

Seven out of the eight hospital boards reported increases in the total unfunded liabilities for 2003-04. In particular, the total unfunded liabilities for the Health Care Corporation of St. John's was \$239.7 million and accounts for 54% of the \$442.7 million total reported by all eight boards for 2003-04. The total unfunded liabilities of the Health Care Corporation of St. John's have increased by 13% from \$211.6 million in 2000-01 to \$239.7 million in 2003-04.

Provincial funding has increased from \$692.7 million in 2000-01 to \$885.8 million in 2003-04, an increase of \$193.1 million (28%). During this period, program costs increased from \$579.5 million to \$714.3 million, an increase of \$134.8 million (23%). Therefore, annual operating deficits have decreased from \$60.1 million in 2000-01 to \$24.5 million in 2003-04. All boards reported an annual operating deficit during the year. Only two boards had deficits which were less than those reported in 2002-03 (Central East and Central West).

2.27 Income Support/Case Management Information System

The Department of Human Resources, Labour and Employment is responsible for providing a range of programs and services directed to low-income individuals and families to help meet their financial needs. One of its main activities is providing income support to eligible individuals and families.

Since 1988, the Department has made two attempts to complete the development of a comprehensive management information system for its income support program and case management. However, at the time of our review in November 2003, no such system was in place.

The latest attempt to develop a new system commenced in October 1999 and was estimated to cost \$4.3 million and be fully functional in October 2002. As at November 2003, thirteen months after the original estimated completion date, only one of the expected seven modules was fully functional across the Province. Furthermore, as a result of a change in the project scope and expenditures not included in the original estimate, in November 2003 the Department indicated that the project development cost was expected to be \$7.9 million;

however, officials indicated that additional costs associated with the implementation of the system and the final date of completion had not been determined.

As at November 2003, the estimated additional annual cost to operate the new system would be \$1.15 million. When the project was initially approved, it was estimated that the additional annual costs to operate the system would be \$700,000. This represents an annual increase in operating costs of \$450,000 or 64% over the original estimate.

The Department contravened the *Public Tender Act* when it purchased software licences costing approximately \$105,000 without calling a public tender. The Department also contravened the *Public Tender Act* by not informing the Minister of Government Services of the exception. Therefore, the House of Assembly was not informed of this exception.

Government announced a departmental reorganization in February 2004; however, Departmental officials indicated that there would be no delays in system implementation resulting from this reorganization.

2.28 EDGE Program

The *Economic Diversification and Growth Enterprises Act* became effective on 1 January 1995. The creation of this *Act* was to encourage new businesses to start or expand in Newfoundland and Labrador. The *Act* is administered by the Department of Innovation, Trade and Rural Development, with tax incentives administered in conjunction with the Department of Finance.

The Department of Innovation, Trade and Rural Development's objective for the EDGE program is to encourage new businesses to start or expand in Newfoundland and Labrador. However, since the Department has not established specific targets for the program, it cannot determine whether the program objective is being met or whether the EDGE program is a success. Our review indicated the following: