost Centre accumulates costs incurred in conjunction with the restructuring of government, such as in the merging of business areas or the major reorganization of a department. These costs would not normally be included in a departmental operating budget.

Also included in this cost centre are the costs associated with corporate initiatives, which cannot always be attributed to a specific department, such as the following:

- SAP initiative
 - this order includes costs connected to the SAP Initiative with the broader public service, which is definitely a corporate cost, and includes the costs connected to the roll-out of SAP to the municipal units
- SAP/HR initiative
 - the SAP/HR initiative is the “*e-Merge project*”, which is the development and implementation of the SAP/HR module for both the Province of Nova Scotia and the regional school boards, and this order includes all the non-capital costs incurred for that project

- SFEF Operations
 - this order accumulates operational costs related to the Senior Financial Executive Forum; any specific costs that are corporate in nature, as opposed to being related to a particular department, are charged here
- 1986 Accord Review
 - these are costs connected to the next phase of the Campaign For Fairness, which relates to federal equalization.

COST CENTRE 320008 – WAGE AND FRINGE BENEFITS ADJUSTMENTS

This cost centre is used for the employers' cost associated with adjustments to wages and fringe benefits that are not directly related to contract negotiations and cannot be distributed across departments because of allocation or timing issues, which may or may not be made available for departmental recovery.

For example, the decision to increase the Public Service Superannuation Plan contributions for both the employers and employees participating in the plan by 1%, effective June 1, 2004 was made too late in the 2004-2005 budget process to adjust the departmental budgets and still meet the budget timetable. Therefore, the funds were allocated to this cost centre and the employers were able to recover the increased costs during the fiscal year.

COST CENTRE 320009 – HUMAN RESOURCE STRATEGY

The Public Service Commission provides leadership, strategic direction and expertise in human resource management to support the development of a strong public service and there are a number of Human Resource Strategy initiatives administered by the Commission, which are corporate in nature and thus are funded from this cost centre. Examples include the following:

- the Career Assignment Program (CAP) to give potential executives opportunities to develop at a senior level
- a Management Orientation Program to ensure new managers have the required tools to perform their role
- resources dedicated to begin a strategy for ensuring sufficient capacity in government in the areas of finance, human resources and information technology

COST CENTRE 320010 – UNALLOCATED RECOVERIES

The cost centre for Unallocated Recoveries was created in fiscal 2002–2003 to replace the one previously in the Department of Finance. Any recoveries that cannot be allocated to a particular department, as well as recoveries from prior fiscal years are recorded in this cost centre. Examples include uncashed (stale dated) cheques and similar items. Another item included in this cost Centre is the amount received from SOEI related to the NS Gas Market Development Agreement.

COST CENTRE 320012 – KAUFMAN

This cost centre is for the costs associated with the settlements resulting from the Kaufman Institutional Abuse case. The cost centre was created in fiscal 2002–2003.

Accountability

Treasury and Policy Board is responsible for recording these expenses in accordance with the policy and providing supporting documentation.

The Policy and Planning Division, Department of Finance, is responsible for monitoring expenses recorded in this category.

Monitoring

Government Accounting, Department of Finance, is responsible for the review and update of this policy.

Enquiries

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